

**Return of Excise Tax on Undistributed Income of
 Real Estate Investment Trusts**
 For calendar year 19
 See instructions on back.

Please Type or Print	Name	Employer identification number
	Number, street, and room or suite no. (If a P.O. box, see instructions)	
	City or town, state, and ZIP code	

Computation of Undistributed Income of Real Estate Investment Trust (REIT) (See instructions.)

Required Distribution	1a REIT taxable income under section 857(b)(2) for the calendar year	1a		
	b Multiply line 1a by 85% and enter the result here			1b
	2a Capital gain net income under section 4981(e)(2) for the calendar year	2a		
	b Multiply line 2a by 95% and enter the result here			2b
Required Distribution	3a Grossed up required distribution for the previous calendar year	3a		
	b Less: Distributed amount for the previous calendar year under section 4981(c)	3b		
	c Line 3a less line 3b (if less than zero, enter zero)			3c
4 Total required distribution—Add lines 1b, 2b, and 3c				4
Distributed Amount	5 Deduction for dividends paid under section 561 during the calendar year			5
	6 Amount on which tax is imposed under sections 857(b)(1) or (b)(3)(A) for any tax year ending in or with the calendar year			6
	7a Distributed amount for the previous calendar year under section 4981(c)	7a		
	b Less: Grossed up required distribution for the previous calendar year	7b		
	c Line 7a less line 7b (if less than zero, enter zero)			7c
8 Total distributed amount—Add lines 5, 6, and 7c				8
9 Undistributed income of REIT—Line 4 less line 8. (if less than zero, enter zero)				9

Tax Computation

10	Excise tax on undistributed income of REIT—Enter 4% of line 9		10
11	Less: Tax paid with Form 2758		11
12	Tax Due —Enter excess of line 10 over line 11		12
13	Overpayment —Enter excess of line 11 over line 10		13

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of officer	Date	Title
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General Instructions

(Section references are to the Internal Revenue Code.)

Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. You are required to give us this information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping 5 hrs., 59 min.

Learning about the law or the form 1 hr., 29 min.

Preparing and sending the form to IRS 1 hr., 40 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-1013), Washington, DC 20503.

Purpose of Form

Form 8612, Return of Excise Tax on Undistributed Income of Real Estate Investment Trusts, is used by real estate investment trusts (REIT's) to compute and pay the excise tax on undistributed income imposed under section 4981. The excise tax is equal to 4% of the excess, if any, of the required distribution over the distributed amount.

Who Must File

Any REIT that is liable for the excise tax on undistributed income under section 4981 must file Form 8612.

When and Where To File

File Form 8612 by March 15 following the calendar year to which the excise tax liability applies. File it with the Internal Revenue Service Center where the REIT's income tax return will be filed.

File **Form 2758**, Application for Extension of Time To File, to request an extension of time to file Form 8612. However, Form 2758 does not extend the time for payment of tax.

Period Covered by Return

Fill in the space at the top of the form to show the calendar year for which the return is being filed. For purposes of computing the excise tax, the REIT is required to figure its undistributed

income on a calendar year basis even though it may file its income tax return and keep its books and records based on a fiscal year.

Rounding Off to Whole-Dollar Amounts

Money items may be shown on the return as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 cents through 99 cents to the next higher dollar.

Penalties and Interest

The REIT may avoid penalties and interest by correctly filing and paying the tax when due. The REIT may have to pay the following penalties unless it can show that failure to file or pay was due to reasonable cause and not willful neglect. (These penalties are in addition to the interest charge on unpaid tax at a rate determined under section 6621.)

Penalty for Late Filing.—A REIT that fails to file its return when due (including extensions) may be subject to a penalty of 5% a month or fraction of a month for each month the return is not filed. The penalty cannot exceed 25% of the tax due.

Penalty for Late Payment.—A REIT that fails to pay the tax when due generally may be subject to a penalty of ½ of 1% a month or fraction of a month for each month the tax is not paid. The penalty cannot exceed 25% of the unpaid amount.

Note: *If the REIT does not file its return on time, the Service may charge both the late filing penalty and the late payment penalty. See section 6651 for more information.*

Signature

Form 8612 must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or by any other officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return that he or she is required to file on behalf of the REIT.

Amended Return

To amend a previously filed Form 8612, file a corrected Form 8612 marked "Amended" in the margin at the top of the form.

Address

Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the REIT has a P.O. box, show the P.O. box number instead of the street address.

Specific Instructions

For excise tax purposes, adjustments that result in the distribution of

deficiency dividends (as defined in section 860(f)) must be taken into account in computing the income on lines 1a and 2a for the year in which such dividends are paid.

Line 1a

Determine the REIT's taxable income for the **calendar year** without regard to the dividends paid deduction and any gain or (loss) from the sale or exchange of a capital asset.

Line 2a

In determining the amount of capital gain net income to be entered on line 2a, such amount is reduced by the amount of the REIT's net ordinary loss for the calendar year. See section 4981(e)(2).

Line 3a

Determine the grossed up required distribution for the **previous calendar year** by adding lines 1a and 2a using amounts for the previous calendar year, increased by the prior year's shortfall (if any), as defined under section 4981(b)(2).

Line 5

For purposes of figuring the amount to enter on this line, the amount of dividends paid during the calendar year includes dividends declared in October, November, or December of that calendar year and payable to shareholders of record on a specified date in such a month, but only if actually paid by the REIT during January of the following calendar year. (See section 857(b)(8).) No other dividends paid after the close of the calendar year may be included on this line. In addition, exclude dividends attributable to net income from foreclosure property. Include deficiency dividends as defined in section 860(f), but only if paid during the calendar year.

Line 6

This is the amount required to be shown on line 22, Part I of Form 1120-REIT for the tax year of the REIT ending in or with the calendar year for which this excise tax return is being filed.

Line 7b

Determine the grossed up required distribution for the **previous calendar year** by adding lines 1a and 2a using amounts for the previous calendar year, increased by the prior year's shortfall (if any), as defined under section 4981(b)(2).

Line 12

Full payment of the tax due must accompany the return. Make the REIT's check or money order payable to "Internal Revenue Service."