

# Return of Excise Tax on Undistributed Income of Real Estate Investment Trusts

OMB No. 1545-1013

For calendar year 19 \_\_\_\_  
 See instructions on back of form.

|   |  |                                |
|---|--|--------------------------------|
| <b>Please<br/>Type<br/>or<br/>Print</b> | 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  |                                |

|  |   |           |          |           |
|--|---|-----------|----------|-----------|
| <b>Required<br/>Distribution</b>                           | <b>1a</b> Taxable income under section 857(b)(2) for the <b>calendar year</b> (see instructions)  | <b>1a</b> |          |           |
|  | <b>b</b> Multiply line 1a by 85% (.85)  |           |          | <b>1b</b> |
|  | <b>2a</b> Capital gain net income under section 4981(e)(2) for the <b>calendar year</b> (see instructions)  | <b>2a</b> |          |           |
|  | <b>b</b> Multiply line 2a by 95% (.95)  |           |          | <b>2b</b> |
|  | <b>3a</b> Grossed up required distribution for the <b>previous calendar year</b> (see instructions)   | <b>3a</b> |          |           |
|  | <b>b</b> Distributed amount for the <b>previous calendar year</b> under section 4981(c)   | <b>3b</b> |          |           |
|  | <b>c</b> Subtract line 3b from line 3a. If zero or less, enter -0-  |           |          | <b>3c</b> |
|  | <b>4</b> <b>Required distribution.</b> Add lines 1b, 2b, and 3c   |           |          | <b>4</b>  |
| <b>Distributed<br/>Amount</b>                              | <b>5</b> Deduction for dividends paid under section 561 <b>during the calendar year</b> (see instructions)  |           |          | <b>5</b>  |
|  | <b>6</b> 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 (see instructions) |           |          | <b>6</b>  |
|  | <b>7a</b> Distributed amount for the <b>previous calendar year</b> under section 4981(c). Enter amount from line 3b above                             | <b>7a</b> |          |           |
|  | <b>b</b> Grossed up required distribution for the <b>previous calendar year</b> . Enter amount from line 3a above                                     | <b>7b</b> |          |           |
|  | <b>c</b> Subtract line 7b from line 7a. If zero or less, enter -0-  |           |          | <b>7c</b> |
| <b>8</b> <b>Distributed amount.</b> Add lines 5, 6, and 7c |   |           | <b>8</b> |           |
| <b>Tax and<br/>Payments</b>                                | <b>9</b> <b>Undistributed income.</b> Subtract line 8 from line 4. If zero or less, enter -0-   |           |          | <b>9</b>  |
|  | <b>10</b> Excise tax on undistributed income. Multiply line 9 by 4% (.04)   |           |          | <b>10</b> |
|  | <b>11</b> Tax paid with extension of time to file (Form 2758)   |           |          | <b>11</b> |
|  | <b>12</b> <b>Tax due.</b> Subtract line 11 from line 10 (see instructions)  |           |          | <b>12</b> |
|  | <b>13</b> <b>Overpayment.</b> Subtract line 10 from line 11   |           |          | <b>13</b> |

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 |
|----------------------|------|-------|

## Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the 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:

|  |                |
|--|----------------|
| <b>Recordkeeping</b> . . . . .                             | 6 hr., 13 min. |
| <b>Learning about the law or the form</b> . . . . .        | 1 hr., 47 min. |
| <b>Preparing and sending the form to the IRS</b> . . . . . | 1 hr., 58 min. |

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the **Internal Revenue Service**, Attention: Tax Forms Committee, PC:FP, Washington, DC 20224. **DO NOT** send the form to this address. Instead, see **When and Where To File** below.

## General Instructions

*Section references are to the Internal Revenue Code.*

### Purpose of Form

Form 8612 is used by real estate investment trusts (REITs) to figure and pay the excise tax on undistributed income under section 4981. The excise tax is 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.

If more time is needed, use **Form 2758**, Application for Extension of Time To File Certain Excise, Income, Information, and Other Returns. However, Form 2758 does not extend the time for payment of tax.

### Who Must Sign

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. Receivers,

trustees, or assignees must sign and date any return that they are required to file on behalf of the REIT.

### Rounding Off to Whole Dollars

The REIT may show amounts on the return as whole dollars. 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.

### Interest and Penalties

**Interest.**—Interest is charged on taxes not paid by the due date even if an extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, negligence, and fraud from the due date (including extensions) to the date of payment. The interest charge is figured at a rate determined under section 6621.

**Late filing of return.**—A REIT that does not file its tax return by the due date, including extensions, may have to pay a penalty of 5% of the unpaid tax for each month or part of a month the return is late up to a maximum of 25% of the unpaid tax. The penalty will not be imposed if the REIT can show that the failure to file on time was due to reasonable cause. REITs that file late must attach a statement explaining the reasonable cause.

**Late payment of tax.**—A REIT that does not pay the tax when due may have to pay a penalty, which is usually  $\frac{1}{2}$  of 1% of the unpaid tax for each month or part of a month the tax is not paid up to a maximum of 25% of the unpaid tax. This penalty also applies to any additional tax not paid within 10 days of the date of the notice and demand for payment. This penalty will not be imposed if the REIT can show that the failure to pay on time was due to reasonable cause.

**Other penalties.**—Other penalties can be imposed for negligence and fraud. See sections 6662 and 6663.

### Amended Return

To amend a previously filed Form 8612, file a corrected Form 8612 and write "Amended" at the top of the form.

## Specific Instructions

**Period covered.**—Fill in the space at the top of the form to show the calendar year for which this return is filed. 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 on a fiscal year basis.

**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 box number instead of the street address.

**Line 1a.**—Refigure real estate investment trust taxable income, treating the calendar year as the REIT's tax year. When figuring this amount, exclude the deduction for dividends paid and any gain or loss from the sale or exchange of a capital asset. Include adjustments that result in the distribution of deficiency dividends (defined in section 860(f)) for the year in which the dividends are paid. Also, include the REIT's share of partnership ordinary income (loss) and deductions when they are taken into account by the partnership. For details and exceptions, see Rev. Rul. 94-40, 1994-1 C.B. 274, and Rev. Proc. 94-71, 1994-49 I.R.B. 11.

**Line 2a.**—To determine capital gain net income, figure the excess, if any, of the gains over the losses from the sale or exchange of capital assets, determined by treating the calendar year as the REIT's tax year. Reduce the result by the REIT's net ordinary loss (as defined in section 4981(e)(2)(C)), if any, for the calendar year. Include adjustments that result in the distribution of deficiency dividends (defined in section 860(f)) and that affect capital gain net income for the year in which the dividends are paid. Also, include the REIT's share of partnership items that affect capital gain net income when they are taken into account by the partnership. For details and exceptions, see Rev. Rul. 94-40 and Rev. Proc. 94-71.

**Line 3a.**—Add lines 1a and 2a using amounts for the previous calendar year, increased by the prior year's shortfall, if any, as defined in section 4981(b)(2).

**Line 5.**—Enter the deduction for dividends paid (as defined in section 561) during the current calendar year figured without regard to the dividends paid, if any, attributable to net income from foreclosure property. Include deficiency dividends (defined in section 860(f)) paid during the calendar year. Also include dividends declared in October, November, or December but only if they were actually paid by the REIT during January of the following calendar year. (See section 857(b)(8).) Do not include on this line any other dividends paid after the close of the calendar year.

**Line 6.**—Line 6 is the real estate investment trust taxable income from 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 12.**—Full payment of the tax due on line 12 must accompany the return. Make the REIT's check or money order payable to the "Internal Revenue Service."