

Return by a Transferor of Property To a Foreign Corporation, Foreign Trust, or Foreign Partnership

Name of transferor	Identifying number (See instruction H)
Address (number and street)	Date of transfer (mo., day, year)
City, State and ZIP code	Place of organization or creation if a corporation, partnership, or trust

Part I Foreign Transferee Information

1 Name of transferee _____

2 Address (including country) _____

3 (a) Check type of foreign transferee: Corporation Trust Partnership

(b) Place of organization or creation _____

(c) If trust, enter name and address of fiduciary _____

4 Name and address of each: (a) partner if a partnership or (b) beneficiary if a trust

Name	Address

Part II Transfer Information

1 (a) Was the transfer made in pursuance of a plan, submitted to and approved by the Commissioner of Internal Revenue, not having as one of its principal purposes the avoidance of Federal income taxes? Yes No

(b) If "Yes," attach a copy of the Commissioner's letter approving the plan. _____

2 Attach a statement of all facts relating to the transfer and attach a copy of the plan under which the transfer was made. _____

Part III Computation of the Excess of Fair Market Value Over Cost or Other Basis of the Transferor

1 Description of property transferred	2 Number of items transferred	3 Fair market value on the date of transfer	4 Cost or other basis (See section 1011)	5 Amount of gain recognized at the time of transfer (See section 1057)	6 Excess (Column 3 less sum of Columns 4 and 5—enter zero if no excess)
Total (Enter here and on line 1, Part IV)					

Part IV Computation of Tax

1 Total from column 6, Part III _____

2 Total tax (multiply line 1 by 35%) (see instruction A) _____

Under penalties of perjury, I declare that I have examined this return, including accompanying statements, and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, his declaration is based on all information of which he has any knowledge.

Date	Signature	Preparer's signature (and employer's name, if any)	Date
	Title	Identifying number (see instructions)	Address and ZIP code

Instructions

(References are to the Internal Revenue Code.)

A. Who Must File.—Every person making a transfer described in section 1491 must, on the day on which the transfer is made, file Form 926 with the Internal Revenue Service Center where the person's income tax return is required to be filed. The rate of tax is 35% for all such transfers made after October 2, 1975.

Unless the transfer is nontaxable under section 1492, the tax shown on Form 926 must be paid when the form is filed.

B. Imposition Of Tax Under Section 1491.—Section 1491 imposes an excise tax upon transfers of any property by (1) a citizen or resident of the U.S.; (2) a domestic corporation or partnership; or (3) a trust, which is not a foreign trust, to a:

- (1) foreign corporation as paid-in surplus or as a contribution to capital,
- (2) foreign trust, or
- (3) foreign partnership.

The tax is 35% of the excess of:

- (1) the value of the property transferred over the sum of
- (2)(a) its adjusted basis, as provided in section 1011, for determining gain in the hands of the transferor, and
- (b) the amount of gain recognized by the transferor at the time of transfer.

In computing the excise tax under section 1491, a separate computation must be made for each block of stock or securities having a separately identifiable basis and appreciation in one block may not be offset by depreciation in another block regardless of whether they are stock or securities of the same or different corporations. (Revenue Ruling 71-433, 1971-2, C.B. 325.)

C. Nontaxable Transfers Under Section 1492.—The tax imposed by section 1491 does not apply:

- (1) if the transferee is an organization (other than an organization described in section 401 (a)) exempt from income tax under sections 501 through 503 (see instruction D),
- (2) if it has been established before the transfer to the satisfaction of the Commissioner that the transfer is not in pursuance of a plan having as

one of its principal purposes the avoidance of Federal income tax (see instruction E),

- (3) to a transfer described in section 367 (see instruction F), or
- (4) to a transfer for which an election has been made under section 1057.

D. Exempt Transferee.—The information required to be filed with this return by a transferor to an exempt transferee will be determined by whether the transferee's exemption from income tax has or has not been previously established.

Transferee's exemption previously established.—If the transferee is a foreign organization which has been held to be exempt from income tax under sections 501 through 503, attach a copy of the Commissioner's letter of determination.

Claim of no liability for tax under section 1491 where transferee's exemption has not been previously established.—If the transferee of the property reported in this return is a foreign organization meeting the tests of exemption from income tax in sections 501 through 503 and the transferor on that account claims that no liability for tax is imposed by section 1491, the transferor must attach a statement to this form to establish the exemption.

The statement must contain:

- (1) complete information showing the character of the transferee and the purpose for which it was organized;
- (2) the activities of the transferee;
- (3) the source and disposition of income of the transferee;
- (4) whether or not any of the transferee's income is credited to surplus or may benefit any private shareholder or individual; and
- (5) in general, all facts relating to the transferee's operations which affect its rights to exemption.

Attach to the statement a copy of the charter or articles of incorporation, the by-laws, and the latest financial statement showing assets, liabilities, receipts, and disbursements of the transferee.

E. Transfer Not In Plan Of Avoidance Of Tax.—Whether a transfer of a property is in pursuance of a plan having as one of its princi-

pal purposes the avoidance of Federal income tax is a question to be determined from the facts and circumstances of each particular case. If a transferor desires to establish that the transfer is not in pursuance of such a plan, a statement of the facts relating to the plan under which the transfer is to be made or was made, together with a copy of the plan if in writing, must be mailed to the Commissioner of Internal Revenue, Attention T:I:R, Washington, D.C. 20224 for a ruling. This statement must contain a written declaration that it is made under the penalties of perjury. A letter notifying the transferor of the Commissioner's determination will be mailed to the transferor.

F. Transfers Described in Section 367.—The tax imposed by section 1491 does not apply to a transfer of property to a foreign corporation as a contribution to the capital of such corporation by one or more persons who, immediately after the transfer, own (within the meaning of section 318) stock possessing at least 80 percent of the total combined voting power of all classes of stock of such corporation entitled to vote.

G. Payment of Tax.—The tax imposed by section 1491 is due and payable by the transferor at the time of the transfer.

The tax may be refunded after the transfer if it is established that the transfer was not in pursuance of a plan having as one of its principal purposes the avoidance of income tax.

H. Identifying Number.—Individuals should enter their social security number. Corporations, partnerships, and trusts should enter their employer identification number. This form is not considered a return unless it is signed.

If the person who prepares the return for pay is not an employee of a firm, corporation or another individual, then that person must sign the return as preparer and enter his or her social security number and address. If the person who prepares the return for pay is an employee of a firm, corporation, or another individual, then that person must sign the return and enter the employer's name, identification number, and address.

If prepared by your regular, full-time employee, such as a clerk secretary, or bookkeeper, the employee does not have to sign.