

**Return by a U.S. Transferor of Property to a Foreign Corporation, Foreign Estate or Trust, or Foreign Partnership**

Name of transferor	Identifying number (see instructions)
Number and street (or P.O. box number if mail is not delivered to street address)	Date of transfer (month, day, year)
City or town, state, and ZIP code	Place of organization or creation if a corporation, partnership, estate, or trust

**Part I Foreign Transferee Information**

1 Name of transferee	2 Identifying number, if any
3 Address (including country)	

4a Check type of foreign transferee:     Corporation     Estate     Trust     Partnership

b Place of organization or creation

c If an estate or trust, enter name and address of fiduciary

d If stock or securities are transferred to a corporation or partnership, enter percentage of transferor's interest in the stock of the transferee corporation or the partnership after the transfer. . . . . ▶ %

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

Name	Address

**Part II Transfers Exempt from Excise Tax (See instructions.)**

6a Is the transfer to an exempt transferee? . . . . .  Yes     No

b Check this box if you are making an election under section 1057 . . . . .

c Is the transfer a transfer described in section 367? . . . . .  Yes     No

d If "No," have you made an election to apply principles similar to the principles of section 367? . . . . .  Yes     No

e If the answer to 6c or 6d is "Yes," attach the information required under section 6038B. If the answer to 6d is "Yes," also attach a statement explaining the application of principles similar to the principles of section 367 to the transfer.

f If stock or securities are being transferred to a foreign corporation, have you attached an agreement to recognize gain upon a later disposition by the transferee? . . . . .  Yes     No

7 Attach a statement summarizing all facts relating to the transfer and a copy of the plan under which the transfer was made.

**Part III Figuring the Excise Tax (Complete this part only for transfers subject to the excise tax)**

(a) Description of property transferred	(b) Number of items transferred	(c) Fair market value on the date of transfer	(d) Cost or other basis (See section 1011)	(e) Amount of gain recognized at the time of transfer	(f) Excess (Column (c) less sum of columns (d) and (e)—enter zero if no excess)
<b>8 Total</b> . . . . .					
<b>9 Excise tax (multiply line 8 by 35%) (see instructions)</b> . . . . .					

**Please Sign Here**

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. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature	Date	▶ Title
-------------	------	---------

Preparer's signature ▶	Date	Check if self-employed ▶ <input type="checkbox"/>	Preparer's social security no. : : :
Firm's name (or yours if self-employed), and address ▶	E.I. No. ▶	: :	
	ZIP code ▶		

## Instructions

(Section references are to the Internal Revenue Code unless otherwise noted.)

### Paperwork Reduction Act Notice

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

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

**Recordkeeping** . . . . .7 hrs., 25 min.

**Learning about the law or the form** . . . . .2 hrs., 59 min.

**Preparing and sending the form to IRS** . . . . .3 hrs., 14 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 (1545-0026), Washington, DC 20503.

### Purpose of Form

Form 926 must be used to report all transfers of property to a foreign corporation, foreign estate or trust, or foreign partnership and to pay any excise tax due under section 1491.

Form 926 is also used to report information required under section 6038B. Generally, section 6038B applies to any U.S. person who transfers property to a foreign corporation in an exchange described in section 367(a) or (d), or who makes an election to apply principles similar to the principles of 367 to any transfer covered by the excise tax.

### Who Must File

You must file Form 926 if you are a U.S. citizen or resident, domestic corporation or partnership, or an estate or trust that is not a foreign estate or trust and you transfer property to a foreign corporation (as paid-in surplus or as a contribution to capital) or if you make any kind of transfer to a foreign estate or trust, or foreign partnership. *You must file Form 926 even if the transfer is exempt from excise tax.*

You must also file Form 926 to report the information required under section 6038B. See Temporary Regulations section 1.6038B-1T(b)(2) for persons required to file. In addition, a U.S. person who makes an election to apply principles similar to the principles of section 367 must file.

### When and Where To File

Generally, on the day you make the transfer, file Form 926 with the Internal Revenue Service Center where you are required to file your income tax return.

If section 6038B applies, Form 926 and its attachments are filed with the U.S. person's income tax return for the tax year in which the transfer is made.

## Part I

### Foreign Transferee Information

On line 4d, the transferor must determine his interest in the transferee foreign corporation or partnership applying the attribution rules of section 958. In determining the ownership of stock in a transferee foreign corporation, the transferor must separately state his percentage interest in the combined voting power and value of the stock, if such percentages differ. See Notice 87-85, 1987-2 C.B. 395.

## Part II

### Transfers Exempt from Excise Tax

Three situations may give rise to a transfer exempt from excise tax. The first occurs when property is transferred to an exempt transferee. The second occurs if the transferor makes an election under section 1057. The third arises when the transfer is described in section 367 or when the transferor makes an election to apply principles similar to the principles of section 367 to the transfer.

**Exempt transferee.**—If you transfer property to an organization (other than an organization described in section 401(a)) exempt from income tax under section 501(a), the transfer is not subject to the excise tax. However, you must still complete the information requested on Form 926 and also provide the following:

- If the organization has been held exempt from income tax under section 501(a), attach a copy of the Commissioner's determination letter.
- If the organization meets the tests of exemption from income tax in section 501(a), but its exemption has not been previously established, attach a statement to establish the exemption. The statement must contain:

(1) A description of 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) An indication whether or not any of the transferee's income is credited to surplus or may benefit any private shareholder or individual.

(5) In general, all facts about the transferee's operations that affect its right to exemption.

Also attach a copy of the charter or articles of incorporation, the bylaws, and the latest financial statement showing assets, liabilities, receipts, and disbursements of the transferee.

**Transfers for which an election is being made under section 1057.**—The excise tax does not apply if you are making an election under section 1057 to treat the transfer as a taxable exchange.

**Transfers described in section 367.**—Generally, section 367(a) applies to any exchange described in sections 351, 354, 356, or 361 in which a U.S. person transfers property to a foreign corporation. See the regulations under sections 367(a)(2), (3), (5) and (6) for rules concerning exceptions. Also, see section 367(d) for special rules regarding transfers of intangibles. Additionally, you should see sections 367(e) for other rules and explanations. To completely meet the qualifications of sections 367(a) and (d), you must submit the information called for in the regulations under section 6038B.

**Transfers to which the taxpayer elects to apply principles similar to the principles of section 367.**—A transfer to a foreign corporation, partnership, estate or trust, that is otherwise subject to the excise tax will be exempt from the tax, if before the transfer, the U.S. person makes an election to apply principles similar to the principles of section 367 to the transfer. However, the taxpayer must comply with all the relevant requirements of section 367, including the reporting of information under section 6038B, and attach a statement explaining the application of such principles to the transfer.

**Agreement to recognize gain upon later disposition by transferee.**—Under certain circumstances, stock or securities of a domestic or foreign corporation may be transferred to a foreign corporation in a nonrecognition exchange without being subject to section 367(a)(1), provided that the U.S. transferor agrees to recognize gain on the amount realized but not recognized at the time of the initial transfer if the foreign corporation disposes of the stock or securities, or is treated as disposing of the stock

or securities, within the period during which the agreement is in force. See Notice 87-85 and Temporary Regulations section 1.367(a)-3T(g) for terms and conditions of, and information required for, a binding gain recognition agreement.

### Form 926 and the Reporting Requirements of Section 6038B.

In addition to the use of Form 926 in reporting the transfers to the foreign entities listed above, Form 926 is used as a cover document for the information required under section 6038B.

**How to use Form 926 when reporting section 6038B information.**—Attach the information required to be reported by the regulations under section 6038B to Form 926. If one or more U.S. persons are treated as having made an indirect transfer to a foreign corporation because they held interests in a corporation, partnership, trust, or estate that made a direct transfer to a foreign corporation, then the corporation, partnership, trust, or estate may satisfy the section 6038B reporting requirements for all of its U.S. interest holders by filing a single Form 926 with section 6038B information attached for each of them. Additionally, a husband, wife, and their minor children may file a joint Form 926 to report section 6038B information.

**Section 6038B information and applicable penalties.**—Taxpayers should be aware of penalties that apply if the information required under section 6038B is not submitted in the manner and at the time set forth in the regulations. The dollar penalty is 25% of the gain realized on the transfer. This penalty may be waived if the failure is due to reasonable cause and not willful neglect. Additionally, the statute of limitations on the transfer does not begin until the information is submitted.

**Identifying Number.**—Enter the social security number for an individual. Enter the employer identification number for a corporation, partnership, estate, or trust.

## Part III

### Figuring the Excise Tax

Make a separate computation of the excise tax for each block of stock or securities that has a separately identifiable basis. Do not offset appreciation in one block by depreciation in another block regardless of whether they are stock or securities of the same or different corporations. (Rev. Rul. 71-433, 1971-2 C.B. 325)

### Payment of Tax

Full payment of the excise tax must accompany Form 926. Make your check or money order payable to "Internal Revenue Service."

### Signature

You must sign this form for it to be considered a return.

If someone prepares Form 926 and does not charge you, that person should not sign Form 926. Certain others who prepare Form 926 should not sign. For example, your regular, full-time employee such as clerk, secretary, etc., should not sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 926 must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The person required to sign the return **must** complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give a copy of Form 926 to you in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. See **Publication 1045**, Information for Tax Practitioners, for more details.