

# Claim for Deficiency Dividends Deductions by a Personal Holding Company, Regulated Investment Company, or Real Estate Investment Trust

(Under Section 547 or 860 of the Internal Revenue Code)

Name of personal holding company, regulated investment company, or real estate investment trust Employer identification number

Number and street (or P.O. box number if mail is not delivered to street address)

City or town, state, and ZIP code

**1** Amount of tax deficiency . . . . .

**2** Tax year(s) involved . . . . . 19 . . . . . 19 . . . . . 19 . . . . .

**3 (a)** Amount paid . . . . .

**(b)** Date paid . . . . . 19 . . . . .

**4** Amount unpaid . . . . .

**5** How was the deficiency established?

Tax Court Decision—Attach a copy.

Court Judgment—Attach a copy. If established by a final judgment in a suit against the United States for refund:

**(a)** Date the claim for refund was filed . . . . . 19 . . . . .

**(b)** Date the suit was brought . . . . . 19 . . . . .

Closing agreement under section 7121.

If a personal holding company, agreement under section 547(c)(3)—Attach a copy of a properly executed Form 2198.

If a regulated investment company or real estate investment trust, agreement under section 860(e)(3)—Attach a copy of the agreement.

**6** Deficiency determination date (see instructions) . . . . . 19 . . . . .

**7** Date the deficiency dividend was distributed . . . . . 19 . . . . . (Attach a certified copy of the resolution of the board of directors or other authority authorizing the payment of the deficiency dividend.)

**8** Deficiency dividend was distributed as follows:

**(a)** Cash . . . . .

**(b)** Other property (attach description):

**(i)** Fair market value . . . . .

**(ii)** Adjusted basis . . . . .

**9 (a)** Amount claimed as a deduction for deficiency dividends . . . . .

**(b)** For a regulated investment company or real estate investment trust, enter the amount of line 9(a) designated as capital gains dividends . . . . .

<b>1</b>		
<b>3(a)</b>		
<b>4</b>		
<b>8(a)</b>		
<b>8(b)(i)</b>		
<b>8(b)(ii)</b>		
<b>9(a)</b>		
<b>9(b)</b>		

**10** Only personal holding companies must complete line 10.

(a) Name and address of each shareholder	(b) Class of stock and number of shares of each class held at date of payment of deficiency dividend	(c) Amount of deficiency dividend paid to each shareholder on each class of stock

**Please Sign Here**

Under penalties of perjury, I declare that I have examined this claim, 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 of officer \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_

**Paid Preparer's Use Only**

Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ Check if self-employed  Preparer's social security number \_\_\_\_\_

Firm's name (or yours, if self-employed) and address \_\_\_\_\_ E.I. No. \_\_\_\_\_ ZIP code \_\_\_\_\_

## 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. 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** . . . . . 5 hrs., 44 min.

**Learning about the law or the form** . . . . . 47 min.

**Preparing, copying, assembling, and sending the form to IRS** . . . . . 55 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making the form more simple, we would be happy to hear from you. You can write to the **Internal Revenue Service**, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP, or the **Office of Management and Budget**, Paperwork Reduction Project (1545-0045), Washington, DC 20503.

**Purpose of Form.**—A personal holding company, regulated investment company, and real estate investment trust files Form 976 to claim a deficiency dividend deduction under section 547 or 860. If the deficiency dividend deduction is granted, these entities will be granted relief, in whole or in part, from the payment of a tax deficiency. If a deficiency has been paid, these entities must file an amended return to claim a credit or refund.

**When and Where To File.**—File Form 976 within 120 days after the deficiency determination date (defined below). Personal holding companies must file Form 976 with the District Director's office where the determination of personal holding company status was made. Regulated investment companies or real estate investment trusts may file Form 976 with either the District Director or the Director of the Internal Revenue Service Center with whom the company or trust filed its income tax return for the year to which the determination applies.

If the deficiency determination is from an agreement with the District Director or delegate (under section 547(c)(3) or 860(e)(3)), any claim resulting from the deficiency dividends deductions may be filed with that District Director.

**Deficiency Dividends.**—Deficiency dividends must be distributed no later than 90 days after the deficiency determination date and prior to filing Form 976.

The deficiency dividend must be of such a nature as would have permitted its inclusion in the computation of the deduction for dividends paid under section 561 for the tax year for which the tax liability exists, if it had been distributed during that year.

**Deficiency Determination Date.**—The deficiency determination date is:

- For a decision of the Tax Court, the date the decision becomes final, as prescribed in section 7481;
- For a judgment, decree, or order by a court, the date the judgment, decree, or order becomes final;

- For a closing agreement made under section 7121, the date the agreement is approved by the Commissioner; and
- For an agreement under section 547(c)(3) (Form 2198) or section 860(e)(3) executed by the District Director (or delegate) and the taxpayer, if the signed copy of the agreement is sent to the taxpayer by registered mail, the determination date is the date of registration. If it is sent by certified mail, the determination date is the date of the postmark on the sender's receipt. However, if a dividend is paid by the taxpayer before such registration or postmark date, but on or after the date the agreement is signed by the District Director, the determination date shall be the date of such signing.

**Form 2198.**—Form 2198, Determination of Liability For Personal Holding Company Tax-Section 547(c)(3) of the Internal Revenue Code, is used as the agreement required by section 547(c)(3) of the Internal Revenue Code. The form is jointly signed by a delegate of the Commissioner of Internal Revenue Service and a qualified officer of the personal holding company to establish the personal holding company's tax liability.

**Claim for Credit or Refund.**—If, after payment of a tax deficiency, an overpayment results from the allowance of a deficiency dividend deduction, a claim, in addition to this form, must be filed on an appropriate amended income tax return to obtain a credit or refund for the overpayment.

**Corporate Acquisitions.**—When the assets of one corporation are acquired by another corporation in a distribution or transfer described in section 381(a), see sections 381(c)(17) and 381(c)(23) for special rules for claiming a deficiency dividend deduction.

**Signature.**—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If a corporate officer filled in Form 976, the Paid Preparer's space under "Signature of officer" should remain blank. If someone prepares Form 976 and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 976 should not sign. For example, a regular, full time employee of the corporation, such as a clerk, secretary, etc., does not have to sign.

Generally, anyone who is paid to prepare Form 976 must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer 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); and
- Give a copy of Form 976 to the taxpayer 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.