The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.
the smaller of these two amounts is entered on Form 8804-W, line 6.

Line 7—Prior Year Safe Harbor
Enter the total section 1446 tax that would have been due for 2008 on ECTI allocable to foreign partners for 2008, without any reductions for state and local taxes, calculated in line 1.1446-6(c)(1)(ii) or certified partner-level items. With respect to the partnership's first installment payment, if the 2008 Form 8804 has not yet been filed, an estimate is acceptable. However, if the partnership later learns that this estimate is incorrect, see Refiguring Estimated Section 1446 Tax on page 1.

Complete line 7 only if all of the following apply:

• The prior tax year consisted of 12 months.
• The partnership timely files (including extensions) a U.S. return of partnership income (e.g., Form 1065) for the prior year, and
• The amount of ECTI for the prior tax year is not less than 50% of the ECTI expected to be derived from the current tax year. Furthermore, if the partnership qualified to use the annualization method, it must use this method to pay Enter 25% of line 8 in columns (a) through (d).

If any of the above does not apply, skip line 7 and enter the amount from line 6 on line 8.

If the partnership qualifies to use the prior year safe harbor and chooses that method, it must use that method to pay each of its installments during the tax year. Furthermore, for each installment payment, the average of that installment and prior installments during the tax year must be at least 25% of the amount that satisfies the partnership's section 1446 tax liability under the prior year safe harbor. If the partnership does not satisfy both of these requirements, it will not qualify for the prior year safe harbor when determining any penalty due on Schedule A (Form 8804).

If the partnership begins using the prior year safe harbor method and it determines later in the tax year (based upon the standard option annualization method described later in these instructions) that it will not meet the 50% of ECTI requirement described in the last bullet item above, it may make a subsequent installment payments using the standard option annualization method and it will not be subject to the penalty determined on Schedule A (Form 8804). This change in method must be disclosed in a statement attached to the Form 8804 the partnership files for the current tax year and the statement must include enough information to allow the IRS to determine whether the change was appropriate.

If the partnership begins using the prior year safe harbor method and switches to the current year safe harbor (because the partnership does not qualify for the relief described in the previous paragraph (i.e., using the standard option annualization method)) or the partnership chooses not to continue using it), in order to avoid an underpayment penalty with respect to the current installment payment, the partnership must pay the sum of the current installment payment based on the current year safe harbor, plus the sum of the amount by which the current year safe harbor exceeds the prior year safe harbor amount paid in for each prior installment period during which it qualified for the prior year safe harbor.

Line 8
Enter the smaller of line 6 or line 7. However, if for any installment payment, line 8 is smaller than line 7, determine any penalty due on Schedule A (Form 8804) (see the line 7 instructions above). Therefore, in that case, for any subsequent installment payment during the tax year, do not use the line 7 amount.

Line 9—Installment Due Dates

Fiscal-year taxpayers. Enter the 15th day of the 4th, 6th, 9th, and 12th months of the partnership's tax year in columns (a) through (d). If the regular due date falls on a Saturday, Sunday, or legal holiday, enter the next business day.

Line 10
Enter 25% of line 8 in columns (a) through (d) unless the partnership uses the annualized income installment method or the adjusted seasonal installment method.

Annualized income installment method and/or adjusted seasonal installment method. If the partnership's ECTI is expected to vary during the year because, for example, it operates its business on a seasonal basis, it may be able to lower the amount of one or more required payments by using the annualized income installment method and/or the adjusted seasonal installment method. For example, a ski shop, which receives most of its income during the winter months, may be able to benefit from using one or both of these methods in figuring one or more of its required installments.

To use one or both of these methods, complete Part II and/or Part III of the form. If those Parts are used for any payment, those Parts must be used for all subsequent payment due dates. To arrive at the amount of each required installment, Part IV automatically selects the smallest of (a) the annualized income installment (if applicable), (b) the adjusted seasonal installment (if applicable), or (c) the current year safe harbor (increased by any recapture of a deduction in a required installment under section 6655(e)(1)(B)).

Line 11
Include amounts line 11 any 2008 overpayment that the partnership chose to credit against its 2009 tax. The overpayment is credited against unpaid required installments in the order in which the installments are required to be paid.

Also include on line 11 any:

• Section 1446 tax withheld and paid by another partnership because the partnership preparing this Form 8804-W was a partner in that partnership during the tax year. See the instructions for Forms 8804, line 6b, in the Instructions for Forms 8804, 8805, and 8813.
• Section 1446(a) or 1446(e)(1) tax withheld from or paid by the partnership filing this Form 8804-W during the tax year for a disposition of a U.S. real property interest. See the instructions for Form 8804, line 6c, in the Instructions for Forms 8804, 8805, and 8813.

The partnership generally enters these amounts in the column that corresponds to the installment period for which these amounts were paid or withheld. However, if the partnership learns about the payments or withholding in a subsequent installment period, the partnership may claim them in that period.

Parts II Through IV
If only the adjusted seasonal installment method (Part II) is used, complete Parts II and IV. If only the annualized income installment method (Part III) is used, complete Parts III and IV. If both methods are used, complete all three parts. Enter in each column on line 10 the amounts from the corresponding column of line 42.

Do not figure any required installment until after the end of the month preceding the due date for that installment.

Extraordinary items. Generally, under the annualized income installment method, extraordinary items must be taken into account after annualizing the effectively connected taxable income for the annualization period. Similarly rules apply in determining effectively connected taxable income for the adjusted seasonal installment method. An extraordinary item includes:

• Any item identified in Regulations sections 1.1502-76(b)(2)(i)(C)(1), (2), (3), (4), (7), and (8);
• A section 481(a) adjustment; and
• Net gain or loss from the disposition of 25% or more of the fair market value of the partnership's business assets during the tax year.

These extraordinary items must be accounted for in the appropriate annualized income installment (see section 481(a) adjustment (unless the partnership makes the alternative choice under Regulations section 1.6655-2(f)(3)(ii)(C)) is treated as an extraordinary item occurring on the first day of the tax year in which the item is taken into account in determining effectively connected taxable income.

For more information regarding extraordinary items, see Regulations section 1.6655-2(f)(3)(ii) and the examples in Regulations section 1.6655-2(f)(3)(viii). Also see Regulations section 1.6655-3(d)(3).

De minimus rule. Extraordinary items identified above resulting from a particular transaction that total less than $1 million (other than a section 481(a) adjustment)
may be annualized using the general rules of Regulations section 1.6655-2(f), or, if the partnership chooses to include certain preferred rates on line 29, the partnership chooses to exclude amounts of income and gain to be the result on line 10, the partnership chooses to exclude amounts of income and gain to be the result on line 10.

Part II—Adjusted Seasonal Installment Method

Note. Part II does not reflect the lower preferential rates provided under Regulations section 1.1446-3(a)(2). These were omitted because, for most taxpayers, the income reported in Part II will be predominantly (or exclusively) ordinary income. If the partnership wishes to consider lower preferential rates for Part II (and if the requirements outlined in the Note in the line 30 instructions are met), it must attach a schedule, which appropriately expands lines 14 and 21 through 24 to show the applicable special types of income or gain and the applicable percentages (see, for example, lines 32 and 33 of this schedule).

Complete this part only if the partnership’s base period percentage for any 6 consecutive months of the tax year equals or exceeds 70%. Figure the base period percentage using the 6-month period in which the partnership normally receives the largest part of its ECTI. The base period percentage for any period of 6 consecutive months is the average of the three percentages figured by dividing the ECTI for the corresponding 6-consecutive-month period in each of the 3 preceding tax years by the ECTI for each of their respective tax years.

Example. An amusement park with a calendar year as its tax year receives the largest part of its ECTI during a 6-month period, May through October. To compute its base period percentage for this 6-month period, the amusement park figures its ECTI for each May–October period from 2007, 2006, and 2005. It then divides the ECTI for each May–October period by the total ECTI for that particular tax year. The resulting percentages are 69% (.69) for May–October 2006, 74% (.74) for May–October 2007, and 67% (.67) for May–October 2008. Because the average of 69%, 74%, and 67% is 70%, the base period percentage for May through October 2009 is 70%. Therefore, the amusement park qualifies for the adjusted seasonal installment method.

Line 14

If the partnership has certain extraordinary items, special rules apply. Do not include on line 14 the de minimis extraordinary items that the partnership chooses to include on line 21b. See Extraordinary items on page 2.

Line 21b

If the partnership has certain extraordinary items of $1 million or more from a transaction, or a section 481(a) adjustment, special rules apply. Include these amounts on line 21b for the appropriate period. Also, include on line 21b the de minimis extraordinary items that the partnership chooses to exclude from line 14. See Extraordinary items on page 2.

Line 22

Enter the reduction to the line 21c amount for Effectively Connected Tax Losses under Regulations section 1.1446-6(c)(1)(ii) and for valid certificates received from the foreign partner under Regulations section 1.1446-6. See Certification of Deductions and Losses in the Instructions for Forms 8804, 8805, and 8813 for additional information.

Part III—Annualized Income Installment Method

Line 29—Annualization Periods

Enter in the space on line 29, columns (a) through (d), respectively, the annualization periods that the partnership is using, based on the options listed below. For example, if the partnership elects Option 1, enter on line 29 the annualization periods 2, 4, 7, and 10, in columns (a) through (d), respectively.

Use Option 1 or Option 2 only if the partnership elected to use one of these options by filing Form 8842, Election To Use Different Annualization Periods for Corporate Estimated Tax, on or before the due date of the first required installment payment. Once made, the election is irrevocable for the particular tax year.

Line 30—Foreign Partner’s Allocable Share of ECTI

Enter on lines 30a through 30d the foreign partner’s allocable share of ECTI for the months entered for each annualization period in columns (a) through (d) on line 29. To determine the foreign partner’s allocable share of ECTI, see Effectively Connected Taxable Income in the Instructions for Forms 8804, 8805, and 8813.

If the partnership has certain extraordinary items, special rules apply. Do not include on line 30a, 30b, 30c, or 30d the de minimis extraordinary items that the partnership chooses to include on line 30a, 30b, 30c, or 30d, respectively. See Extraordinary items on page 2.

Note. With respect to lines 30b through 30d, enter the specified types of ECTI if (a) such partner would be entitled to use a preferential rate on such income or gain (see Regulations section 1.1446-3(a)(2)) and (b) the partnership has sufficient documentation to meet the requirements of Regulations section 1.1446-3(a)(2)(ii).

If the partnership has net ordinary losses, net short-term capital loss, or net 28% rate loss, each net loss should be netted against the appropriate categories of income and gain to determine the amounts of income and gain to be entered on lines 30e, 30f, and 30m, respectively. See section 1(h) and Notice 97-59, 1997-45 I.R.B. 7, for rules for netting gains and losses.

Line 31—Annualization Amounts

Enter the annualization amounts for the option used on line 29. For example, if the partnership elects Option 1, enter on line 31 the annualization amounts 6, 3, 1.71429, and 1.2, in columns (a) through (d), respectively.

Lines 32a, 32b, 32c, and 32d

If the partnership has certain extraordinary items that total $1 million or more from a transaction, or a section 481(a) adjustment, special rules apply. Include these amounts on line 32a, 32b, 32c, or 32d, depending upon the type of income against which the item applies, for the appropriate period. Also, enter on line 32a, 32b, 32c, or 32d the de minimis extraordinary items that the partnership chooses to exclude from line 30a, 30b, 30c, or 30d, respectively. See Extraordinary items on page 2.

Lines 32b, 32c, 32j, and 32n

Enter the reduction amounts for state and local taxes under Regulations section 1.1446-6(c)(1)(iii). See Reductions for State and Local Taxes in the Instructions for Forms 8804, 8805, and 8813 for additional information. The netting rules under section 1(h) and Notice 97-59 must be considered in determining the category of income the reduction amounts offset.

Lines 32c, 32g, 32k, and 32o

Enter the reduction amounts resulting from certified partner-level items received from foreign partners using Form 8804-C. See Certification of Deductions and Losses in the Instructions for Forms 8804, 8805, and 8813 for additional information. The netting rules under section 1(h) and Notice 97-59 must be considered in determining the category of income the reduction amounts offset.

Part IV—Required Installments Under Part II and/or Part III

Line 37

Before completing line 37 in columns (b) through (d), complete lines 38 through 42 in each of the preceding columns. For example, complete lines 38 through 42 in column (a) before completing line 37 in column (b).

Line 42—Required Installments

For each installment, enter the smaller of line 38 or line 41 on line 42. Also enter the result on line 10.
Paperwork Reduction Act Notice. Your use of this form is optional. It is provided to aid the partnership in determining its tax liability.  
You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.  
The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:

<table>
<thead>
<tr>
<th>Form</th>
<th>Recordkeeping</th>
<th>Learning about the law or the form</th>
<th>Preparing the form</th>
</tr>
</thead>
<tbody>
<tr>
<td>8804-W, Part I</td>
<td>8 hr., 7 min.</td>
<td>47 min.</td>
<td>57 min.</td>
</tr>
<tr>
<td>8804-W, Part II</td>
<td>21 hr., 16 min.</td>
<td>6 min.</td>
<td>27 min.</td>
</tr>
<tr>
<td>8804-W, Part III</td>
<td>21 hr., 3 min.</td>
<td>6 min.</td>
<td>27 min.</td>
</tr>
<tr>
<td>8804-W, Part IV</td>
<td>5 hr., 58 min.</td>
<td>8 min.</td>
<td>12 min.</td>
</tr>
</tbody>
</table>

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, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the tax form to this office. Instead, keep the form for your records.