Instructions for Form 926

(Rev. December 2026)

Return by a U.S. Transferor of Property to a Foreign Corporation

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

What's New

At the top of page 1 of the form, the U.S. transferor's tax year must now be provided in the new entry spaces below the title of the form.

General Instructions

Future Developments

For the latest information about developments related to Form 926 and its instructions, such as legislation enacted after they were published, go to *IRS.gov/Form926*.

Purpose of Form

Use Form 926 to report certain transfers of tangible or intangible property to a foreign corporation, as required by section 6038B (requiring notice of transfers of property to foreign corporations and foreign partnerships).

Who Must File

Generally, a U.S. citizen or resident, a domestic corporation, or a domestic estate or trust must complete and file Form 926 to report certain transfers of property to a foreign corporation that are described in section 6038B(a)(1)(A) (transfer of property to foreign corporation in certain nonrecognition transactions), 367(d) (recharacterizing a transfer of intangible property to a foreign corporation under section 351 or 361 as a sale in exchange for contingent payments), or 367(e) (distributions under section 355 to foreign persons and liquidations under section 332 to foreign corporations). See section 6038B and Regulations sections 1.6038B-1 and 1.6038B-1T (regulations implementing section 6038B reporting requirement) for more information.

Special Rules

- **Transfers by a partnership.** If the transferor is a partnership (domestic or foreign), the domestic partners of the partnership, not the partnership itself, are required to comply with section 6038B and file Form 926. Each domestic partner is treated as a transferor of its proportionate share of the property. See the instructions for line 3 for additional information.
- **Transfers by spouses.** Spouses may file Form 926 jointly, but only if they file a joint income tax return.
- **Transfers of cash.** A U.S. person that transfers cash to a foreign corporation must report the transfer on Form 926 if (a) immediately after the transfer, the person holds, directly or indirectly, at least 10% of the total voting power or the total value of the foreign corporation; or (b) the amount of cash transferred by the person to the foreign corporation during the 12-month period ending on the date of the transfer is more than $100,000. See Regulations section 1.6038B-1(b)(3).
- **Transfers of stock or securities for which a gain recognition agreement (GRA) is filed.** A U.S. transferor must file a Form 926 with respect to a transfer of stock or securities in all cases in which a GRA is filed under Regulations section 1.367(a)-8 (providing rules for GRAs). Provided that the initial GRA is timely filed (determined without regard to Regulations section 1.367(a)-8(p) (providing relief for untimely or incomplete GRAs, and failing to comply with the rules in Regulations section 1.367(a)-8)), then, with respect to the transfer of the stock or securities, the U.S. transferor should (1) complete Part I and Part II of Form 926; (2) complete columns (a) through (e) of the "Stock and securities" line in Part III, Section B, of the form, and check the "Yes" box on line 11; and (3) complete the *Supplemental Part III Information Required To Be Reported* section at the end of Part III of the form using the *Line 11* instructions under the *Supplemental Part III Information Required To Be Reported* section, later. In addition, the U.S. transferor must comply in all material respects with the terms of a GRA (determined without regard to Regulations section 1.367(a)-8(p) (providing relief for untimely or incomplete GRAs, and failing to comply with the rules in Regulations section 1.367(a)(8))) in order to satisfy its section 6038B reporting obligations. See Regulations section 1.6038B-1 for further information.
- **Distributions by domestic liquidating corporations.** A domestic liquidating corporation must file a Form 926 with respect to a distribution of property in complete liquidation under section 332 (providing nonrecognition of gain or loss for 80% corporate shareholder in liquidation of its subsidiary) to a foreign distributee corporation that meets the stock ownership requirements of section 332(b) (requiring ownership of 80% of voting power and value of stock). If the distribution qualifies for the exception in Regulations section 1.367(e)-2(b)(2)(i) or (iii) (providing exception to gain recognition for distribution of assets used in a U.S. trade or business and distribution of stock of an 80%-owned domestic corporation), then, provided that all initial liquidation documents are timely filed (determined without regard to Regulations section 1.367(e)-2(f) (providing relief for failure to file a liquidation document or comply with Regulations section 1.367(e)-2), the domestic liquidating corporation should complete Form 926 and, in the *Supplemental Information Required To Be Reported* section at the end of Part III of the form, note that the information required by Form 926 is contained in the statement required by Regulations section 1.367(e)-2(b)(2)(i)(C)(2) (requiring a description of property transferred by liquidating corporation) or (iii)(D) (requiring statement that liquidating corporation will recognize gain if foreign distributee disposes of stock of 80%-owned domestic subsidiary). In addition, the domestic liquidating corporation must comply in

all material respects with the terms of a liquidation document (determined without regard to Regulations section 1.367(e)-2(f)) in order to satisfy its section 6038B reporting obligations. See specific instructions for lines 20a and 20b in *Part IV—Additional Information Regarding Transfer of Property*, later, for more information. See Regulations section 1.6038B-1 for further information.

Exceptions to Filing

1. For exchanges described in section 354 (nonrecognition of gain or loss to a shareholder exchanging stock or securities solely for stock or securities pursuant to a reorganization) or 356 (recognition of gain not to exceed FMV of other property received by shareholder exchanging stock or securities for stock or securities and other property pursuant to a reorganization), a U.S. person does not have to file Form 926 if:

a. The U.S. person exchanges stock of a foreign corporation in a recapitalization described in section 368(a)(1)(E), or

b. The U.S. person exchanges stock of a domestic or foreign corporation for stock of a foreign corporation under an asset reorganization described in section 368(a)(1) (describing different reorganizations) that is not treated as an indirect stock transfer under Regulations section 1.367(a)-3(d).

2. Generally, a domestic corporation that distributes stock or securities of a domestic corporation under section 355 (providing nonrecognition to shareholders and distributing corporation in connection with certain qualifying distributions) is not required to file Form 926. However, this exception does not apply if the distribution is of stock or securities of a foreign controlled corporation to a distributee shareholder who is not a U.S. citizen or resident or a domestic corporation. See specific instructions for Part IV, line 21, later, for more information.

3. A U.S. person that transfers stock or securities under section 367(a) (overriding corporate nonrecognition provisions when a U.S. person transfers property to a foreign corporation) does not have to file Form 926 if either **a** or **b** below applies.

a. The U.S. transferor owned less than 5% of both the total voting power and the total value of the transferee foreign corporation immediately after the transfer and:
- The U.S. transferor qualified for nonrecognition treatment with respect to the transfer,
- The U.S. transferor is a tax-exempt entity and the income was not unrelated business income,
- The transfer was taxable to the U.S. transferor under Regulations section 1.367(a)-3(c) (provides exception to the gain recognition required by section 367(a)(1) for transfer of stock or securities of a domestic corporation by a U.S. person to a foreign corporation) and such person properly reported the income from the transfer on its timely filed return (including extensions) for the tax year that includes the date of transfer, or
- The transfer is considered to be to a foreign corporation solely by reason of Regulations section 1.83-6(d)(1) (treating transfers of property by a shareholder to an employee of a corporation in consideration of services as a transfer to the corporation followed by a transfer by the corporation to the employee) and the fair market value of the property transferred did not exceed $100,000.

b. The U.S. transferor owned 5% or more of the total voting power or the total value of the transferee foreign corporation immediately after the transfer and:
- The U.S. transferor is a tax-exempt entity and the income was not unrelated business income,
- The transfer was taxable to the U.S. transferor and such person properly reported the income from the transfer on its timely filed return, or
- The transfer is considered to be to a foreign corporation solely by reason of Regulations section 1.83-6(d)(1) and the fair market value of the property transferred did not exceed $100,000.

When and How To File

Form 926 must be filed with the U.S. transferor's income tax return (or, if applicable, exempt organization return) for the tax year that includes the date of the transfer.

Caution: The Form 926 filed with the IRS must include the additional information required in Regulations sections 1.6038B-1(c) through (e) (requiring certain information to be provided regarding the transfer of property) and Temporary Regulations sections 1.6038B-1T(c) and (d) (requiring certain information to be provided regarding the transfer of property, including about the transferor, transferee, and the transaction).

Other Forms That May Be Required

Persons filing this form may be required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). For more information on foreign bank and financial accounts reporting requirements, go to *IRS.gov/Businesses/Small-Businesses-Self-Employed/Report-of-Foreign-Bank-and-Financial-Accounts-FBAR*.

A U.S. transferor that is required to enter into a GRA under section 367 to qualify for nonrecognition treatment must file Form 8838, Consent To Extend the Time To Assess Tax Under Section 367—Gain Recognition Agreement, available at *IRS.gov/Form8838*, to extend the statute of limitations with respect to the gain realized but not recognized on the transfer.

Penalties for Failure To File

If a taxpayer fails to comply with section 6038B, the penalty equals 10% of the fair market value of the property at the time of the transfer. The penalty will not apply if the failure to comply is due to reasonable cause and not to willful neglect. The penalty is limited to $100,000 unless the failure to comply was due to intentional disregard. Moreover, the period of limitations for assessment of tax upon the transfer of that property is extended to the date that is 3 years after the date on which the information required to be reported is provided.

Section 6662(j) Penalty

A 40% penalty may be imposed on any underpayment resulting from an undisclosed foreign financial asset understatement. No penalty will be imposed with respect to any portion of an underpayment if the taxpayer can demonstrate that the failure to comply was due to reasonable cause with respect to such portion of

the underpayment and the taxpayer acted in good faith with respect to such portion of the underpayment. See sections 6662(j) (defining undisclosed foreign financial asset understatement) and 6664(c) (providing a reasonable cause and good faith exception to certain penalties) for additional information.

Specific Instructions

Important: All information reported on Form 926 must be in English. All amounts must be stated in U.S. dollars. If the information required in a given section exceeds the space provided within that section, do not write "see attached" in the section and then attach all of the information on additional sheets. Instead, complete all entry spaces in the section and attach the remaining information on additional sheets. The additional sheets must conform with the IRS version of that section.

Part I—U.S. Transferor Information

Tax year. Enter the U.S. transferor's tax year in the space provided at the top of page 1 of the form, below the title of the form.

Identifying number. The identifying number of an individual is his or her social security number (SSN) or IRS individual taxpayer identification number (ITIN). The identifying number of all others is their employer identification number (EIN).

Line 1—10%-owned foreign corporation that is not a controlled foreign corporation. Check the "Yes" box on line 1 if the transferee is a specified 10%-owned foreign corporation that is not a controlled foreign corporation (as defined in section 957(a)).

A specified 10%-owned foreign corporation is defined in section 245A(b)(1) as any foreign corporation with respect to which any domestic corporation is a U.S. shareholder. A controlled foreign corporation is defined in section 957(a) as any foreign corporation if, on any day during the tax year of such foreign corporation, U.S. shareholders own (within the meaning of section 958(a) (describing direct and indirect ownership)), or are considered to own by applying the rules of ownership of section 958(b) (describing constructive ownership), more than 50% of (1) the total combined voting power of all classes of stock of such corporation entitled to vote, or (2) the total value of the stock of such corporation.

Check the "No" box on line 1 and check the "Yes" box in Part II, line 9, if the transferee foreign corporation is a controlled foreign corporation.

Line 2a—Question to identify whether, in the case of a section 361(a) or (b) transfer, the transferor is controlled (under section 368(c)) by five or fewer domestic corporations. If you answered "Yes" to question 2a and the asset is stock, section 367(a)(4) (requiring gain recognition for transfers of stock or securities of a foreign corporation pursuant to an asset reorganization, unless the transferor corporation is controlled by 5 or fewer domestic corporations) may require basis adjustments. If you answered "No" to question 2a and the asset is a tangible asset, the transfer is taxable under sections 367(a)(1) and (a)(4). If the asset transferred is an intangible asset, see section 367(d) and its regulations.

If you answered "No" to question 2a: If the U.S. transferor is owned directly by more than five domestic corporations immediately before the reorganization, but some combination of five or fewer domestic corporations controls the U.S. transferor, the U.S. transferor must designate the five or fewer domestic corporations that comprise the control group. List these designated corporations on Form 926, line 2b.

Line 2b—Question to determine whether the transferor remained in existence after the transfer. If the transferor went out of existence pursuant to the transfer (for example, as in a reorganization described in section 368(a)(1)(C) (describing an asset reorganization)), list the controlling shareholders and their identifying numbers.

Line 2c—Question to determine whether the transferor, if a member of an affiliated group filing a consolidated return, was the parent corporation that was a member of an affiliated group filing a consolidated return. If the transferor was a member of an affiliated group filing a consolidated tax return (see sections 1501 through 1504 (describing requirements for an affiliated group of corporations to file a consolidated return)), but was not the parent corporation, list the name and EIN of the parent corporation and file Form 926 with the parent corporation's consolidated return.

Line 2d—Question to determine if basis adjustments under section 367(a)(4) have been made. If the answer to question 2d is "Yes," and if the asset is transferred in an exchange described in section 361(a) or (b) (providing nonrecognition of gain or loss from the transfer of property by a corporation that is a party to a reorganization), attach the following.

- A statement that the conditions set forth in the second sentence of section 367(a)(4) and any regulations under that section have been satisfied.
- An explanation of any basis or other adjustments made pursuant to section 367(a)(4) and any regulations thereunder.

Line 3—Partner in a partnership that was actual transferor not treated as transferor under section 367. If a partnership (whether foreign or domestic) transfers property to a foreign corporation in an exchange described in section 367(a)(1), then any U.S. person that is a partner in the partnership shall be treated as having transferred a proportionate share of the property in an exchange described in section 367(a)(1). A U.S. person's proportionate share of partnership property shall be determined under the rules and principles of sections 701 through 761 (provisions of the Code pertaining to partnerships) and the regulations thereunder. See Temporary Regulations section 1.367(a)-1T(c)(3) (treating a transfer by the partnership of partnership property as a transfer by the partners of the partnership).

Line 3d—Question to identify whether the partner is disposing of an interest in a limited partnership regularly traded on an established securities market. For the definition of "regularly traded on an established securities market," see Temporary Regulations section 1.367(a)-1T(c)(3)(ii)(D). If the answer to question 3d

is "Yes," the rules of Temporary Regulations section 1.367(a)-1T(c)(3)(ii)(C) (treating transfers of limited partnership interests regularly traded on an established securities market as a transfer of stock or securities subject to Regulations section 1.367(a)-3) apply.

Part II—Transferee Foreign Corporation Information

Line 5b—Reference ID number. A reference ID number is required on line 5b only in cases where no EIN was entered on line 5a for the transferee foreign corporation. However, filers are permitted to enter both an EIN and a reference ID number. If applicable, enter on line 5b the reference ID number (defined below) you have assigned to the transferee foreign corporation.

A "reference ID number" is a number established by or on behalf of the U.S. transferor identified at the top of page 1 of the form that is assigned to the transferee foreign corporation with respect to which Form 926 reporting is required. These numbers are used to uniquely identify the transferee foreign corporation in order to keep track of the entity from tax year to tax year. The reference ID number must meet the requirements set forth below.

Note: Because reference ID numbers are established by or on behalf of the U.S. person filing Form 926, there is no need to apply to the IRS to request a reference ID number or for permission to use these numbers.

Note: In general, the reference ID number assigned to a transferee foreign corporation on Form 926 has relevance only to Form 926 and should not be used with respect to the transferee foreign corporation on other IRS forms.

Requirements: The reference ID number must be alphanumeric (defined below) and no special characters or spaces are permitted. The length of a given reference ID number is limited to 50 characters.

For these purposes, the term "alphanumeric" means the entry can be alphabetical, numeric, or any combination of the two.

The same reference ID number must be used consistently from tax year to tax year with respect to a given transferee foreign corporation. If for any reason a reference ID number falls out of use (for example, the transferee foreign corporation no longer exists due to disposition or liquidation), the reference ID number used for that transferee foreign corporation cannot be used again for another transferee foreign corporation for purposes of Form 926 reporting.

There are some situations that warrant correlation of a new reference ID number with a previous reference ID number when assigning a new reference ID number to a transferee foreign corporation. For example:

- In the case of a merger or acquisition, a Form 926 filer must use a reference ID number that correlates the previous reference ID number with the new reference ID number assigned to the transferee foreign corporation; or
- In the case of an entity classification election that is made on behalf of a transferee foreign corporation on Form 8832, Entity Classification Election, available at *IRS.gov/Form8832*, Regulations section 301.6109-1(b)(2)(v) requires the transferee foreign corporation to have an EIN for this election. For the first year that Form 926 is filed after an entity classification election is made on behalf of the transferee foreign corporation on Form 8832, you must enter the new EIN on line 5a and the old reference ID number on line 5b. In subsequent years, the Form 926 filer may continue to enter both the EIN and the reference ID number, but must enter at least the EIN on line 5a.

In the case of a merger or acquisition, you must correlate the reference ID numbers as follows: New reference ID number [space] Old reference ID number. If there is more than one old reference ID number, you must enter a space between each such number. As indicated above, the length of a given reference ID number is limited to 50 characters and each number must be alphanumeric with no special characters.

Note: This correlation requirement applies only to the first year the new reference ID number is used.

Line 6—Address. Enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code, if any. Do not abbreviate the country name; however, if you file electronically, please follow the convention specified.

Line 7—Country code of country of incorporation or organization. Enter the two-letter country code (from the list at *IRS.gov/countrycodes*) of the transferee foreign corporation's country of incorporation or organization.

Line 8—Foreign law characterization. List the entity classification (for example, partnership, corporation, etc.) of the transferee foreign corporation under the laws of the country of incorporation or organization.

Line 9—Question to determine whether the transferee foreign corporation is a controlled foreign corporation (CFC). See section 957(a) to determine whether the corporation is a controlled foreign corporation immediately after the transfer.

Part III—Information Regarding Transfer of Property

Information in Part III is reported in three sections. Collectively, the three sections capture information with regard to all of the properties transferred. The properties covered by each section, respectively, are:

- Cash ("Section A"),
- Other property (other than intangible property subject to section 367(d)) ("Section B"), and
- Intangible property subject to section 367(d) ("Section C").

For information that generally must be included for a transfer described in section 6038B(a)(1)(A) (transfer of property by a U.S. person to a foreign corporation pursuant to a nonrecognition provision of the Code), see the beginning of the *Supplemental Part III Information Required To Be Reported* section, later.

If additional row(s) are needed to enter information for a property category in a section in Part III, provide the information in the same format as required for the row in the section at issue in the *Supplemental Part III Information Required To Be Reported* section. For

each property category with such additional row(s), in the section enter "See Supplemental" under column (b), Description of Property, on the last row of the property category and enter in the remaining columns on that last row the aggregated amounts from the corresponding columns on the additional rows.

For distributions covered by section 367(e)(2) (requiring a liquidating corporation to recognize gain in a liquidation described in section 332 if the distributee is a foreign corporation), see the instructions for lines 20a through 20c, later.

Section A—Cash

Section A captures information regarding cash.

Line 10—Question to indicate whether cash was the only property transferred. If cash was the only property transferred, check the "Yes" box, skip the remainder of Part III and proceed to Part IV.

Section B—Other Property (Other Than Intangible Property Subject to Section 367(d))

Section B captures information regarding property (other than cash and intangible property subject to section 367(d)) that is subject to full gain recognition under the general rule of section 367(a)(1).

Stock and securities. In column (b), for each stock or security, provide the class or type and the name of the issuing corporation. See the *Line 11* instructions in the *Supplemental Part III Information Required To Be Reported* section, later, for additional reporting requirements.

Property with built-in loss. Complete columns (a) through (d) including the description of each item transferred with a built-in loss that is realized but not recognized. Section 367(a)(1) requires gain recognition attributed to transferred property (other than intangible property subject to section 367(d) or certain stock transfers under section 367(a) if certain conditions are met); however, such gain recognized on the transferred property may not be reduced or netted by realized losses attributed to transferred built-in loss property. No loss is allowed under section 367(a)(1) for transferred built-in loss property.

If the transfer was a distribution of property in complete liquidation under section 332, you must complete columns (a) through (d) as described above. You may use any built-in losses under section 367(e)(2) to reduce the overall recognized gain from the liquidating distribution, but not below zero, for purposes of determining the amount entered on line 20b in Part IV. See Regulations section 1.367(e)-2(b)(1)(ii)(B) (in a liquidation subject to section 367(e)(2), the liquidating corporation cannot recognize losses in excess of gain) for the overall loss limitation.

In general, the following instructions apply to columns (a) through (e).

Column (a)—Date of transfer. Enter the first date on which title to, possession of, or rights to the use of the property passed for U.S. income tax purposes. See Temporary Regulations section 1.6038B-1T(b)(4) (providing rules for determining date of transfer) for additional information.

Column (b)—Description of property. Provide a description of the property transferred.

Column (c)—Fair market value on date of transfer. Enter the fair market value of the property transferred (measured as of the date of transfer).

Column (d)—Cost or other basis. Enter the adjusted basis in the property transferred on the date of the transfer. See sections 1011 through 1016 for more information for the determination of adjusted basis.

Column (e)—Gain recognized on transfer. Enter the gain recognized on the transfer of each property.

Line 11—Question to identify transfers of stock or securities subject to section 367(a) to which a gain recognition agreement was filed. Indicate whether a gain recognition agreement was filed pursuant to Regulations section 1.367(a)-8 for a transfer of stock or securities. If "Yes," complete the *Supplemental Part III Information Required To Be Reported* section at the end of Part III using the *Line 11* instructions under the *Supplemental Part III Information Required To Be Reported* section, later.

Line 12a—Question to identify assets of a foreign branch transferred to a foreign corporation. Check the "Yes" box if any of the property transferred to a foreign corporation consisted of assets of a foreign branch (or a branch that is a foreign disregarded entity (FDE)). If you check "Yes," continue to line 12b; otherwise skip lines 12b through 12d.

Line 12b—Question to identify a domestic corporation that transferred substantially all of the assets of a foreign branch (including a branch that is a foreign disregarded entity) to a specified 10%-owned foreign corporation. Check the "Yes" box if the property transferred to a specified 10%-owned foreign corporation consisted of substantially all of the assets of a foreign branch (or a branch that is an FDE). If you check "Yes" to line 12b, you must complete line 12c. See the definition of specified 10%-owned foreign corporation in the instructions to line 1, earlier; however, for these purposes, the definition applies without regard to whether the corporation is a controlled foreign corporation.

Line 12c—Question to identify whether the domestic corporation was a U.S. shareholder with the respect to the transferee foreign corporation immediately after the transfer. Check the "Yes" box if the transferor was a domestic corporation and immediately after the transfer the domestic corporation was a U.S. shareholder (10%-or-more shareholder) with respect to the transferee foreign corporation. If "Yes," continue to line 12d; otherwise skip line 12d.

Line 12d—Transferred loss amount included in gross income under section 91. Under section 91 (requiring a domestic corporation that transfers substantially all the assets of a foreign branch to a 10%-owned foreign corporation to include in income the transferred loss amount), the U.S. transferor must include in gross income an amount equal to the transferred loss amount, if any, as

defined in section 91(b) upon a transfer of substantially all of the assets of a foreign branch (including a foreign branch that is an FDE) to a foreign corporation. The transferred loss amount determined under section 91(b) is:

1. The sum of losses incurred by the foreign branch or FDE after December 31, 2017, and before the transfer and with respect to which a deduction was allowed to the U.S. transferor, reduced by;

2. The sum of:

a. Any taxable income of such branch for a tax year after the tax year in which the loss was incurred and through the close of the tax year of the transfer, and

b. Any amount recognized under section 904(f)(3) (regarding certain dispositions of property resulting in gain in an income category for which there is an overall foreign loss) resulting from the transfer.

See section 91(c) (transferred loss amount reduced by gain recognized on the transfer, other than gain taken into account under section 904(f)(3)) and the transition rule provided by TCJA section 14102(d)(4) for a possible reduction of the transferred loss amount in certain circumstances.

If the transferred loss amount is zero or less, enter zero on line 12d (no transferred loss amount is required to be recognized by the U.S. transferor on the transfer under section 91).

If the transferred loss amount is greater than zero, enter the amount as a positive number on line 12d and report this amount as other income on Form 1120, page 1, line 10 (other income) or on the corresponding line of the applicable 1120-series form. Identify the amount as "Section 91 Transferred Loss Amount." See also the *Line 12d* instructions under the *Supplemental Part III Information Required To Be Reported* section, later, for additional information that must be reported.

Section C—Intangible Property Subject to Section 367(d)

Section C captures information regarding transfers of intangible property subject to section 367(d).

Property described in section 367(d)(4). Complete columns (a) through (f) for each identified transferred section 367(d)(4) intangible. See the related instructions for *Section C* under the *Supplemental Part III Information Required To Be Reported* section at the end of Part III, later, for additional information that you must report.

In general, the following instructions apply to columns (a) through (f).

Column (a)—Date of transfer. Enter the first date on which title to, possession of, or rights to the use of the property passed for U.S. income tax purposes. See Temporary Regulations section 1.6038B-1T(b)(4) for additional information.

Column (b)—Description of property. Provide a separate description for each identified intangible, including each identified (i) patent, invention, formula, process, design, pattern, or know-how; (ii) copyright, literary, musical, or artistic composition; (iii) trademark, trade name, or brand name; (iv) franchise, license, or contract; (v) method, program, system, procedure, campaign, survey, study, forecast, estimate, customer list, or technical data; (vi) any goodwill, going concern value, or workforce in place (including its composition and terms and conditions (contractual or otherwise) of its employment); or (vii) any other item the value or potential value of which is not attributable to tangible property or the services of any individual.

Column (c)—Useful life. Enter the useful life for each intangible. The useful life of intangible property is defined under Regulations section 1.367(d)-1(c)(3)(i). If the useful life of intangible property is indefinite, enter "indefinite." Regulations section 1.367(d)-1(c)(3)(ii) (allowing taxpayers to use a 20 year useful life if useful life is indefinite or reasonably expected to exceed 20 years) is not relevant to the determination of the useful life entered in column (c).

Column (d)—Arm's length price on date of transfer. Generally, if a U.S. person transfers intangible property subject to section 367(d), such person shall, over the useful life of the property, annually include in gross income an amount that represents an appropriate arm's length charge for use of the property. The appropriate charge is determined in accordance with the provisions of section 482 and the regulations thereunder. See Temporary Regulations section 1.367(d)-1T(c)(1). For each intangible reported in Section C, provide the arm's length price on the date of transfer. See the instructions below for information that must be included in the *Supplemental Part III Information Required To Be Reported* section.

Column (e)—Cost or other basis. Enter the adjusted basis in the property transferred on the date of the transfer. See sections 1011 through 1016 for more information for the determination of adjusted basis.

Column (f)—Income inclusion for year of transfer. A U.S. person who transfers property subject to section 367(d) is treated as having sold such property in exchange for payments that are contingent upon the productivity, use, or disposition of such property and receiving amounts annually over the useful life of the property that represent an appropriate arm's length charge for use of the property. For each intangible transferred, enter the amount included in income under section 367(d) on the income tax return for the year of the transfer. If the amount reported in column (d) as the arm's length price for intangible property is an allocation of an amount determined based on an aggregate analysis, enter the inclusion amount in column (f) that corresponds to the allocated amount reported in column (d). If no amount is so included, enter "0." Include in the amount entered in column (f) gain recognized as a result of making an election to treat a transfer of certain intangible property as a sale under Temporary Regulations section 1.367(d)-1T(g)(2). The amount entered in column (f) should reflect the application of Regulations section 1.367(d)-1(c)(3)(ii), if properly chosen. See line 14c and related instructions below. See also the *Line 14c* instructions under the *Supplemental Part III Information Required To Be Reported* section, later, for additional information that must be reported.

Line 14c—Question to identify whether the transferor chose to apply the 20-year inclusion period provided under Regulations section 1.367(d)-1(c)(3)(ii) for any intangible property. In cases where the useful life of the transferred intangible property is indefinite or reasonably anticipated to be more than 20 years, a taxpayer may, instead of including amounts in income during the entire useful life of the intangible property, choose in the year of transfer to increase annual inclusions during the 20-year period beginning with the first year in which the U.S. transferor takes into account income pursuant to section 367(d), to reflect amounts that, but for the choice to increase annual inclusions, would have been required to be included following the end of the 20-year period. To apply this 20-year inclusion period, a taxpayer must attach a statement titled "Application of the 20-year Inclusion Period to Section 367(d) Transfer" to a timely filed original federal income tax return (including extensions) for the year of the transfer. See Regulations section 1.367(d)-1(c)(3)(ii). If the answer to question 14c is "Yes," see the *Line 14c* and *Line 14d* instructions below for information that must be included in the *Supplemental Part III Information Required To Be Reported* section at the end of Part III of the form.

Supplemental Part III Information Required To Be Reported

Information to be generally reported for a transfer described in section 6038B(a)(1)(A). Provide a general description of the transfer and any wider transaction of which it forms a part, including a chronology of the transfers involved and an identification of the other parties to the transaction to the extent known. See Temporary Regulations section 1.6038B-1T(c)(2)(ii).

Provide a description of the consideration received by the U.S. person making the transfer. The description should identify:

- The property comprising the consideration and the total fair market value of the items; and
- In the case of stock or securities, the class, type, amount, and characteristics of the interest received.

See Temporary Regulations sections 1.6038B-1T(c)(3) and 1.6038B-1T(d)(1)(iii).

Information to be reported. When providing any information in the *Supplemental Part III Information Required To Be Reported* section, indicate the section, column, row, and line for which the information is being provided.

Additional section rows. If you need additional rows to enter information for a property category in a section in Part III, provide the information in the same format as required for the row in the section at issue in the *Supplemental Part III Information Required To Be Reported* section. See the beginning of the Part III instructions, earlier, for how to incorporate the information from the additional rows.

Line 11—Description of stock or securities transfers subject to section 367(a) gain recognition agreement filed. If the answer to the line 11 question is "Yes" for any stock or securities transferred, provide a general description of the corporation issuing the stock or securities. See Regulations section 1.6038B-1(c)(4)(ii).

Lines 12b–d—Description of foreign branch assets (including branches that are foreign disregarded entities) transferred to a foreign corporation. If the answer to questions 12b and 12c is "Yes," provide the following information.

- Describe the foreign branch whose property is transferred.
- Describe the property of the foreign branch, including its adjusted basis and fair market value.
- Set forth a detailed calculation of the transferred loss amount. Provide, on a year-by-year basis, amounts of the losses generated by such foreign branch after December 31, 2017, as well as any income amounts generated after such loss year.
- Provide the amount, if any, recognized under section 904(f)(3) on account of the transfer.
- Set forth a detailed summary of the gain (other than the section 91 transferred loss amount) recognized by the transferor, including any section 367(a)(1) gain recognized on the transfer of property. See section 91(c).
- Set forth a calculation of the net sum of the previously deducted losses incurred by such foreign branch for tax years before January 1, 2018, that would have been recaptured under section 367(a)(3)(C) (requiring gain recognition for assets used in a foreign trade or business of a foreign branch that are transferred to a foreign corporation to the extent operating losses of the branch are deducted by the transferor and such amounts exceed taxable income of the foreign branch), as determined without regard to the repeal of the section 367(a)(3) active trade or business exception. See the transition rule provided by TCJA section 14102(d)(4).

Section C—column (d). Provide a brief explanation of how you determined the arm's length price on the date of transfer for each intangible.

Section C—column (f). If you included an amount greater than zero, provide a brief explanation of how you figured the income inclusion for the year of the transfer. Provide and explain the calculation of the annual deemed payment. See Temporary Regulations section 1.6038B-1T(d)(1)(v).

Line 14c—Description of property for application of 20-year inclusion period under Regulations section 1.367(d)-1(c)(3)(ii). If the answer to the line 14c question is "Yes," describe the property for which the transferor chose to apply the 20-year inclusion period. See Regulations sections 1.6038B-1(d)(1)(iv) and 1.367(d)-1(c)(3)(ii).

Explain how you figured the increase to the deemed payment rate for property transferred. See Regulations sections 1.6038B-1(d)(1)(iv) (requiring a description of intangible property transferred) and 1.367(d)-1(c)(3)(ii). The explanation should include how you figured the deemed payment rate for each period of the useful life of the intangible property and the 20-year inclusion period.

Line 14d—Description of total estimated anticipated income or cost reduction attributable to the intangible property's or properties' use beyond the 20-year period described in Regulations section

1.367(d)-1(c)(3)(ii). If the answer to the question on line 14c is "Yes," explain how you estimated the anticipated income or cost reduction attributable to the property's (or properties') use beyond the 20-year period. See Regulations section 1.6038B-1(d)(1)(iv).

Part IV—Additional Information Regarding Transfer of Property

Line 17—Type of nonrecognition transaction. List the type of nonrecognition transaction that gave rise to the reporting obligation (for example, section 332, 351 (nonrecognition of gain or loss from the transfer of property to a corporation in exchange for 80% of the vote and value of stock of the corporation), 354, 356, or 361 (nonrecognition of gain or loss from the transfer of property by a corporation that is a party to a reorganization)).

Line 18a—Gain recognition under section 904(f)(3). If gain recognition was required under section 904(f)(3) with respect to any transfer reported in Part III, attach a statement identifying the transfer and the amount of gain recognized.

Line 18b—Gain recognition under section 904(f)(5)(F). If gain recognition was required under section 904(f)(5)(F) (regarding certain dispositions of property resulting in gain in an income category for which there is a separate limitation loss) with respect to any transfer reported in Part III, attach a statement identifying the transfer and the amount of gain recognized.

Line 18c—Recapture under section 1503(d). If recapture was required under section 1503(d) (dual consolidated loss) with respect to any transfer reported in Part III, attach a statement identifying the transfer and the amount of recapture. See section 1503(d) and the regulations thereunder.

Line 18d—Exchange gain under section 987. If exchange gain recognition was required under section 987 (requiring taxable income for a qualified business unit to be determined in its functional currency and to then be converted at the appropriate exchange rate) with respect to any transfer reported in Part III, attach a statement identifying the transfer and the amount of exchange gain recognized. See Regulations section 1.987-5 (providing rules for determining gain or loss under section 987).

Line 19—Transfer resulting from a change in entity classification. If this transfer resulted from a change in entity classification (a deemed transfer resulting from a classification change on Form 8832, Entity Classification Election, or a termination of a section 1504(d) election (allowing a domestic corporation to elect to treat a wholly-owned foreign corporation organized in Mexico or Canada as a domestic corporation)), check the "Yes" box. If the transfer was an actual transfer of property to a foreign corporation, check the "No" box.

Line 20a—Distribution of property covered by section 367(e)(2) by domestic corporation. Check the "Yes" box on line 20a if the domestic corporation (domestic liquidating corporation) made a distribution of property in complete liquidation under section 332 to a foreign corporation that meets the stock ownership requirements of section 332(b) with respect to stock in the domestic liquidating corporation.

If the answer to question 20a is "Yes," complete lines 20b and 20c and provide the following information in the *Supplemental Part III Information Required To Be Reported* section. Preface this supplemental information on the form with the heading "Section 367(e)(2) Information."

- A description, including the adjusted tax basis and fair market value, of all property distributed by the distributing corporation (regardless of whether the distribution of the property qualifies for nonrecognition treatment).
- If the answer to question 20c is "Yes," an identification of the items of property for which nonrecognition treatment is claimed under Regulations section 1.367(e)-2(b)(2)(ii) (nonrecognition of gain or loss from distribution of certain United States real property interests by a domestic liquidating corporation) or Regulations section 1.367(e)-2(b)(2)(iii) (nonrecognition of gain or loss by a domestic liquidating corporation from distribution of stock of 80%-owned domestic corporation), as applicable.

Line 20b—Total amount of gain or loss recognized pursuant to Regulations section 1.367(e)-2(b). If the answer to question 20a is "Yes," enter the total amount of gain or loss recognized according to Regulations section 1.367-2(b). Under section 367(e)(2), you may not recognize loss in excess of gain on the distribution. If realized losses exceed recognized losses on transferred property, the loss is recognized on a pro rata basis and used to offset recognized gain on other transferred property in the category of assets (that is, capital or ordinary), but not below zero. Enter the net amount on line 20b.

Line 20c—Domestic corporation nonrecognition of gain or loss on the distribution of property used in the conduct of U.S. trade or business of stock in a foreign controlled corporation covered by section 367(e)(1). If the answer to question 20c is "Yes," see Regulations section 1.367(e)-2(b)(2)(i) for further guidance on the conditions for nonrecognition for distributions of certain qualifying property and additional reporting documentation that is required. Distributions of section 367(d)(4) intangible property do not qualify for nonrecognition and thus are subject to gain recognition.

Line 21—Section 355 distribution of stock in a foreign controlled corporation by a domestic corporation covered by section 367(e)(1). Check "Yes" to line 21 if the transferor is a domestic corporation that makes a section 355 distribution (or so much of section 356 as relates to section 355) of stock in a foreign controlled corporation to a foreign corporation. Section 367(e)(1) and Regulations section 1.367(e)-1 require the distributing domestic corporation to recognize gain (not loss) on the distribution. See Regulations section 1.367(e)-1(b) for the computation of recognized gain.

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