

# 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, street, and room or suite no. (If a P.O. box, see instructions.)	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 the percentage of the transferor's interest in the stock of the transferee corporation or the partnership after the transfer . . . . . ▶ %

e If stock or securities of a domestic corporation are transferred to a foreign corporation by a U.S. person, other than the domestic corporation, enter the percentage of the total voting power or the total value, whichever is greater, of the transferee foreign corporation owned by all U.S. transferors immediately after the transfer . . . . . ▶ %

5 Name and address of each: (a) partner if a partnership or (b) beneficiary if an estate or trust (attach additional sheets, if needed)

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

f If the answer to 6c, 6d, or 6e 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.

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 only for transfers subject to the excise tax.) (Attach additional sheets if needed.)**

(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)

8 Total . . . . .

9 Excise tax. Multiply line 8 by 35% (see instructions) . . . . .

**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
----------------------	-----------------	------------------

**Paid Preparer's Use Only**

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 ▶ _____	EIN ▶ _____	.....	
ZIP code ▶ _____		.....	

## Paperwork Reduction Act Notice

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

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 Code section 6103.

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

Recordkeeping . . . . .	7 hr., 39 min.
Learning about the law or the form . . . . .	3 hr., 11 min.
Preparing and sending the form to the IRS . . . . .	3 hr., 26 min.

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 Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the tax form to this office. Instead, see **When and where to file** below.

## General Instructions

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

**Purpose of form.**—Use Form 926 to report transfers of property to a foreign corporation, a foreign estate or trust, or a foreign partnership and to pay any excise tax due under section 1491 and to report information required by section 6038B.

**Who must file.**—A U.S. citizen or resident, a domestic corporation or partnership, or an estate or trust (other than a foreign estate or trust) must file Form 926 to report the information described below. For purposes of section 367(a), in the case of a transfer by a domestic or foreign partnership, a U.S. person (as defined in Temporary Regulations section 1.367(a)-1T(d)(1)) that is a partner in the partnership must generally report the information discussed below. See Temporary Regulations section 1.367(a)-1T(c)(3).

a. A transfer of property to a foreign corporation (as paid-in surplus or a contribution of capital).

b. Any transfer to a foreign partnership, or foreign estate or trust.

c. Information required by section 6038B. A U.S. person must report section 6038B information if (a) the U.S. person transfers property to a foreign corporation and the transfer is described in section 367(a) or (d) or (b) the U.S. person transfers property to a foreign entity and, prior to the transfer, elects to apply principles similar to the principles of section 367 to the transfer.

**When and where to file.**—Generally, on the day you make the transfer, file Form 926 with the Internal Revenue Service Center where you file your income tax return.

If section 6038B applies, also file Form 926 and attachments with your income tax return for the tax year of the transfer.

**Other forms that may be required.**—Persons filing this form may have to file **Form TD F 90-22.1**, Report of Foreign Bank and Financial Accounts, **Form 3520**, Creation of or Transfers to Certain Foreign Trusts, and **Form 3520-A**, Annual Return of Foreign Trust with U.S. Beneficiaries.

A U.S. transferor that is required to enter into a gain recognition agreement under section 367(a), 367(e)(1), 367(e)(2), or section 1492(2)(B)

(with respect to an election to apply principles similar to the principles of section 367 to a transfer described in section 1491) must file **Form 8838**, Consent To Extend the Time To Assess Tax Under Section 367-Gain Recognition Agreement (or a similar statement).

## Specific Instructions

**Address.**—Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the transferor has a P.O. box, show the box number instead of the street address.

**Identifying number.**—Use the social security number for an individual. Use the employer identification number for any other entity.

### Part I

**Foreign transferee information.—Line 4d.**—The transferor must determine his or her interest in the transferee foreign corporation or partnership by applying the rules of attribution under section 958. The transferor must state separately his or her percentage interest in the combined voting power and value of the stock of the foreign corporation. If the percentages differ, attach an explanation to Form 926. See Notice 87-85, 1987-2 C.B. 395.

**Line 4e.**—The transfer of stock or securities of a domestic corporation by a U.S. person to a transferee foreign corporation is taxable under section 367(a)(1) if all U.S. transferors own in the aggregate 50% or more (applying the attribution rules of section 958) of either the total voting power or the total value of the stock of the transferee foreign corporation immediately after the transfer. See Notice 94-46, 1994-1 C.B. 356.

### Part II

**Transfers exempt from excise tax.**—A transfer is exempt from the excise tax if (a) property is transferred to an exempt transferee; (b) the transferor makes an election under section 1057; (c) the transfer is described in section 367; or (d) the transferor makes an election to apply principles similar to the principles of section 367.

**Exempt transferee.**—If property is transferred to an organization (other than an organization described in section 401(a)) exempt from tax under section 501(a), the transfer is not subject to the excise tax. You must file Form 926 and attach the following to it:

- If the organization is exempt from income tax, attach a copy of the IRS's determination letter.
- If the organization meets the tests of exemption from income tax but its exemption has not been established, attach a statement to establish the exemption. The statement must contain:

a. A description of the character of the transferee and the reason it was organized.

b. The activities of the transferee.

c. The source and disposition of its income.

d. A written statement indicating whether or not any of the transferee's income is credited to surplus or may benefit any private shareholder or individual.

e. All of the facts about the transferee's operations that affect its right to an exemption from taxation.

Also attach 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.

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

**Transfers described in section 367.**—Section 367 applies to transfers described in section 332, 351, 354, 355, 356, or 361 when a U.S. person transfers property to a foreign corporation. For transfers described in section 367(a), see Temporary Regulations section 1.367-1T(c). See sections 367(a)(2) through (6) for rules and exceptions. Section 367(d) contains

rules for transfers of intangibles. To meet the requirements of section 367(a) or (d), attach the information required by Temporary Regulations section 1.6038B-1T(c) or (d), respectively.

**Transfers for which the transferor elects to apply principles similar to the principles of section 367.**—An exception applies for transferors who elect, before the transfer, to apply principles similar to those of section 367 to the transfer. The transferor must comply with all the requirements of section 367, including the reporting of information under section 6038B. Attach a statement explaining how the principles of section 367 apply 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. If permitted, nonrecognition treatment may be conditional upon the transferor's agreement to recognize gain on the amount realized if the foreign corporation disposes of (or is treated as disposing of) the stock or securities while the agreement is in force. See Temporary Regulations section 1.367-3T(g), as modified by Notices 87-85 and 94-46.

### Reporting Requirements of Section 6038B

Attach the information required by the regulations under section 6038B to Form 926. If a U.S. person is treated as having made an indirect transfer to a foreign corporation because the U.S. person held interests in a corporation, partnership, trust or estate that made a direct transfer to a foreign corporation, then the corporation, partnership, or grantor trust may satisfy the section 6038B reporting requirements for all of its U.S. interest holders by filing a single Form 926 with the section 6038B information attached for each of them. A husband, wife, and minor children may file a joint Form 926 to report section 6038B information.

**Section 6038B information and applicable penalties.**—Penalties may apply if information required under section 6038B is not filed in the manner and at the time required by the regulations. The penalty is 25% of the gain realized on the transfer. The penalty may be waived if the failure is due to reasonable cause and not willful neglect. The statute of limitations for the transfer does not begin until the information is filed.

### Part III

#### Figuring the Amount of the Excise Tax

Separately compute 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 the stock or securities are from the same or different corporations. (Rev. Rul. 71-433, 1971-2 C.B. 325.)

#### Payment of Tax

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

#### Who Must Sign

Form 926 must be signed and dated by the transferor or joint transferors. If the transferor is a partnership, one of the partners must sign. If the transferor is a fiduciary, the fiduciary or officer representing the fiduciary must sign. If the transferor is a corporation, the president, vice-president, treasurer, assistant treasurer, chief accounting officer, or other authorized officer (such as a tax officer) must sign.

Anyone who prepares Form 926 but does not charge the transferor should not sign. Anyone who is paid to prepare the return must sign it and fill in the Paid Preparer's Use Only area.

The paid preparer must complete the required preparer information and:

- Sign the return, by hand, in the space provided for the preparer's signature (signature stamps and labels are not acceptable).
- Give a copy of the return to the transferor.

