

Instructions

Section references are to the Internal Revenue Code.

Purpose of Form

Form 5712 must be completed by domestic corporations that elect to be treated as possessions corporations under section 936.

Important. *The corporation must be an "existing credit claimant" in order to make this election. For details, see Regulations section 1.936-11 and the **Instructions for Form 5735.***

Who Can Elect

Only domestic corporations that are existing credit claimants can elect to be treated as possessions corporations.

When To File

File Form 5712 by the due date (including extensions) of the first return to which the election will apply.

Where To File

File this form with the Internal Revenue Service Center, Philadelphia, PA 19255. File it **separately** from your regular income tax return.

U.S. Possessions

For purposes of this election, U.S. possessions include Puerto Rico and the Virgin Islands.

Period of Election

The election applies to the first tax year the election was made, and each subsequent tax year unless revoked, and for each tax year the domestic corporation qualifies under section 936(a).

Generally, an election under section 936(a) may be revoked during the first 10 years of section 936 status only with the consent of the Commissioner. After the 10th year, the Commissioner's consent is not needed. See section 936(e)(2) for more details. Requests to revoke the election should be sent to the Internal Revenue Service, Attn: Director, Prefiling and Technical Guidance, Large and Mid-Size Business Division (LM:PFTG), Mint Bldg, 3rd Floor, Room M3-443, 1111 Constitution Ave., NW, Washington, DC 20224.

Other Forms That May Be Required

Form 5712-A

Use **Form 5712-A**, Election and Verification of the Cost Sharing or Profit Split Method Under Section 936(h)(5), to elect either the cost sharing method or the profit split method. These methods allow the possessions corporation to share either its costs or its profits with its affiliates. When making either election, attach Form 5712-A to Schedule P (Form 5735). See Form 5712-A for more details.

Form 5735

For each year the election is in effect, **Form 5735**, Possessions Corporation Tax Credit (Under Sections 936 and 30A) must be completed and attached to the corporation's income tax return.

Consolidated Returns

A corporation may not join in filing a consolidated return for any year this election is in effect.

Business Classification

See the Standard Industrial Classification Manual for the proper code for the product or service. Enter the business code number, principal business activity, and principal product or service.

Address

If the Post Office does not deliver mail to the street address and the corporation has a P.O. box, show the box number instead of the street address.

Identifying Number

For individuals, the identifying number is their social security number. For all others, it is the employer identification number.

Signature

This form must be signed by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign.

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 section 6103.

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

- Recordkeeping** 4 hr., 32 min.
- Learning about the law or the form** 35 min.
- Preparing and sending the form to the IRS** 42 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 Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **Do not** send the form to this address. Instead, see **Where To File** above.

