



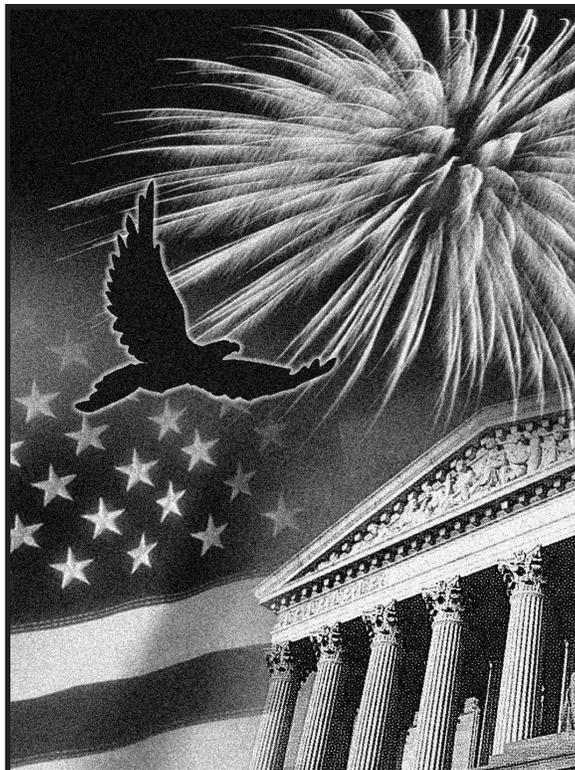
Department  
of the  
Treasury  
  
Internal  
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# How to Calculate Section 965 Amounts and Elections Available to Taxpayers

For use in preparing  
**2017** Returns



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## Contents

Reminders .....	<a href="#">2</a>
Introduction .....	<a href="#">2</a>
Definitions .....	<a href="#">2</a>
Who May be Required To Report Section 965 Amounts .....	<a href="#">2</a>
Reporting Amounts on 2017 Return/ Mandatory Attached Statement .....	<a href="#">2</a>
Workbook To Assist in Calculating Section 965 Amounts .....	<a href="#">3</a>
Worksheet A -- U.S. Shareholder's Section 965(a) Inclusion Amount .....	<a href="#">4</a>
Worksheet B -- Deferred Foreign Income Corporation's Earnings & Profits .....	<a href="#">5</a>
Worksheet C -- U.S. Shareholder's Aggregate Foreign Earnings & Profits Deficit .....	<a href="#">6</a>
Section 965(c) Deduction .....	<a href="#">7</a>
Worksheet D -- U.S. Shareholder's Aggregate Foreign Cash Position .....	<a href="#">7</a>
Worksheet E -- U.S. Shareholder's Aggregate Cash Position - Detail .....	<a href="#">8</a>
Foreign Taxes .....	<a href="#">9</a>
Worksheet G -- Foreign Taxes Deemed Paid by Domestic Corporation for 2017 Tax Year .....	<a href="#">9</a>
Worksheet H, Section 1 Disallowance of Foreign Tax Credit and Amounts Reported on Forms 1116 and 1118 .....	<a href="#">10</a>
What Elections Can Be Made .....	<a href="#">11</a>
Election To Pay Tax Liability in Installments (section 965(h)) . . .	<a href="#">11</a>
S Corporation Shareholder Deferral of Tax (section 965(i)) .....	<a href="#">12</a>
Real Estate Investment Trust Election To Include Income Over 8 Years (section 965(m)) .....	<a href="#">12</a>
Election Not To Apply Net Operating Loss Deduction (section 965(n)) .....	<a href="#">12</a>
Election Under Section 3.02 of Notice 2018-13 To Use Alternative Method To Compute Post-1986 Earnings and Profits .....	<a href="#">12</a>
Who Can Make an Election, When Must an Election be Made, and How Are Elections Made .....	<a href="#">12</a>
965 Deferral Worksheet for Individuals .....	<a href="#">12</a>
965 Deferral Worksheet for Corporations .....	<a href="#">15</a>

<b>Additional Information a</b>	
<b>Pass-Through Entity Must</b>	
<b>Provide To Its Owners or</b>	
<b>Beneficiaries</b>	<b>16</b>
<b>How To Get Tax Help</b>	<b>16</b>
<b>Index</b>	<b>18</b>

## Reminders

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## Introduction

On December 22, 2017, section 965 of the Code (section 965) was amended by “An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018,” P.L. 115-97. As a result of the amendment, certain taxpayers are required to include in income an amount (section 965(a) inclusion amount) based on the accumulated post-1986 deferred foreign income of certain foreign corporations that they own either directly or indirectly through other entities. Other taxpayers may have inclusions in income under section 951(a) by reason of section 965 due to ownership of deferred foreign income corporations (DFICs) through U.S. shareholder pass-through entities. When referring to both amounts in the preceding two sentences, this document uses the term “section 965(a) inclusion.” Section 965 also allows for a deduction (section 965(c) deduction). Section 965(a) inclusions and corresponding section 965(c) deductions are taken into account based on the last tax year of the relevant foreign corporations that begin before January 1, 2018.

Certain taxpayers may make certain elections with respect to section 965. These elections include: (i) an election to pay the section 965 net tax liability over eight years, (ii) an election by S corporation shareholders to defer payment of the section 965 net tax liability with respect to such S corporation until a triggering event, (iii) an election by real estate investment trusts to take both section 965(a) inclusions and the corresponding section 965(c) deductions into account over eight years, (iv) an election not to apply a net operating loss, and (v) an election to use an alternative method to calculate post-1986 earnings and profits (post-1986 E&P). For guidance concerning section 965, see Notice 2018-07, 2018-4 I.R.B. 317; Notice 2018-13, 2018-6 I.R.B. 341; Rev. Proc. 2018-17, 2018-9 I.R.B. 384; and Notice 2018-26, 2018-16 I.R.B. 480.

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## Definitions

**Accumulated post-1986 deferred foreign income.** This term includes all post-1986 E&P reduced by both (i) post-1986 E&P that, if distributed, would be excluded from the gross income of a U.S. shareholder under section 959 (previously taxed E&P); and (ii) post-1986 E&P attributable to income which is effectively connected with the conduct of a trade or business in the U.S. and subject to U.S. income tax (ECI E&P). For example, a foreign corporation could have 100u of post-1986 E&P of which 20u is previously taxed E&P and 10u is ECI E&P. The foreign corporation would have 70u of accumulated post-1986 deferred foreign income.

**Controlled foreign corporation (CFC).** A CFC is any foreign corporation if more than 50% of the voting power of all classes of stock or 50% of the total value of the stock of the foreign corporation is owned (directly, indirectly, or constructively) by U.S. shareholders on any day during the tax year of the foreign corporation.

**Deferred foreign income corporation (DFIC).** A DFIC is, with respect to any U.S. shareholder, any specified foreign corporation of a U.S. shareholder that has accumulated post-1986 deferred foreign income as of November 2, 2017, or December 31, 2017, that is greater than zero.

**E&P deficit foreign corporation.** An E&P deficit foreign corporation is, with respect to any taxpayer, a specified foreign corporation with respect to which the taxpayer is a U.S. shareholder, if, as of November 2, 2017, the specified foreign corporation has a deficit in post-1986 E&P. For purposes of determining whether a specified foreign corporation is an E&P deficit foreign corporation, all post-1986 E&P must be taken into account. For example, if a specified foreign corporation had a 90u deficit in post-1986 E&P described in section 959(c)(3) and 100u of previously taxed E&P on November 2, 2017, the specified foreign corporation would have 10u of post-1986 E&P and would not qualify as an E&P deficit foreign corporation.

**Post-1986 Earnings and Profits (Post-1986 E&P).** Post-1986 E&P is the E&P of the foreign corporation, including previously taxed E&P, accumulated in taxable years beginning after December 31, 1986, during periods when the foreign corporation was a specified foreign corporation. It is calculated without any reduction for dividends distributed by the foreign corporation during its last taxable year that begins before January 1, 2018, other than dividends distributed to another specified foreign corporation. See Notice 2018-26, section 3.03, for rules concerning the treatment of certain accrued foreign income taxes for purposes of determining post-1986 E&P.

**Specified foreign corporation (SFC).** An SFC is (i) any CFC and (ii) any foreign corporation with respect to which one or more domestic corporations is a United States shareholder. However, if a passive foreign investment company (as defined in section 1297) with respect to the shareholder is not a CFC, then such corporation is not an SFC. Solely for purposes of determining whether a foreign corporation is a specified foreign corporation within the meaning of section 965(e)(1)(B), stock owned, directly or indirectly, by or for a partner will not be considered as being owned by a partnership under sections 958(b) and 318(a)(3)(A) if such partner owns less than five percent of the interests in the partnership’s capital or profits. For purposes of the preceding sentence, an interest in the partnership owned by another partner will be considered as being owned by the partner under the principles of sections 958(b) and 318, as modified by the preceding sentence, as if the interest in the partnership were stock.

**U.S. shareholder.** For tax years of foreign corporations beginning before January 1, 2018, a U.S. shareholder is a U.S. person who owns (directly, indirectly, or constructively) 10% or more of the total combined voting power of all classes of stock of a foreign corporation. A U.S. person for this purpose is defined in section 957(c) of the Code.

## Who May be Required To Report Section 965 Amounts

A person who is a U.S. shareholder of a DFIC may be required to report the amounts needed to compute its U.S. tax liability resulting from section 965 (i.e., section 965 amounts). In addition, a direct or indirect partner in a domestic partnership, a shareholder in an S corporation, or an owner or beneficiary of another domestic passthrough entity that is a U.S. shareholder of a DFIC may also be required to report its section 965 amounts. For example, if a domestic partnership is a U.S. shareholder of a DFIC, its partners may be required to report their share of the partnership’s section 965(a) inclusion amount.

## Reporting Amounts on 2017 Return/Mandatory Attached Statement

Section 965 amounts must be reported in a particular manner on 2017 tax returns. A person that includes an amount in income under section 965 for its 2017 tax year is required to include an IRC 965 Transition Tax Statement. See Questions and Answers about Reporting Related to Section 965 on 2017 Tax Returns.

## 2016 Tax Year Section 965(a) Inclusion Amount

In certain circumstances, a taxpayer may need to report section 965 amounts on its 2016 tax return, a return for a tax year beginning in 2016. If, for example, a DFIC and its sole owner and U.S. shareholder were both fiscal year taxpayers with a November 30 U.S. tax year end, and the DFIC dissolved on November 29, 2017, the last tax year of the DFIC beginning before January 1, 2018, would be its tax year beginning December 1, 2016, and ending November 29, 2017. A section 965(a) inclusion amount with respect to the DFIC would be properly included on the U.S. shareholder's return for its tax year beginning on December 1, 2016, and ending on November 30, 2017.

For simplicity, the workbook below does not account for section 965 amounts to be taken into account in a 2016 tax year. Persons that have 2016 tax year section 965(a) inclusions should use the methodology of the workbook below to calculate their 2016 tax year section 965 amounts.

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## Workbook To Assist in Calculating Section 965 Amounts

Below are a workbook and instructions to assist in calculating section 965 amounts. The workbook calculates the 965(a) inclusions, the section 965(c) deductions, the deemed paid foreign taxes with respect to the section 965(a)

inclusions, and the portion of such deemed paid foreign taxes disallowed under section 965(g).

## Who Should Use This Workbook

All taxpayers required to include amounts in income under section 965 should use the Section 965 Workbook. Individuals, corporations, partnerships, S corporations, and other pass-through entities that are U.S. shareholders should use the Section 965 Workbook to calculate the section 965(a) inclusion amounts and section 965(c) deductions. Owners and beneficiaries of U.S. shareholder pass-through entities should receive information about their shares of the section 965(a) inclusion amounts and the section 965(c) deductions of the pass-through entities from the pass-through entities to be included in the workbook. Eligible individuals making a section 962 election and corporations should also use the Section 965 Workbook to determine the foreign taxes deemed paid with respect to the section 965(a) inclusions and the portion of such deemed paid foreign taxes disallowed under section 965(g). Under section 962 of the Code and Treas. Reg. §§1.962-1 and 1.962-2, an individual U.S. shareholder of a CFC may elect for a tax year to be taxed at corporate rates under section 11 on amounts included in his or her gross income under section 951(a) and to claim a foreign tax credit for foreign income taxes deemed paid with respect to such amounts under sections 902 and 960.

For frequently asked questions see [See Questions and Answers about Reporting Related to Section 965 on 2017 Tax Returns](#).

## Reporting exchange rates on Worksheets A and C

When translating amounts from functional currency to U.S. dollars, all exchange rates must be reported using a "divide-by convention" rounded to at least four places. That is, the exchange rate must be reported in terms of the amount by which the functional currency amount must be divided in order to reflect an equivalent amount of U.S. dollars. As such, the exchange rate must be reported as the units of foreign currency that equal one U.S. dollar, rounded to at least four places. Do not report the exchange rate as the number of U.S. dollars that equal one unit of foreign currency. Note. You must round the result to more than four places if failure to do so would materially distort the exchange rate or the equivalent amount of U.S. dollars.

## Specific Instructions Section 965(a) Inclusions

As discussed below, section 965(a) inclusions, other than with respect to ownership in U.S. shareholder pass-through entities, are calculated in Worksheets A, B and C and then entered on line 1 of Part I of Worksheet 1.1. Amounts allocated to a taxpayer from U.S. shareholder pass-through entities are added on line 2.

**Important:** 2017 tax year refers to 2017 calendar tax years and fiscal tax years of the U.S. Shareholder that begin in 2017

<b>PART I Section 965(a) Inclusion</b>		<b>2017 Tax Year</b>	
<b>1</b>	<b>2017 tax year section 965(a) inclusion from Worksheet A.</b> Enter the sum of column (j) of Worksheet A . . . . .	<b>1</b>	
<b>2</b>	<b>2017 tax year section 965(a) inclusion from pass-throughs</b> . . . . .	<b>2</b>	
<b>3</b>	<b>Total 2017 tax year section 965(a) inclusion.</b> Add lines 1 and 2 . . . . . ▶	<b>3</b>	
<b>PART II Section 965(c) Deduction</b>		<b>2017 Tax Year</b>	
<b>SECTION 1—Section 965(c) Deduction</b>			<b>2017 Tax Year</b>
<b>4</b>	Enter the amount from Part I line 1. If 0, skip to line 13 . . . . .	<b>4</b>	
<b>5</b>	<b>Aggregate Foreign Cash Position</b> Enter the sum from Worksheet D, column (j) . . . . .	<b>5</b>	
<b>6</b>	Enter the smaller of line 4 or 5 . . . . .	<b>6</b>	
<b>7</b>	<b>Enter the 2017 15.5% Rate Equivalent Percentage from Part II Section 2.</b> For calendar year taxpayers enter amount from line 1a, for fiscal year taxpayers enter amount from line 2c . . . . .	<b>7</b>	
<b>8</b>	<b>Section 965(c) Deduction Related to 15.5% Rate Equivalent Percentage.</b> Multiply line 6 by line 7 . . . . .	<b>8</b>	
<b>9</b>	Subtract line 6 from line 4 . . . . .	<b>9</b>	
<b>10</b>	<b>Enter 2017 8% Rate Equivalent Percentage from Part II Section 2.</b> For calendar year taxpayers enter amount from line 1b, for fiscal year taxpayers enter amount from line 2e . . . . .	<b>10</b>	
<b>11</b>	<b>Section 965(c) Deduction Related to 8% Rate Equivalent Percentage.</b> Multiply line 9 by line 10 . . . . .	<b>11</b>	
<b>12</b>	<b>2017 tax year section 965(c) deduction not from pass-throughs.</b> Add lines 8 and 11 . . . . .	<b>12</b>	
<b>13</b>	<b>2017 tax year section 965(c) deduction from pass-throughs</b> . . . . .	<b>13</b>	
<b>14</b>	<b>Total 2017 tax year section 965(c) deduction.</b> Add lines 12 and 13 . . . . .	<b>14</b>	
<b>SECTION 2—Percentage Rate Equivalent Percentages</b>			
<b>1</b>	<b>Calendar Year Taxpayers</b>	<b>2017</b> Calendar Year	<b>2018</b> Calendar Year
<b>a</b>	15.5 Percent Rate Equivalent Percentage	0.557142857	0.261904762
<b>b</b>	8 Percent Rate Equivalent Percentage	0.771428571	0.619047619
<b>2</b>	<b>Fiscal Year Taxpayers</b>		
<b>a</b>	Enter the section 15 blended corporate rate calculated in accordance with section 965(c)(2) <b>15.5 Percent Rate Equivalent Percentage</b>	<b>2a</b>	
<b>b</b>	Subtract 15.5% from line 2a . . . . .	<b>2b</b>	
<b>c</b>	Divide line 2b by line 2a . . . . .	<b>2c</b>	
<b>d</b>	<b>8 Percent Rate Equivalent Percentage</b> Subtract 8% from line 2a . . . . .	<b>2d</b>	
<b>e</b>	Divide line 2d by line 2a . . . . .	<b>2e</b>	

**Worksheet A -- U.S. Shareholder's Section 965(a) Inclusion Amount**

Do not complete a separate Worksheet A for each applicable separate category of income. Section 965(b)(2) requires allocation of the aggregate foreign E&P deficit based on total accumulated post-1986 deferred foreign income without regard to the separate category of the deficit or the income. However, for purposes of determining the foreign tax credit that is a component of the tax liability on the 2017 tax return and the total net tax liability under section 965 reported on the IRC 965 Transition Tax

Statement, section 904 requires that the section 965 amounts are accounted for by separate category. Accordingly, the information in Worksheets B and C is by separate category to aid in the foreign tax credit determination. The accumulated post-1986 deferred foreign income entered for a DFIC in column (c) on this worksheet is the greater of the DFIC's aggregate accumulated post-1986 deferred foreign income as of November 2, 2017, reported in column (e) on all Worksheets B on a separate category of income basis, and the DFIC's aggregate accumulated post-1986 deferred foreign income as of December 31, 2017, reported in column (i) on

all Worksheets B on a separate category of income basis. Similarly, the U.S. shareholder's aggregate foreign E&P deficit entered on this worksheet is the aggregate of all amounts in column (e), line 16 on Worksheets C reported on a separate category of income basis.

Column (e) represents the U.S. dollar amount of each DFIC's accumulated post-1986 deferred foreign income, translated using the December 31, 2017, spot rate entered in column (d).

In column (g), determine the deficit allocation ratio by dividing the column (f) amount for each DFIC by the amount in column (f), line 16. For example, if the column (f) amount for a DFIC is \$5 and the amount in column (f), line 16 is \$200, enter .025 in column (g) for that DFIC. The sum of column (g) should equal 1. The deficit allocation ratio is used to allocate the aggregate foreign E&P deficit in column (h).

Column (i) indicates the section 965(a) inclusion amounts with respect to DFICs that a

taxpayer owns directly or indirectly. This amount will generally be included in a taxpayer's 2017 or 2018 tax return depending on the year end of the DFIC.

In determining when to include a section 965(a) inclusion amount with respect to a DFIC, it is necessary to look at the DFIC's last tax year that began before January 1, 2018. If the end of that DFIC year is during the taxpayer's 2017 tax year, the section 965(a) inclusion amount should be taken into account in the taxpayer's

2017 tax return. If the end of that DFIC year is during a taxpayer's 2018 tax year, the section 965(a) inclusion amount should be taken into account in the taxpayer's 2018 tax return. Indicate in columns (j) and (k) whether the section 965(a) inclusion amount relating to a specific DFIC is taken into account in the taxpayer's 2017 or 2018 tax year.

Worksheet A **U.S. Shareholder's Section 965(a) Inclusion Amount**

Keep for Your Records 

	(a) EIN or Reference ID Number of the foreign corporation	(b) U.S. Tax Year End (Yr-Mo) of DFIC	(c) Accumulated Post-1986 Deferred Foreign Income in Functional Currency (see instructions)	(d) 12/31/17 Spot Rate	(e) Accumulated Post-1986 Deferred Foreign Income in USD (divide column (c) by column (d))	
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
<b>16</b>	<b>Total (lines 1-15)</b>					
	(f) U.S. Shareholder's Pro Rata Share of Column (e)	(g) Deficit Allocation Ratio (column (f) amount divided by column (f) line 16)	(h) U.S. Shareholder's Aggregate Foreign E&P Deficit (column (g) multiplied by total of all Worksheets C, column (e), line 16)	(i) Section 965(a) Inclusion Amount (column (f) less column (h))	(j) Section 965(a) Inclusion Amount Taken Into Account in the <b>2017 Tax Year</b>	(k) Section 965(a) Inclusion Amount Taken Into Account in the <b>2018 Tax Year</b>
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						

Add schedules as needed.

**Worksheet B -- Deferred Foreign Income Corporation's Earnings & Profits**

Complete a separate Worksheet B for each applicable separate category of income. See *Categories of Income* in the Instructions for Form

1118 or in the Instructions for Form 1116, as applicable. In this worksheet, list all DFICs and the indicated E&P information. Column (b)(2) serves to track whether the alternate method provided in Notice 2018-13, section 3.02, was used to determine the amount of post-1986 E&P on November 2, 2017. A SFC with a 52-53

week tax year that uses the alternate method for the November 2, 2017, measuring date must also use the alternative method for the December 31, 2017, measuring date. Only SFCs with a 52-53 week tax year can use the alternative method for the December 31, 2017, measuring date.

	(a) Name of Deferred Foreign Income Corporation	(a) EIN or Reference ID Number of the foreign corporation (see instructions)	(b)(1) November 2, 2017 Post-1986 E&P in Functional Currency	(b)(2) Check box if Alternative Method for Calculating E&P Elected in Column (b)(1)	(c) November 2, 2017 Post-1986 Previously Taxed E&P in Functional Currency	(d) November 2, 2017 Post-1986 E&P Attributable to ECI in Functional Currency	(e) November 2, 2017 Accumulated Post-1986 Deferred Foreign Income in Functional Currency (column (b)(1) less columns (c) and (d))
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
	(f) December 31, 2017 Post-1986 E&P in Functional Currency	(g) December 31, 2017 Post-1986 Previously Taxed E&P in Functional Currency	(h) December 31, 2017 Post-1986 E&P Attributable to ECI in Functional Currency	(i) December 31, 2017 Accumulated Post-1986 Deferred Foreign Income in Functional Currency (column (f) less columns (g) and (h))			
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							

Add schedules as needed.

**Worksheet C -- U.S. Shareholder's Aggregate Foreign Earnings & Profits Deficit**

Complete a separate Worksheet C for each applicable separate category of income. See *Categories of Income* in the Instructions for Form 1118 or in the Instructions for Form 1116, as applicable. In Worksheet C, list all E&P deficit foreign corporations. If an SFC meets the definition of a DFIC on either November 2, 2017, or

December 31, 2017, it is classified solely as a DFIC and should not be included on this worksheet.

In column (b), enter the November 2, 2017, total post-1986 E&P deficit in functional currency. This amount is translated to U.S. dollars using the spot rate on December 31, 2017, entered in column (c). Enter the U.S. dollar amount in column (d). For information on the

applicable spot rate convention, please refer to Notice 2018-13, section 3.05(a).

The column (e) total represents the U.S. shareholder's aggregate foreign E&P deficit with respect to a particular separate category of income. The aggregate foreign E&P deficits with respect to all separate categories of income must be added together, and the total is allocated based on the U.S. shareholder's DFICs' accumulated post-1986 deferred foreign income on Worksheet A, column (h).

		(a) EIN or Reference ID Number of the foreign corporation	(b) November 2, 2017 Post-1986 E&P Deficit in Functional Currency	(c) 12/31/17 Spot Rate (see instructions)	(d) November 2, 2017 Post-1986 E&P Deficit in USD (divide column (b) by column (c))	(e) U.S. Shareholder's Pro Rata Share of Column (d)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16	<b>Total (lines 1-15)</b> . . . . .					
Add schedules as needed.						

**Section 965(c) Deduction**

As discussed below, the aggregate foreign cash position is calculated in Worksheets D and E and then entered on line 5 of section 1 of Part II of Worksheet 1.1. Section 965(c) deduction amounts allocated from U.S. shareholder pass-through entities are added on line 13. The U.S. shareholder pass-through entities should provide the owner or beneficiary with the shares of the section 965(a) inclusion amounts and section 965(c) deductions of the U.S. shareholder pass-through entity to be included on line 2 of Part I and line 13 of section 1, Part II of Worksheet 1.1.

Section 2 includes the percentage rate equivalent percentages used to calculate the section 965(c) deductions. The amount in section 2.1 of Part II of Worksheet 1.1 have been

calculated for calendar year taxpayers. Fiscal year taxpayers that use a blended tax rate should calculate their percentage rate equivalent percentage in Section 2.2.

**Worksheet D -- U.S. Shareholder's Aggregate Foreign Cash Position**

All SFCs should be listed on this Worksheet D. Carry cash positions from Worksheet E to Worksheet D as indicated. Columns (c), (e), and (g) represent the U.S. shareholder's pro rata of an SFC's cash position on the three measuring dates. Line 19 represents the aggregate foreign cash position to be taken into account.

On lines 20 and 21 indicate whether the aggregate foreign cash position is taken into account on the taxpayer's 2017 or 2018 tax return. On the 2017 tax return, the aggregate foreign cash position taken into account is the lesser of the taxpayer's aggregate foreign cash position or the taxpayer's tax year 2017 aggregate section 965(a) inclusion amount. The remainder of the aggregate foreign cash position, if any, is taken into account in the 2018 tax year. For example, a taxpayer may have \$400 of aggregate foreign cash position and takes into account a \$300 section 965(a) inclusion amount on its 2017 tax return. The taxpayer will take into account \$300 of aggregate foreign cash position on the 2017 tax return. The remaining \$100 of aggregate foreign cash position will be taken into account on the 2018 tax return.

Enter amounts in U.S. Dollars.

	(a) Name of Specified Foreign Corporation	(a) EIN or Reference ID Number of the foreign corporation	(b) Cash position at Close of the Last Tax Year Prior to the Year Referenced in Column (d) Enter amount from Worksheet E, column (b)(3)	(c) Pro Rata Share of Column (b)	(d) Cash position at Close of the Last Tax Year Which Ends Before November 2, 2017 Enter amount from Worksheet E, column (c)(3)	(e) Pro Rata Share of Column (d)	(f) Cash position at Close of the Last Tax Year Beginning Before January 1, 2018 Enter amount from Worksheet E, column (d)(3)	(g) Pro Rata Share of Column (f)	
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16	<b>Total (lines 1-15)</b>								
Add schedules as needed.									
17	Total of Column (g)							▶	17
18	Combine Totals of Columns (c) and (e) and Divide by Two							▶	18
19	<b>Aggregate Foreign Cash Position.</b> Larger of Total Amount in Columns (g) or (h)							▶	19
20	<b>Aggregate Cash Position Take Into Account on the 2017 Tax Return</b>							▶	20
21	<b>Aggregate Cash Position Take Into Account on the 2018 Tax Return</b>							▶	21

**Worksheet E -- U.S. Shareholder's Aggregate Cash Position - Detail**

All SFCs should be listed on Worksheet E. Enter the cash position of each of the SFCs on each of the three cash measurement dates indicated. In this worksheet, cash position from derivative financial instruments and hedging transactions is listed in columns (b)(2), (c)(2), and (d)(2).

The cash position of an SFC is the sum of (i) cash held by the corporation, (ii) the net accounts receivable of the corporation, and (iii)

the fair market value of the following assets held by the corporation: (I) personal property which is of a type that is actively traded and for which there is an established financial market, (II) commercial paper, certificates of deposit, the securities of the Federal government and of any state or foreign government, (III) any foreign currency, (IV) any obligation with a term of less than one year, and (V) any asset which the Secretary identifies as being economically equivalent to the above. The cash position of an SFC includes the fair market value of each derivative financial instrument held by the SFC that is not a bona fide hedging transaction. See Notice

2018-07, section 3.01(c) for more information regarding the treatment of derivative financial instruments. For additional guidance concerning the cash position of an SFC, see Notice 2018-7, section 3.01(b), and Notice 2018-13, section 3.04, as modified by Notice 2018-26, section 4.

	Name of Specified Foreign Corporation			(a) EIN or Reference ID number of the foreign corporation	(b)(1) Cash Position Other than Derivative Financial Instruments and Hedging transactions	(b)(2) Cash Position from Derivative Financial Instruments and Hedging transactions	(b)(3) Cash position at Close of the Last Taxable Year Prior to the Year Referenced in Column (c)(3) (sum columns (b)(1) and (b)(2))
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16	<b>Total (lines 1-15)</b>						
	(c)(1) Cash Position Other than Derivative Financial Instruments and Hedging transactions	(c)(2) Cash Position from Derivative Financial Instruments and Hedging transactions	(c)(3) Cash position at Close of the Last Taxable Year Which Ends Before November 2, 2017 (sum columns (c)(1) and (c)(2))	(d)(1) Cash Position Other than Derivative Financial Instruments and Hedging transactions	(d)(2) Cash Position from Derivative Financial Instruments and Hedging transactions	(d)(3) Cash position at Close of the Last Taxable Year Beginning Before January 1, 2018 (sum columns (d)(1) and (d)(2))	
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							

Add schedules as needed.

## Foreign Taxes

### Worksheet G -- Foreign Taxes Deemed Paid by Domestic Corporation for 2017 Tax Year

Use Worksheet G to compute foreign taxes deemed paid by an eligible domestic corporation or an individual with respect to the section 965(a) inclusion for the 2017 tax year. Taxpayers eligible for a deemed paid credit include certain individuals who make an election under section 962 and certain domestic corporations (see section 902 for eligibility requirements). U.S. shareholder pass-through entities with owners that are eligible to compute a deemed paid credit should provide the owner with the information necessary to make the deemed paid credit calculations. Complete a separate worksheet for each applicable separate category of income. See *Categories of Income* in the Instructions for Form 1118.

Enter the name of the DFIC with respect to which the domestic corporation or individual filing the worksheet has a section 965(a) inclusion.

**Columns a and b.** See *Reference ID numbers* in the Instructions for Form 1118. In column (b), owners of U.S. shareholder pass-through entities eligible to compute a deemed paid credit should provide the EIN or Reference ID Number of the Form K-1 issuer. A

U.S. shareholder that does not own a DFIC through a U.S. pass-through entity need not complete this column (b).

**Example.** Assume Domestic Corporation directly owns 30% of the voting stock of DFIC and has a section 965(a) inclusion amount with respect to such DFIC. Domestic Corporation also owns 30% of the voting stock of DFIC through a domestic partnership and has an additional section 965(a) inclusion with respect to such DFIC. Domestic Corporation will complete a row on Worksheet G with respect to its section 965(a) inclusion resulting from its ownership of the domestic partnership and will include the Reference ID Number of the partnership in column (b).

**Column c.** Enter the year and month in which the foreign corporation's U.S. tax year ended.

**Column d.** Enter the applicable two-letter codes from the list at [IRS.gov/countrycodes](https://www.irs.gov/countrycodes).

**Column (e)(1).** Report (in the foreign corporation's functional currency) the section 965(a) inclusion with respect to the foreign corporation out of post-1986 undistributed earnings for the tax year indicated.

**Column (e)(2).** Report the column (e)(1) amounts, translated into U.S. dollars at the appropriate exchange rates (as defined in section 989(b)). If the foreign corporation's functional

currency is the U.S. dollar, do not complete column (e)(2).

**Column f.** Enter the foreign corporation's post-1986 undistributed earnings pool for the separate category for which the schedule is being completed. Generally, this amount is the corporation's E&P (computed in the corporation's functional currency according to sections 964(a) and 986) accumulated in tax years beginning after 1986, determined as of the close of the corporation's tax year without reduction for any earnings distributed or otherwise included in income (that is, under section 304, 367(b), 951(a), 1248, or 1293) during the current tax year.

Post-1986 undistributed earnings are reduced to account for distributions or deemed distributions that reduced E&P and inclusions that resulted in previously taxed amounts described in section 959(c)(1) and (2) or section 1293(c) in prior tax years beginning after 1986. See Regulations section 1.902-1(a)(9). Also, see section 902(c)(3) and Regulations section 1.902-1(a)(13) for special rules treating earnings accumulated in post-1986 years as pre-1987 accumulated profits when no U.S. shareholder was eligible to claim a section 902 credit with respect to taxes paid by the foreign corporation.

**Column h.** Enter the opening balance in the foreign corporation's post-1986 foreign income taxes pool for the tax year indicated. This amount is the foreign income taxes paid,

accrued, or deemed paid (in U.S. dollars) by the foreign corporation for prior tax years beginning after 1986, reduced by foreign taxes attributable to distributions or inclusions of earnings in prior tax years. See Regulations section 1.902-1(a)(8)(i).

**Column i.** Enter the foreign income taxes paid or accrued by the foreign corporation for the tax year indicated, translated into U.S. dollars using the exchange rate specified in section 986(a).

**Column j.** Enter the foreign income taxes deemed paid (under section 902(b)) by the cor-

poration for the tax year indicated. This is generally the amount(s) from Schedule D, Part I, Section A, column 10, and Section B, column 8(b) of the Form 1118.

Worksheet G **Foreign Taxes Deemed Paid by Domestic Corporation For tax years of foreign corporations whose last taxable year, beginning before January 1, 2018, ends during the U.S. shareholder's 2017 tax year**

Calculate by Separate Category of Income

Keep for Your Records 

	(a) EIN or Reference ID Number of the foreign corporation	(b) EIN or Reference ID Number of K-1 Issuer (if any)	(c) U.S. Tax Year End (Yr-Mo) of DFIC	(d) Country of Incorporation (use country codes; see instructions)	(e)(1) Section 965(a) Inclusion in U.S. Dollars	(e)(2) Section 965(a) Inclusion in Functional Currency	
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16	<b>Total (lines 1-15)</b>						
	(f) Post-1986 Undistributed Earnings in Functional Currency	(g) Divide Column (e)(2) by Column (f) (capped at 100%)	(h) Opening Balance in Post-1986 Foreign Income Taxes	(i) Foreign Taxes Paid for Tax Year Indicated	(j) Foreign Taxes Deemed Paid for Tax Year Indicated	(k) Post-1986 Foreign Income Taxes (add columns (h), (i), and (j))	(l) Taxes Deemed Paid (multiply column (g) by column (k))
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							

Add schedules as needed.

**Worksheet H, Section 1  
Disallowance of Foreign Tax Credit  
and Amounts Reported on Forms  
1116 and 1118**

Use Worksheet H, Section 1, to track by separate category the section 965(a) inclusion, the section 965(c) deduction, the foreign taxes deemed paid, and the disallowed portion of

such taxes. While certain amounts are not required to be reported for purposes of the 2017 tax year reporting, the section 965(a) inclusion, the section 965(c) deduction, and the foreign taxes deemed paid with respect to such amounts should continue to be part of the determination of the foreign tax credit for the 2017 tax year. The foreign tax credit is reported as a

component of the tax liability on the 2017 tax return and is reduced by the net tax liability under section 965 to be paid in a future year. Such foreign tax credit is also a component of the total net tax liability under section 965 reported on the IRC 965 Transition Tax Statement. See below for more information on the reporting of the "with calculation" under Election to Pay Tax Liability in Installments (section 965(h)).

<b>SECTION I—Disallowed Foreign Taxes</b>		
<b>Calculate by Separate Category of Income</b>		<b>2017 Tax Year</b>
Separate Category . . . . . ▶ _____		
<b>1 Section 965(a) inclusion amount in U.S. Dollars from Worksheet G, column (e)(1) . . . . .</b>	<b>1</b>	
<b>2 Section 965(a) inclusion in U.S. Dollars with respect to pass-through entities . . . . .</b>	<b>2</b>	
<b>3 Total 965(a) inclusion in U.S. Dollars.</b> Add lines 1 and 2 . . . . . ▶	<b>3</b>	
<b>4 Section 965(c) deduction in U.S. Dollars allocable to section 965(a) inclusion amount in that separate category . . . . .</b>	<b>4</b>	
<b>5 Section 965(c) deduction in U.S. Dollars allocable to section 965(a) inclusion with respect to pass-through entities in that separate category . . . . .</b>	<b>5</b>	
<b>6 Total section 965(c) deduction in U.S. Dollars.</b> Add lines 4 and 5 . . . . . ▶	<b>6</b>	
<b>7 Taxes deemed paid.</b> (Enter amount from Worksheet G, column (l), line 16) . . . . .	<b>7</b>	
<b>8 2017 Applicable Percentage.</b> (Enter amount from Worksheet H, Section II, line 18) . . . . .	<b>8</b>	
<b>9 Disallowed foreign taxes (Multiply line 7 by line 8) . . . . .</b>	<b>9</b>	
<b>SECTION II—Applicable Percentage For Disallowance of Foreign Tax Credit</b>		
<b>2017 Tax Year Applicable Percentage</b>	<b>2017 Tax Year</b>	
<b>10 Section 965(a) inclusion amount in excess of aggregate foreign cash position.</b> Enter Part II, line 9, amount . . . . .	<b>10</b>	
<b>11 Total section 965(a) inclusion amount.</b> Enter amounts in Part II, line 9, plus Part II, line 6 . . . . .	<b>11</b>	
<b>12 Divide line 10 by line 11 . . . . .</b>	<b>12</b>	
<b>13 Applicable percentage of disallowed credits with respect to section 965(a) inclusion amount in excess of aggregate foreign cash position.</b> Multiply line 12 by 0.771 . . . . .	<b>13</b>	
<b>14 Section 965(a) inclusion amount with respect to aggregate foreign cash position.</b> Enter Part II, line 6, amount . . . . .	<b>14</b>	
<b>15 Total section 965(a) inclusion amount.</b> Enter amounts in Part II, line 9, plus Part II, line 6 . . . . .	<b>15</b>	
<b>16 Divide line 14 by line 15 . . . . .</b>	<b>16</b>	
<b>17 Applicable percentage of disallowed credits with respect to section 965(a) inclusion amount with respect to aggregate foreign cash position.</b> Multiply line 16 by 0.557 . . . . .	<b>17</b>	
<b>18 2017 Applicable Percentage.</b> Add lines 13 and 17 . . . . .	<b>18</b>	

**Worksheet H, Section 2 Applicable Percentage for Disallowance of Foreign Tax Credit**

Use Worksheet H, section 2 to determine the applicable percentage for disallowance of a foreign tax credit for the U.S. shareholder's 2017 tax year. Section 965(g)(1) provides that no credit is allowed under section 901 for the applicable percentage of any taxes paid or accrued (or treated as paid or accrued) with respect to any amount for which a deduction is allowed under section 965(c). The term "applicable percentage" means the amount (expressed as a percentage) equal to the sum of— (A) 0.771 multiplied by the ratio of— (i) the section 965(a) inclusion in excess of the U.S. shareholder's aggregate foreign cash position divided by (ii) the section 965(a) inclusion, plus (B) 0.557 multiplied by the ratio of— (i) the section 965(a) inclusion with respect to the U.S.' shareholder's

aggregate foreign cash position, divided by (ii) the section 965(a) inclusion.

**What Elections Can Be Made**

**Election To Pay Tax Liability in Installments (section 965(h))**

A U.S. shareholder of a DFIC may elect under section 965(h) to pay the section 965 net tax liability in eight installments. Furthermore, owners and beneficiaries of U.S. shareholder pass-through entities may also make elections

under section 965(h). The section 965 net tax liability is generally determined as follows:

- The taxpayer's net income tax for the tax year with all section 965 amounts included ("with calculation" or "actual net tax liability"); less
- The taxpayer's net income tax for the tax year without regard to section 965, including without any section 965 amounts included, and without regard to any dividends received from DFICs ("without calculation").

When determining the section 965 net tax liability, it should be noted that limitations on income, deductions, and credits will change depending on whether or not section 965 amounts are included.

If one or more elections under section 965(i) (see below under S Corporation Shareholder Deferral of Tax (section 965(i))) have been

made, the taxpayer's section 965 net tax liability as determined above is reduced by the aggregate amount of the taxpayer's net tax liabilities under section 965 with respect to which section 965(i) elections are effective.

## With Calculation

When calculating the "with calculation," all section 965 amounts, including section 965(a) inclusions and section 965(c) deductions, should be included in the calculation of net income tax. This allows for corresponding calculations that are limited based on gross income or AGI.

A taxpayer's actual net tax liability, including tax resulting from section 965, will include a reduction for the foreign tax credit properly computed under sections 901 through 909, and 960 of the Code on the basis of the taxpayer's actual worldwide taxable income and total creditable foreign taxes, including the section 965 amounts. The taxpayer must compute its foreign tax credit limitation by adding the relevant section 965(a) inclusion to its other foreign source income for the year and by allocating to such section 965(a) inclusion its relevant section 965(c) deduction, and taking into account all of its creditable foreign taxes.

## Without Calculation

When calculating the "without calculation," do not include the section 965(a) inclusions, the section 965(c) deductions, the deemed paid foreign taxes with respect to section 965(a) inclusions, and the deemed paid foreign taxes disallowed under section 965(g). Also do not include any income or deduction properly attributable to a dividend from a DFIC.

If an election is made, the taxpayer must make installment payments according to the following schedule:

Year	Payment (Percent of Section 965 Net Tax Liability)
1st	8%
2nd	8%
3rd	8%
4th	8%
5th	8%
6th	15%
7th	20%
8th	25%

The 1st year installment must be paid on the due date (determined without regard to any extension of time for filing the return) of the tax return that would have included the relevant section 965 net tax liability had an election not been made. Each succeeding installment is due at the same time as each succeeding tax return is due (determined without regard to any extension of time for filing the return). But see Notice 2018-26, section 3.05(e) for special rules regarding the filing and payment due date of certain citizens and residents abroad.

## S Corporation Shareholder Deferral of Tax (section 965(i))

A shareholder of an S corporation may elect under section 965(i) to defer payment of its section 965 net tax liability with respect to an S

corporation until the shareholder's tax year which includes a triggering event with respect to the section 965 net tax liability. Triggering events include: (i) the corporation ceases to be an S corporation, (ii) a liquidation or sale of substantially all the assets of the S corporation, a cessation of business by the S corporation, the S corporation ceases to exist, or any similar circumstance, and (iii) a transfer of any share of stock in the S corporation.

A shareholder's section 965 net tax liability with respect to any S corporation generally is:

- The shareholder's net income tax for the tax year with the only section 965 amounts coming from the S corporation; less
- The shareholder's net income tax for the tax year without regard to section 965, including without any section 965 amounts included, and without regard to any dividends received from DFICs.

However, if the S corporation is not a U.S. shareholder of a DFIC, section 965 amounts related to the DFIC are not included in the first amount.

If a taxpayer owns shares in multiple S corporations, the above calculation of section 965 net tax liability must be made for each S corporation.

As in the case of a section 965(h) election discussed above, the limitations on income, deduction items, and credits will change depending on whether section 965 amounts are included or not when calculating the net income tax.

## Real Estate Investment Trust Election To Include Income Over 8 Years (section 965(m))

A real estate investment trust may elect to take section 965(a) inclusions and corresponding section 965(c) deductions into account over 8 years. If the election is made, these amounts must be taken into account according to the following schedule:

Year	Percent of Section 965(a) Inclusions and Section 965(c) Deductions Taken into Account Each Year
1st	8%
2nd	8%
3rd	8%
4th	8%
5th	8%
6th	15%
7th	20%
8th	25%

If a real estate investment trust makes this election, it cannot also elect to pay the section 965 net tax liability in installments.

## Election Not To Apply Net Operating Loss Deduction (section 965(n))

A taxpayer may elect under section 965(n) to reduce the amount of the net operating loss under section 172 or the amount of the net operating loss carryovers or carrybacks also under section 172. The amount of the reduction is equal to the amount of the section 965(a) inclusion (net of the section 965(c) deduction) plus,

in the case of a domestic corporation that takes a credit for deemed paid foreign taxes, the section 78 gross up with respect to the section 965(a) inclusion (which is computed taking into account the amount disallowed under section 965(g)). The section 78 gross up with respect to the section 965(a) inclusion is computed taking into account the amount disallowed under section 965(g). See section 965(n) for more information.

## Election Under Section 3.02 of Notice 2018-13 To Use Alternative Method To Compute Post-1986 Earnings and Profits

An election can be made to determine an SFC's post-1986 earnings and profits using an alternate method. If this election is made, the amount of the post-1986 earnings and profits of an SFC as of November 2, 2017 will equal the sum of: (1) the corporation's post-1986 earnings and profits as of October 31, 2017, and (2) two days of daily earnings amount. Daily earnings amount looks to the average daily earnings of the SFC between the beginning of the relevant tax year and October 31, 2017. See Notice 2018-13, section 3.02 for more information.

In the case of an SFC with a 52-53 week tax year, an election may be made to use the alternate method to determine its post-1986 earnings and profits as of both November 2, 2017, and December 31, 2017. The alternative method with respect to a 52-53 week tax year SFC uses the closest end of a fiscal month to each measurement date which is then adjusted using average daily earnings. See Notice 2018-13, section 3.02 for more information.

## Who Can Make an Election, When Must an Election be Made, and How Are Elections Made

[See Questions and Answers about Reporting Related to Section 965 on 2017 Tax Returns, Answers 5-7.](#)

## 965 Deferral Worksheet for Individuals

Individuals can keep track of the net 965 tax liability elected to be paid in installments as well as the deferred net 965 tax liability with respect to inclusions from S corporations on the 965 Deferral - Individual Worksheet. See Election to Pay Tax Liability in Installments (section 965(h)) and S Corporation Shareholder Deferral of Tax (section 965(i)) above for information related to calculating the net 965 tax liability.

**To be used by Individuals making an Election to Pay Net 965 Tax Liability in Installments Under section 965(h), and S Corporation Shareholder Election and Report of Deferred Net 965 Tax Liability Under section 965(i)**

<b>PART I Report of Net 965 Tax Liability and Election to Pay in Installments</b>						
	(a) Year of Income Inclusion, Liability Assumption, or Liability Triggering Event (see instructions)	(b) Taxpayer's Net Tax Liability with all 965 related amounts (see instructions)	(c) Taxpayer's Net Tax Liability without 965 related amounts (see instructions)	(d) Net 965 Tax Liability (column (b) less column (c))	(e) S Corporation Shareholder Deferred Net 965 Tax Liability (From Part III, column (g), line total; see instructions)	(f) Net 965 Tax Liability eligible for installment payment election (see instructions)
1	2017					
2	2018					
3						
4						
5						
6						
7						
	(g) Installment Election Made		(h) Net 965 Tax Liability to be paid in full Year 1 (if column (g) "No" enter amount from column (f))	(i) Net 965 Tax Liability to be paid in installments (if column (g) "Yes" enter amount in column (f) and see instructions)	(j) Net 965 Tax Liability Transferred (Out), Transferred In, or Subsequent Adjustments, if any (see instructions)	(k) Tax Identification Number of buyer/transferee or the seller/transferor
	Yes	No				
1						
2						
3						
4						
5						
6						
7						

<b>PART II Record of Amount of Net 965 Tax Liability Paid by the Taxpayer (Caution: see instructions)</b>						
	(a) Year of Income Inclusion, Liability Assumption, or Liability Triggering Event (see instructions)	(b) Paid in Year 1	(c) Paid in Year 2	(d) Paid in Year 3	(e) Paid in Year 4	(f) Paid in Year 5
1	2017					
2	2018					
3						
4						
5						
6						
7						
	(g) Paid in Year 6	(h) Paid in Year 7	(i) Paid in Year 8	(j) Net 965 Tax Liability Remaining Unpaid (see instructions)	(k) Net 965 Tax Liability Paid in This Reporting Year	
1						
2						
3						
4						
5						
6						
7						
<b>Totals</b>	▶					

<b>PART III S Corporation Shareholder: Computation of Net 965 Tax Liability Related to 965 Related Amounts from an S Corporation and Election to Defer such Net 965 Tax Liability</b>								
Year of Inclusion	(a) S Corporation Name (see instructions)	(b) S Corporation Tax Identification Number	(c) Taxpayer's Net Tax Liability with only 965 related amounts from this S Corporation (see instructions)	(d) Taxpayer's Net Tax Liability computed in column (c) without the 965 related amounts from this S Corporation	(e) Net 965 Tax Liability related to 965 amounts from this S Corporation (column (c) less column (d))	(f) Deferral Election Made		(g) Deferred 965 Net Tax Liability (if column (f) is "Yes," amount in column (e) is otherwise zero)
						Yes	No	
2017	1							
	2							
	3							
	4							
	5							
	<b>Total</b> . . . . . ▶							
2018	1							
	2							
	3							
	4							
	5							
	<b>Total</b> . . . . . ▶							

<b>PART IV Annual Report of Deferred Net 965 Tax Liability Related to 965 Inclusions from S Corporations</b>					
Election or Transfer Year	(a) S Corporation Name	(b) S Corporation Employer Identification Number	(c) Beginning Deferred Net 965 Tax Liability (see instructions)	(d) Addition of 5% to Deferred 965 Net Tax Liability for Failure To Annually and Timely Report	
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
	(e) Net 965 Tax Liability Triggered (see instructions)	(f) Deferred 965 Net Tax Liability Transferred (Out) or Transferred In by Agreement, if any (see instructions)	(g) Name of Transferee Assuming Liability or Transferor of Liability Taxpayer is Assuming	(h) Tax Identification Number of Transferee or Transferor	(i) Deferred Net Tax Liability at the end of this Reporting Year (add columns (c), (d), (e), and (f)) (see instructions)
1	( )				
2	( )				
3	( )				
4	( )				
5	( )				
6	( )				
7	( )				
8	( )				
9	( )				
10	( )				
<b>Total</b> . . . . . ▶					

Worksheet 3.1 **965 Deferral Worksheet for Corporations**

Corporate Report of Net 965 Tax Liability, Election to Pay Net 965 Tax Liability in Installments Under Subsection 965(h) and Real Estate Investment Trust Deferral of Section 965(a) Inclusion Under Subsection 965(m)

Keep for Your Records 

**To be used by Corporations making an Election to Pay Net 965 Tax Liability in Installments Under section 965(h) and Real Estate Investment Trust Deferral of Section 965(a) Inclusion Under section 965(m)**

Real Estate Investment Trusts Electing to Defer Section 965 Income Should Only Fill Out Part III

**PART I Report of Net 965 Tax Liability and Election to Pay in Installments**

	(a) Year of Income Inclusion or Liability Assumption (see instructions)		(b) Taxpayer's Net Tax Liability with all 965 related amounts (see instructions)	(c) Taxpayer's Net Tax Liability without 965 related amounts (see instructions)	(d) Net 965 Tax Liability (column (b) less column (c))	
	1	2017				
2	2018					
3						
4						
5						
6						
7						

	(e) Installment Election Made		(f) Net 965 Tax Liability to be paid in full Year 1 (if column (e) "No," enter amount from column (d))	(g) Net 965 Tax Liability to be paid in installments (if column (e) "Yes," enter amount in column (d) and see instructions)	(h) Net 965 Tax Liability Transferred (Out), Transferred In, or Subsequent Adjustments, if any (see instructions)	(i) Tax Identification Number of buyer/transferee or the seller/transferee
	Yes	No				
1						
2						
3						
4						
5						
6						
7						

**PART II Record of Amount of Net 965 Tax Liability Paid by the Taxpayer (Caution: see instructions)**

	(a) Year of Income Inclusion or Liability Assumption	(b) Paid in Year 1	(c) Paid in Year 2	(d) Paid in Year 3	(e) Paid in Year 4	(f) Paid in Year 5
	1	2017				
2	2018					
3						
4						
5						
6						
7						

	(g) Paid in Year 6	(h) Paid in Year 7	(i) Paid in Year 8	(j) Net 965 Tax Liability Remaining Unpaid (see instructions)	(k) Net 965 Tax Liability Paid in This Reporting Year
1					
2					
3					
4					
5					
6					
7					

Totals . . . . . ▶

**PART III Real Estate Investment Trust Deferral of Net Section 965(a) Inclusion**

	(a) Year of Income Inclusion	(b) Net Section 965(a) Inclusion	(c) Net Section 965(a) Inclusion Included in Year 1	(d) Net Section 965(a) Inclusion Included in Year 2	(e) Net Section 965(a) Inclusion Included in Year 3	(f) Net Section 965(a) Inclusion Included in Year 4
1	2017					
2	2018					

	(g) Net Section 965(a) Inclusion Included in Year 5	(h) Net Section 965(a) Inclusion Included in Year 6	(i) Net Section 965(a) Inclusion Included in Year 7	(j) Net Section 965(a) Inclusion Included in Year 8	(k) Net Section 965(a) Inclusion Remaining to be Included
1					
2					

Total . . . . . ▶

**965 Deferral Worksheet for Corporations**

Corporations can keep track of the section 965 net tax liability elected to be paid in installments

as well as a real estate investment trust's section 965(a) inclusions and section 965(c) deductions elected to be included in installments on the 965 Deferral – Corporate Worksheet. See Election to Pay Tax Liability in Installments

(section 965(h)) above for information related to calculating the section 965 net tax liability.

## Additional Information a Pass-Through Entity Must Provide To Its Owners or Beneficiaries

[See Questions and Answers about Reporting Related to Section 965 on 2017 Tax Returns, Answer 9.](#)

## How To Get Tax Help

If you have questions about a tax issue, need help preparing your tax return, or want to download free publications, forms, or instructions, go to [IRS.gov](#) and find resources that can help you right away.

**Preparing and filing your tax return.** Find free options to prepare and file your return on [IRS.gov](#) or in your local community if you qualify.

The Volunteer Income Tax Assistance (VITA) program offers free tax help to people who generally make \$54,000 or less, persons with disabilities, and limited-English-speaking taxpayers who need help preparing their own tax returns. The Tax Counseling for the Elderly (TCE) program offers free tax help for all taxpayers, particularly those who are 60 years of age and older. TCE volunteers specialize in answering questions about pensions and retirement-related issues unique to seniors.

You can go to [IRS.gov](#) to see your options for preparing and filing your return which include the following.

- **Free File.** Go to [IRS.gov/FreeFile](#). See if you qualify to use brand-name software to prepare and *e-file* your federal tax return for free.
- **VITA.** Go to [IRS.gov/VITA](#), download the free IRS2Go app, or call 1-800-906-9887 to find the nearest VITA location for free tax preparation.
- **TCE.** Go to [IRS.gov/TCE](#), download the free IRS2Go app, or call 1-888-227-7669 to find the nearest TCE location for free tax preparation.



**Getting answers to your tax questions.** On [IRS.gov](#) get answers to your tax questions anytime, anywhere.

- Go to [IRS.gov/Help](#) or [IRS.gov/LetUsHelp](#) pages for a variety of tools that will help you get answers to some of the most common tax questions.
- Go to [IRS.gov/ITA](#) for the Interactive Tax Assistant, a tool that will ask you questions on a number of tax law topics and provide answers. You can print the entire interview and the final response for your records.
- Go to [IRS.gov/Pub17](#) to get Pub. 17, Your Federal Income Tax for Individuals, which features details on tax-saving opportunities, 2017 tax changes, and thousands of interactive links to help you find answers to your questions. View it online in HTML, as a PDF, or download it to your mobile device as an eBook.
- You may also be able to access tax law information in your electronic filing software.

**Getting tax forms and publications.** Go to [IRS.gov/Forms](#) to view, download, or print all of

the forms and publications you may need. You can also download and view popular tax publications and instructions (including the 1040 instructions) on mobile devices as an eBook at no charge. Or, you can go to [IRS.gov/OrderForms](#) to place an order and have forms mailed to you within 10 business days.

**Access your online account (Individual taxpayers only).** Go to [IRS.gov/Account](#) to securely access information about your federal tax account.

- View the amount you owe, pay online or set up an online payment agreement.
- Access your tax records online.
- Review the past 18 months of your payment history.
- Go to [IRS.gov/SecureAccess](#) to review the required identity authentication process.

**Using direct deposit.** The fastest way to receive a tax refund is to combine direct deposit and *IRS e-file*. Direct deposit securely and electronically transfers your refund directly into your financial account. Eight in 10 taxpayers use direct deposit to receive their refund. IRS issues more than 90% of refunds in less than 21 days.

**Delayed refund for returns claiming certain credits.** Due to changes in the law, the IRS can't issue refunds before mid-February 2018, for returns that properly claimed the earned income credit (EIC) or the additional child tax credit (ACTC). This applies to the entire refund, not just the portion associated with these credits.

**Getting a transcript or copy of a return.** The quickest way to get a copy of your tax transcript is to go to [IRS.gov/Transcripts](#). Click on either "Get Transcript Online" or "Get Transcript by Mail" to order a copy of your transcript. If you prefer, you can:

- Order your transcript by calling 1-800-908-9946.
- Mail Form 4506-T or Form 4506T-EZ (both available on [IRS.gov](#)).

**Using online tools to help prepare your return.** Go to [IRS.gov/Tools](#) for the following.

- The [Earned Income Tax Credit Assistant \(IRS.gov/EIC\)](#) determines if you're eligible for the EIC.
- The [Online EIN Application \(IRS.gov/EIN\)](#) helps you get an employer identification number.
- The [IRS Withholding Calculator \(IRS.gov/W4App\)](#) estimates the amount you should have withheld from your paycheck for federal income tax purposes.
- The [First Time Homebuyer Credit Account Look-up \(IRS.gov/HomeBuyer\)](#) tool provides information on your repayments and account balance.
- The [Sales Tax Deduction Calculator \(IRS.gov/SalesTax\)](#) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040), choose not to claim state and local income taxes, and you didn't save your receipts showing the sales tax you paid.

**Resolving tax-related identity theft issues.**

- The IRS doesn't initiate contact with taxpayers by email or telephone to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels.

- Go to [IRS.gov/IDProtection](#) for information and videos.
- If your SSN has been lost or stolen or you suspect you're a victim of tax-related identity theft, visit [IRS.gov/ID](#) to learn what steps you should take.

**Checking on the status of your refund.**

- Go to [IRS.gov/Refunds](#).
- Due to changes in the law, the IRS can't issue refunds before mid-February 2018, for returns that properly claimed the EIC or the ACTC. This applies to the entire refund, not just the portion associated with these credits.
- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 1-800-829-1954.

**Making a tax payment.** The IRS uses the latest encryption technology to ensure your electronic payments are safe and secure. You can make electronic payments online, by phone, and from a mobile device using the IRS2Go app. Paying electronically is quick, easy, and faster than mailing in a check or money order. Go to [IRS.gov/Payments](#) to make a payment using any of the following options.

- **IRS Direct Pay:** Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.
- **Debit or credit card:** Choose an approved payment processor to pay online, by phone, and by mobile device.
- **Electronic Funds Withdrawal:** Offered only when filing your federal taxes using tax preparation software or through a tax professional.
- **Electronic Federal Tax Payment System:** Best option for businesses. Enrollment is required.
- **Check or money order:** Mail your payment to the address listed on the notice or instructions.
- **Cash:** You may be able to pay your taxes with cash at a participating retail store.

**What if I can't pay now?** Go to [IRS.gov/Payments](#) for more information about your options.

- Apply for an [online payment agreement \(IRS.gov/OPA\)](#) to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.
- Use the [Offer in Compromise Pre-Qualifier \(IRS.gov/OIC\)](#) to see if you can settle your tax debt for less than the full amount you owe.

**Checking the status of an amended return.** Go to [IRS.gov/WMAR](#) to track the status of Form 1040X amended returns. Please note that it can take up to 3 weeks from the date you mailed your amended return for it to show up in our system and processing it can take up to 16 weeks.

**Understanding an IRS notice or letter.** Go to [IRS.gov/Notices](#) to find additional information about responding to an IRS notice or letter.

**Contacting your local IRS office.** Keep in mind, many questions can be answered on [IRS.gov](#) without visiting an IRS Tax Assistance

Center (TAC). Go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp) for the topics people ask about most. If you still need help, IRS TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to [IRS.gov/TACLocator](https://www.irs.gov/TACLocator) to find the nearest TAC, check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

**Watching IRS videos.** The IRS Video portal ([IRSvideos.gov](https://www.irs.gov/IRSvideos.gov)) contains video and audio presentations for individuals, small businesses, and tax professionals.

**Getting tax information in other languages.** For taxpayers whose native language isn't English, we have the following resources available. Taxpayers can find information on IRS.gov in the following languages.

- [Spanish \(IRS.gov/Spanish\)](https://www.irs.gov/Spanish).
- [Chinese \(IRS.gov/Chinese\)](https://www.irs.gov/Chinese).
- [Vietnamese \(IRS.gov/Vietnamese\)](https://www.irs.gov/Vietnamese).
- [Korean \(IRS.gov/Korean\)](https://www.irs.gov/Korean).
- [Russian \(IRS.gov/Russian\)](https://www.irs.gov/Russian).

The IRS TACs provide over-the-phone interpreter service in over 170 languages, and the service is available free to taxpayers.

## The Taxpayer Advocate Service Is Here To Help You

### What is the Taxpayer Advocate Service?

The Taxpayer Advocate Service (TAS) is an **independent** organization within the IRS that

helps taxpayers and protects taxpayer rights. Our job is to ensure that every taxpayer is treated fairly and that you know and understand your rights under the [Taxpayer Bill of Rights](https://www.irs.gov/TaxpayerBillOfRights).

### What Can the Taxpayer Advocate Service Do For You?

We can help you resolve problems that you can't resolve with the IRS. And our service is free. If you qualify for our assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business,
- You face (or your business is facing) an immediate threat of adverse action, or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

### How Can You Reach Us?

We have offices [in every state, the District of Columbia, and Puerto Rico](https://www.irs.gov/EveryState). Your local advocate's number is in your local directory and at [TaxpayerAdvocate.IRS.gov/Contact-Us](https://www.irs.gov/TaxpayerAdvocate/IRS.gov/Contact-Us). You can also call us at 1-877-777-4778.

### How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Our Tax Toolkit at [TaxpayerAdvocate.IRS.gov](https://www.irs.gov/TaxpayerAdvocate/IRS.gov) can help you understand [what these rights mean to you](https://www.irs.gov/WhatTheseRightsMeanToYou) and

how they apply. These are **your** rights. Know them. Use them.

### How Else Does the Taxpayer Advocate Service Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of these broad issues, please report it to us at [IRS.gov/SAMS](https://www.irs.gov/SAMS).

### Low Income Taxpayer Clinics

Low Income Taxpayer Clinics (LITCs) are independent from the IRS. LITCs represent individuals whose income is below a certain level and need to resolve tax problems with the IRS, such as audits, appeals, and tax collection disputes. In addition, clinics can provide information about taxpayer rights and responsibilities in different languages for individuals who speak English as a second language. Services are offered for free or a small fee. To find a clinic near you, visit [TaxpayerAdvocate.IRS.gov/LITCmap](https://www.irs.gov/TaxpayerAdvocate/IRS.gov/LITCmap) or see IRS Publication 4134, [Low Income Taxpayer Clinic List](https://www.irs.gov/LowIncomeTaxpayerClinicList).



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**2016 Tax Year Section 965(a)****Inclusion Amount:**2016 Inclusion amount [3](#)**965 Deferral – Corporate****Worksheet** [15](#)**965 Deferral – Individual****Worksheet** [12](#)

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**A****Additional information**  
**pass-through entity must**  
**provide** [16](#)**Assistance** (See Tax help)

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**F****Foreign Taxes** [9](#)

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**I****Identity theft** [16](#)

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**P****Publications** (See Tax help)

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**T****Tax help** [16](#)

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**W****What Elections Can Be Made** [11](#)Election not to apply NOL  
deduction [12](#)

Pay Tax Liability in

Installments [11](#)REIT election [12](#)S Corporation deferral [12](#)Section 965 (i) [12](#)Section 965 (m) [12](#)Section 965 (n) [12](#)With calculation [12](#)Without calculation [12](#)

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**Who can make an election:**How are elections made [12](#)When must election be  
made [12](#)**Who May be Required to Report****Section 965 Amounts:**Report section 965 amounts  
requirement [2](#)**Who should use this workbook** [3](#)**Workbook** [3](#)**Workbook to assist in calculating****Section 965 amounts** [3](#)

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