

# Annex: Basic IRS Guidance

## Some answers to questions from previous Q&A

### **Q2. How are amounts under section 965 of the Code reported on a 2017 tax return?**

**A2.** Amounts required to be reported on a 2017 tax return should be reported on the return as reflected in the table included

### **Q3. Is there any other reporting in connection with section 965 of the Code required on a 2017 tax return?**

**A3.** Yes. A person that has income under section 965 of the Code for its 2017 taxable year is required to include with its return an IRC 965 Transition Tax Statement, signed under penalties of perjury and, in the case of an electronically filed return, in Portable Document Format (.pdf) with a filename of "965 Tax". The IRC 965 Transition Tax Statement must include the following information:

- The person's total amount required to be included in income under section 965(a) of the Code.
- The person's aggregate foreign cash position, if applicable.
- The person's total deduction under section 965(c) of the Code.
- The person's deemed paid foreign taxes with respect to the total amount required to be included in income by reason of section 965(a).
- The person's disallowed deemed paid foreign taxes pursuant to section 965(g).
- The total net tax liability under section 965 (as determined under section 965(h)(6))
- The amount of the net tax liability under section 965 to be paid in installments (including the current year installment) under section 965(h) of the Code, if applicable, which will be assessed.<sup>[2]</sup>
- The amount of the net tax liability under section 965, the payment of which has been deferred, under section 965(i) of the Code, if applicable.
- A listing of elections under section 965 of the Code or the election provided for in Notice 2018-13 that the taxpayer has made, if applicable.

### **Q6. When must an election with respect to section 965 of the Code be made?**

**A6.** An election with respect to section 965 of the Code must be made by the due date (including extensions) for filing the return for the relevant year. However, even if an election is made under section 965(h) of the Code to pay a net tax liability under section 965 of the Code in installments, the first installment must be paid by June 15 (for Americans living abroad).

### **Q7. How is an election with respect to section 965 of the Code made on a 2017 tax return?**

**A7.** A person makes an election under section 965 of the Code by attaching to a 2017 tax return a statement signed under penalties of perjury and, in the case of an electronically filed return, in Portable Document Format (.pdf), for each such election. Each such statement must include the person's name, taxpayer identification number and any other information relevant to the election, such as the net tax liability under section 965 with respect to which the installment election under section 965(h)(1) of the Code applies.

### **Q10. How should a taxpayer pay the tax resulting from section 965 of the Code for a 2017 tax return?**

**A10.** A taxpayer should make two separate payments as follows: one payment reflecting tax owed without regard to section 965 of the Code, and a second, separate payment reflecting tax owed resulting from section 965 of the Code. Both payments must be paid by the due date of the applicable return (without extensions).

The 965 Payment must be made either by wire transfer or by check or money order. This may be the first year's installment of tax owed in connection with a 2017 tax return by a taxpayer making the election under section 965(h) of the Code, or the full net tax liability under section 965 of the Code for a taxpayer who does not make such election and does not make an election under section 965(i) of the Code. On a check or money order payment of tax owed resulting from section 965 of the Code, include an appropriate payment voucher (such as Form 1040-V or 1041-V) and along with all other required information write on the front of your payment "2017 965 Tax."

For the payment owed without regard to section 965, normal payment procedures apply

Follow these reporting instructions along with attaching the IRC 965 Transition Tax Statement			
Form	965(a) Amount	965(c) Deduction <u>[5]</u>	Foreign Tax Credit (FTC) <u>[6]</u>
<b>1040</b>	Include a net section 965 amount (section 965(a) amount less section 965(c) deduction) on Page 1, Line 21, Other Income. Write SEC 965 on the dotted line to the left of Line 21	See 965(a) amount column.	Report the relevant section 965(a) amount and the relevant section 965(c) deduction on Form 1116