



TaxNewsFlash

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IRS provides draft versions of schedules for Form 965

The IRS posted “early draft releases” of schedules that, if finalized, would be used to report information with respect to Form 965 about the “transition tax” imposed under section 965.

Section 965 was added to the Code by the new U.S. tax law (Pub. L. No. 115-97, enacted December 22, 2017) as a transition rule to effect the participation exemption regime. The transition rule includes a participation exemption, the net effect of which is to tax a U.S. shareholder’s “mandatory inclusion” amount at a rate of 15.5% to the extent it is attributable to the shareholder’s aggregate foreign cash position or otherwise at a rate of 8%.

Previously, the IRS provided the following drafts of:

- [Form 965](#) [PDF 108 KB] *Inclusion of Deferred Foreign Income Upon Transition to Participation Exemption System*
- [Form 965 \(Schedule H\)](#) [PDF 97 KB] *Amounts Reported on Forms 1116 and 1118 and Disallowed Foreign Taxes*

Drafts of the following schedules for Form 965 have been posted with a “watermark” date of September 5, 2018. These drafts also include cautionary language that they are not to be used for filing purposes, and are subject to change and to OMB approval before being officially released.

- [Form 965 \(Schedule A\)](#) [PDF 100 KB] *U.S. Shareholder's Section 965(a) Inclusion Amount*
- [Form 965 \(Schedule B\)](#) [PDF 110 KB] *Deferred Foreign Income Corporation's Earnings and Profits (E&P)*

- [Form 965 \(Schedule C\)](#) [PDF 90 KB] *U.S. Shareholder's Aggregate Foreign Earnings and Profits Deficit (E&P)*
- [Form 965 \(Schedule D\)](#) [PDF 94 KB] *U.S. Shareholder's Aggregate Foreign Cash Position*
- [Form 965 \(Schedule E\)](#) [PDF 98 KB] *U.S. Shareholder's Aggregate Foreign Cash Position – Detail*
- [Form 965 \(Schedule F\)](#) [PDF 107 KB] *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 2018 tax year*
- [Form 965 \(Schedule G\)](#) [PDF 107 KB] *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*

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