

# Annual Return of Foreign Trust With U.S. Beneficiaries

(Attach additional sheets if more space is needed.)

**All information must be written in English.**

For calendar year 19\_\_\_\_, or fiscal year beginning \_\_\_\_\_, 19\_\_\_\_, and ending \_\_\_\_\_, 19\_\_\_\_.

Name of United States person(s) filing this return	Identifying number
Number, street, and room or suite no. (If a P. O. box, see instructions on page 4.)	Service center where person filing this return files income tax returns
City or town, state, and ZIP code	

- 1** Title of person filing return (check applicable box):  Grantor  Transferor
- 2** Are you the sole U.S. grantor or transferor? . . . . .  Yes  No  
If "No," attach a list of all other U.S. grantors or transferors showing name, address, and identifying number.
- 3** Name and address of the foreign trust

<b>4</b> Country under whose laws the trust was created	<b>5</b> Date the trust was created
<b>6</b> Name and business address of foreign trustee	<b>7 Termination date.</b> (If no termination date, attach a statement describing the conditions that will cause the trust to terminate.)

<b>8</b> Name of U.S. beneficiary	Address of U.S. beneficiary	Identifying number, if any	U.S. citizen	
			Yes	No
a				
b				
c				
d				
e				
f				

- 9** Amendments to trust during this year. Explain (attach statement if necessary):
- 10** Is trustee required to distribute all trust income currently? . . . . .
- 11** Has the location of the trust changed since its creation? . . . . .  
If "Yes," attach explanation.
- 12** Was Form 3520 filed for this trust? . . . . .  
If "Yes," enter date filed ▶
- 13** Enter date of last transfer of property to trust by grantor or transferor filing this return ▶
- 14** Has the grantor or transferor filed Form TD F 90-22.1 for this trust? . . . . .
- 15** Did the trust acquire a U.S. beneficiary during the current year? . . . . .  
If "Yes," enter amount of deemed accumulation distribution to grantor (see section 679(b) and attach computation) . . . . . ▶
- 16** Attach a statement showing each U.S. beneficiary's **(a)** right to receive income or corpus, or both; **(b)** proportionate interest in the income or corpus, or both; and **(c)** any conditions governing the time a distribution may be made to a U.S. beneficiary, such as a specific date or age. You may attach a copy of the trust instrument instead of the statement. If either the statement or trust instrument was submitted in a prior year, you do not have to resubmit the information unless it has changed. If you previously sent the information and it remains unchanged, enter the year the original information was submitted.

Under penalties of perjury, I declare that I have examined this return, including any accompanying reports, schedules, or statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature ▶ Title ▶ Date ▶

<b>Part I Foreign Trust Income Statement</b> Show all amounts in U.S. dollars		(a) Totals from books and records of this foreign trust	(b) Portion to be reported by grantor or transferor
<b>Income</b>	1 Dividends . . . . .		
	2 Interest . . . . .		
	3 Income from partnerships and other fiduciaries . . . . .		
	4 Gross rents and royalties . . . . .		
	5 Gross profit (loss) from trade or business . . . . .		
	6 Net gain (loss) from capital assets . . . . .		
	7 Ordinary gains and (losses) . . . . .		
	8 Other income (state nature of income) ▶ . . . . .		
	9 Total income (add lines 1 through 8) . . . . .		
<b>Expenses</b>	10 Interest . . . . .		
	11 Taxes (attach schedule) . . . . .		
	12 Fiduciary's portion of depreciation and depletion (explain depletion) ▶ . . . . .		
	13 Charitable contributions . . . . .		
	14 Other expenses ▶ . . . . .		
	15 Total expenses (add lines 10 through 14) . . . . .		
	16 Net income (subtract line 15 from line 9) . . . . .		

Amount from line 16, column (b), should be entered in Schedule E (Form 1040), Form 1065, Form 1041, or Forms 1120 and 1120S (if less than 100% of column (a), attach computations).

<b>Part II Balance Sheet</b> Show all amounts in U.S. dollars		Beginning of Tax Year		End of Tax Year	
<b>Assets</b>		(a) Amount	(b) Total	(c) Amount	(d) Total
1	Cash:				
a	Savings and interest-bearing accounts . . . . .				
b	Other . . . . .				
2	Net accounts receivable . . . . .				
3	Notes receivable (attach schedule) . . . . .				
4	Inventories . . . . .				
5	Government obligations:				
a	U.S. and instrumentalities . . . . .				
b	State, subdivisions thereof . . . . .				
6	Investments in non-Govt. bonds, etc. (attach schedule) . . . . .				
7	Investments in corporate stocks (attach schedule) . . . . .				
8	Mortgage loans (number of loans ▶ . . . . .)				
9	Other investments (attach schedule) . . . . .				
10a	Depreciable (depletable) assets (attach schedule) . . . . .				
b	Less: accumulated depreciation . . . . .				
11	Land . . . . .				
12	Other assets (attach schedule) . . . . .				
13	Total assets . . . . .				
<b>Liabilities</b>					
14	Accounts payable . . . . .				
15	Contributions, gifts, grants, etc., payable . . . . .				
16	Mortgages and notes payable (attach schedule) . . . . .				
17	Other liabilities (attach schedule) . . . . .				
18	Total liabilities . . . . .				
<b>Net Worth</b>					
19	Accumulated trust income . . . . .				
20	Other (attach schedule) . . . . .				
21	Total net worth . . . . .				
22	Total liabilities and net worth (line 18 plus line 21) . . . . .				

## 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.

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

<b>Recordkeeping</b> . . . . .	29 hr., 25 min.
<b>Learning about the law or the form</b> . . . . .	53 min.
<b>Preparing and sending the form to the IRS</b> . . . . .	1 hr., 25 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making the form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0160), Washington, DC 20503. **DO NOT** send the form to either of these offices. Instead, see **When and Where To File** below.

## General Instructions

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

### Purpose of Form

Form 3520-A is the annual information return of a foreign trust with at least one U.S. beneficiary. The form provides information about the foreign trust, its U.S. beneficiaries, and the U.S. person who created the foreign trust and transferred property to it.

### Who Must File

A U.S. person must file Form 3520-A if it has directly or indirectly transferred property to a foreign trust and the trust has a U.S. beneficiary during the tax year. Once such a transfer is made, the U.S. person is required to file Form 3520-A annually thereafter as long as the trust has at least one U.S. beneficiary.

The U.S. person who transfers property to a foreign trust is treated as the grantor of the foreign trust when the trust acquires or is treated as acquiring a U.S. beneficiary. As the grantor of the foreign trust, the U.S. person must include in its computation of taxable income and credits against tax those items of income, deductions, and credits against tax attributable to the foreign trust.

A U.S. person is not required to file Form 3520-A if the **(a)** transfer to the foreign trust was made by reason of the death of the transferor, **(b)** transferor recognizes gain on the sale or exchange of assets, **(c)** transfer is to a foreign employee benefit trust qualified under section 404(a)(4) or section 404A, or **(d)** transfer to a foreign trust was made before May 22, 1974.

A U.S. person includes a U.S. citizen, a U.S. resident, a domestic corporation, a domestic partnership, and an estate or trust (other than a foreign estate or trust with income from sources outside the

United States that is not effectively connected with a trade or business within the United States).

**Note:** *Two transferors or grantors of the same foreign trust for the same tax year may file a joint Form 3520-A if they filed (or will file) a joint income tax return.*

### When and Where To File

File Form 3520-A by the 15th day of the 4th month following the end of the transferor's or grantor's tax year. An extension of time to file may be granted. Get **Form 2758**, Application for Extension of Time To File Certain Excise, Income, Information and Other Returns, for details.

File Form 3520-A with the Internal Revenue Service Center, Philadelphia, PA 19255.

### Foreign Trusts Acquiring U.S. Beneficiaries

Any undistributed net income at the end of the preceding year that was earned from the property transferred is considered income (in addition to the grantor's or transferor's other income for the year) to the transferor in the year that the trust acquires the U.S. beneficiary.

### Foreign Trusts Treated as Having a U.S. Beneficiary

A trust is treated as having a U.S. beneficiary for the tax year unless under the terms of the trust:

1. None of the income or corpus of the trust may be paid or accumulated during the tax year to or for the benefit of a U.S. person, and
2. None of the income or corpus of the trust could be paid to or for the benefit of a U.S. person if the trust were terminated during the tax year.

### Attribution of Ownership

An amount is treated as paid or accumulated to or for the benefit of a U.S. person if such amount is paid or accumulated to or for the benefit of a foreign corporation, foreign partnership, or foreign trust or estate, and

- (a)** More than 50% of the combined voting power of all classes of stock of the foreign corporation entitled to vote are owned or considered as owned by United States shareholders (as defined in section 951(b)),
- (b)** The foreign partnership has at least one partner who is a U.S. person (as defined in section 7701(a)(30)), or
- (c)** The foreign trust or estate has at least one U.S. beneficiary.

### Apportionment of Trust Income

If transfers of property to a foreign trust occurred both **(a)** on or before and **(b)** after May 21, 1974, or if transfers were made by the person filing this return and some other person, the income, deductions, and credits from the foreign trust must be apportioned among the transfers. The apportionment must be made in a manner that is reasonable in light of all of the circumstances. See section 671 and the regulations under section 671 for the rules of apportionment. Attach all relevant information including

the date, amount, and nature of the property transferred to the foreign trust by the person filing this return and the date, amount, and nature of the property transferred to the foreign trust by all other persons.

### Multiple Transfers

If a U.S. person creates more than one foreign trust or transfers money or property to more than one foreign trust, separate returns must be filed for each foreign trust. If more than one U.S. person contributed money or property to a foreign trust with a U.S. beneficiary, each such person must file Form 3520-A.

### Definitions

A "transferor" is any U.S. person who directly or indirectly gives, sells, exchanges, transfers or otherwise disposes of money or property to a foreign trust. It does not, however, refer to a transfer made by a U.S. person who is not the real owner (such as a bank transferring property for a U.S. person). In such a case, the real owner is considered the grantor or transferor.

A "grantor" is a U.S. person who creates or is treated as the owner of any portion of a foreign trust.

A "beneficiary" is a U.S. person who receives, will receive, or may receive money or property, at anytime, from a foreign trust.

### Identifying Number and Address

Use social security numbers to identify individuals. Use employer identification numbers to identify estates, trusts, partnerships, and corporations.

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 U.S. person has a P.O. box, show the box number instead of the street address.

### Penalties

A penalty of 5% of the value of the corpus of the trust at the close of the tax year (but not more than \$1,000) is imposed by section 6677 for failure to file on time, or failure to report the required information, unless due to reasonable cause. Criminal penalties for failure to file on time and for filing a false or fraudulent return are provided by sections 7203, 7206, and 7207.

### Signature

If this return is filed by an individual or a fiduciary, it must be signed by that individual. If it is filed by a partnership, one of the partners must sign. If it is filed by a corporation, it must be signed by the president, vice-president, treasurer, assistant treasurer, chief accounting officer, or by any other corporate officer (such as a tax officer) who is authorized to sign.

**Note:** *The grantor or transferor is still required to file Form 3520, United States Information Return-Creation of or Transfers to Certain Foreign Trusts, Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts, and Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation, Foreign Estate or Trust, or Foreign Partnership. See these forms for exceptions from filing.*