

2007 Form 8886, Reportable Transaction Disclosure Statement

Purpose: This is the first circulated draft of the 2007 Form 8886 for your review and comments. See below for a discussion of the major changes.

TPCC Meeting: None, but one may be arranged if requested.

Prior Version: The 2005 Form 8886 (most recent prior version) is available at:

<http://www.irs.gov/pub/irs-pdf/f8886.pdf>

Instructions: The Instructions for Form 8886 will be circulated at a later date. The 2005 instructions are available at:

<http://www.irs.gov/pub/irs-pdf/i8886.pdf>

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at:

http://taxforms.web.irs.gov/draft_products.html

Comments: Please email, fax, call, or mail any comments by July 18, 2007 to Anthony Ferrise at the address listed below and to the reviewer, Daniel Brooks at Daniel.v.Brooks@irs.gov.

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Major Changes to the 2007 Form 8886

1. At the request of the Office of Tax Shelter Analysis, several changes were made to Form 8886 to gather additional information with respect to “reportable transactions” under IRC Section 6011 and Treas Reg. Section 1.6011-4. This has resulted in multiple changes to the content and layout of this form. Additionally, Notice 2006, 2006-5 IRB 385, removed the book-tax difference category of reportable transactions effective for transactions with a significant book-tax difference that otherwise would have to be disclosed by taxpayers under § 1.6011-4 on Form 8886 (or on Schedule M-3) on or after January 6, 2006. Accordingly, the boxes under Line 2 have been revised to reflect this deletion.
2. A parenthetical clarifying that an individual taxpayer should include his or her last name, first name and middle initial has been added following the text on the line beginning “Name(s) shown on return”
3. Line A has been deleted and replaced with Lines A and B.

4. Old Line B has been re-numbered Line C.
5. In Line 1c, the term “Material advisor” has been changed to “Reportable transaction”.
6. On line 2 box e (significant book-tax difference) has been removed pursuant to Notice 2006-6 and accordingly, box f (brief asset holding period) has been relabeled box e.
7. Line 3 has been reworded to clarify that the published guidance number is being requested if the transaction in question is a listed transaction.
8. Line 4 has been reworded to include the same or substantially similar transactions.
9. All parts of Line 5 have been deleted and replaced with new Line 5. In part these changes reflect a reconfiguration of how information was requested, the addition of a question concerning (where applicable) the date a Schedule K-1 was received, and utilizing language (“participated” rather than “invested”) more consistent with Treas. Reg. Section 1.6011-4(a).
10. Line 6a and 6b have each been modified by the additional of two additional boxes, one for identifying number and an additional box for Fees paid.
11. Lines 7a and 7b generally replace lines 7, 8 and 9 of the existing form. Among other things line 7a specifically identifies 4 new categories of tax benefits (capital loss, ordinary loss, deferral and other) not expressly enumerated on the existing form.
12. Line 8 of the revised form requires the identification of all tax exempt, foreign and related entities and individuals. This is a significant change from line 7 of the existing form which provided only for identification of parties to a listed transaction.

Reportable Transaction Disclosure Statement

▶ **Attach to your tax return.**
 ▶ **See separate instructions.**

Name(s) shown on return (individuals enter last name, first name, middle initial) _____ **Identifying number** _____

Number, street, and room or suite no. _____

City or town, state, and ZIP code _____

A If you are filing more than one Form 8886 with your tax return, sequentially number each Form 8886 and enter the statement number for this Form 8886 ▶ Statement number _____ of _____

B Enter the form number of the tax return that this form is attached to or relates to ▶ _____
 Enter the year of the tax return with which this form is filed or relates to ▶ _____

Is this Form 8886 being filed with an amended tax return (see instructions)? Yes No

C Check the box(es) that apply (see instructions). Initial year filer Protective disclosure

1a Name of reportable transaction _____

1b Initial year participated in transaction _____	1c Reportable transaction or tax shelter registration number (9 digits or 11 digits) _____
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2 Identify the type of reportable transaction. Check all boxes that apply (see instructions).

- | | | |
|--|--|--|
| a <input type="checkbox"/> Listed | c <input type="checkbox"/> Contractual protection | e <input type="checkbox"/> Brief asset holding period |
| b <input type="checkbox"/> Confidential | d <input type="checkbox"/> Loss | |

3 If you checked box 2a, enter the published guidance number for the listed transaction ▶ _____

4 Enter the number of same as or substantially similar transactions reported on this form ▶ _____

5 If you participated in the transaction through another entity, check all applicable boxes and provide the information below for the entity (see instructions). (Attach additional sheets, if necessary.)

a Type of entity:	<input type="checkbox"/> Partnership <input type="checkbox"/> S Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership <input type="checkbox"/> S Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Foreign
b Name ▶	_____	
c Employer identification number (EIN), if known ▶	_____	
d Date Schedule K-1 received from entity (enter "none" if Schedule K-1 not received) ▶	_____	

6 Enter below the name and address of each person to whom you paid a fee with regard to the transaction if that person promoted, solicited, or recommended your participation in the transaction, or provided tax advice related to the transaction. (Attach additional sheets, if necessary.)

a Name	Identifying number (if known)	Fees paid \$
Number, street, and room or suite no. _____		
City or town, state, and ZIP code _____		

b Name	Identifying number (if known)	Fees paid \$
Number, street, and room or suite no. _____		
City or town, state, and ZIP code _____		

7 Facts

a Identify the type of tax benefit generated by the transaction. Check all the boxes that apply (see instructions).

- Deductions Exclusions from gross income Tax credits Other _____
- Capital loss Nonrecognition of gain Deferral
- Ordinary loss Adjustments to basis Absence of adjustments to basis

b Further describe the amount and nature of the expected tax benefits generated by the transaction for all affected years. Include facts of each step of the transaction that relate to the expected tax benefits including the amount and nature of your investment. Include in your description your participation in the transaction and all related transactions regardless of the year in which they were entered into.

8 Identify all tax exempt, foreign, and related entities and individuals involved in the transaction. Check the appropriate box(es) (see instructions). Include their name(s), identifying number(s), address(es), and a brief description of their involvement. For each foreign entity, identify their country of incorporation or existence. For each related entity, describe how they are related. (Attach additional sheets, if necessary.)

a Type of entity: Tax-exempt Foreign Related

Identifying number

Name _____

Address _____

Description _____

b Type of entity: Tax-exempt Foreign Related

Identifying number

Name _____

Address _____

Description _____
