

**Instructions for Form 1118
Foreign Tax Credit -- Corporations
(Rev. December 2008)**

Purpose: This is the first circulated draft of the Instructions for Form 1118 (Rev. December 2008), 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 December 2007 revision of the Instructions for Form 1118 may be accessed at: <http://www.irs.gov/pub/irs-pdf/i1118.pdf>

Form: The December 2008 revision of Form 1118 was circulated earlier and is attached.

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: <http://taxforms.web.irs.gov/Circulations/index.htm>

Comments: Please email, fax, or call with your comments by **November 17** to the TLS below **and** to the reviewer, Stephen Becker, at Stephen.W.Becker@irs.gov

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Major Changes

1. We have added an additional reporting requirement under **Who Must File** to reflect Regulations section 1.904(f)-1(b), which requires corporations to report OFL balances even for tax years for which the corporation is **not** claiming a current year credit.
2. We have added instructions for new line 4 of Schedule B. This line was added to the form to streamline the reporting of the tax adjustment for high-tax kickouts under Regulations section 1.904-4(c).
3. The foreign country codes listed on pages 11 and 12 will be updated at a later time when we receive comments from our Foreign Country Code Working Group. We are sending a copy of this circulation directly to the Working Group coordinator to solicit these comments.

Form 1118
Foreign Tax Credit-Corporations
(Rev. December 2008)

Purpose: This is the first circulated draft of the 2008 revision of Form 1118 for your review and comments. See below for a discussion of the major changes.

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

Instructions: The revised December 2008 Instructions for Form 1118 will be circulated at a later date. The revised December 2007 instructions may be accessed at:
<http://www.irs.gov/pub/irs-pdf/i1118.pdf>

Prior Version: The 2007 revision of Form 1118 may be accessed at:
<http://www.irs.gov/pub/irs-pdf/f1118.pdf>

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: <http://taxforms.web.irs.gov/Circulations/index.htm>

Comments: Please email, fax, or call with your comments by **June 20, 2008**. Also, please email a copy of all comments to reviewer, Stephen Becker, at Stephen.W.Becker@irs.gov

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Major Changes

1. We are adding a new line 4 to Schedule B, Part II, on page 2 to provide filers with a convenient location to report the high tax kickout tax adjustment required under Regulations section 1.904-4(c).
2. We are modifying Schedule F, column 1 on page 6 to require filers to enter a country code (instead of the actual name of the country or U.S. possession). This change is being made at the request of LMSB/SRPP/Research and Planning, to facilitate automated risk assessment.