

Form **8873**
Department of the Treasury
Internal Revenue Service
Name(s) as shown on return

Extraterritorial Income Exclusion

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

OMB No. 1545-1722
~~2008~~
Attachment
Sequence No. **126**

Identifying number

Part I Elections and Other Information

- 1 Check the box if you are electing under section 942(a)(3) to exclude a portion of your gross receipts from foreign trading gross receipts on line 15. Attach a schedule indicating which receipts are being excluded ▶
- 2 Check the box if you are electing to apply the extraterritorial income exclusion provisions to certain transactions involving a FSC (see instructions). Attach a schedule listing the affected transactions ▶
- 3 Check the box if the taxpayer is a foreign corporation electing to be treated as a domestic corporation (see instructions) . . ▶
- 4a Are you excepted from the foreign economic process requirements because your foreign trading gross receipts are \$5 million or less? ▶ Yes No
- b If "No," check the applicable box to indicate how you met the foreign economic process requirements:
 - (1) You met the 50% foreign direct cost test (see instructions).
 - (2) You met the alternative 85% foreign direct cost test (see instructions).
- 5 See instructions before completing lines 5a through 5c. **Note:** For transactions for which the exclusion is determined using the foreign sale and leasing income method (i.e., line 44 equals line 45), complete only lines 5a and 5c(1).
 - a Business activity code _____ b Product or product line _____
 - Check the applicable box to indicate the basis of your reporting:
 - (1) Transaction-by-transaction:
 - (a) Aggregate on Form 8873
 - (b) Aggregate on tabular schedule
 - (c) Tabular schedule of transaction
 - (2) Group of transactions

Part II Foreign Trade Income and Foreign Sale and Leasing Income

Caution: If a related person is also eligible for an extraterritorial income exclusion, see **Excluded property** in the instructions.

	(a) Foreign Trade Income		(b) Foreign Sale and Leasing Income	
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17a				
17b				
17c				
17d				
17e				
17f				
17g				
17h				
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(Rev. 12-2010)

Part III Marginal Costing (Note: If you are not using Marginal Costing, skip Part III and go to Part IV.)

Section A — Foreign Trade Income Using Marginal Costing Method

Table with 3 columns: Line number, Description, and Amount. Rows 22-30 include Foreign trading gross receipts, costs and expenses allocable to the amount reported on line 22, and Foreign trade income using marginal costing.

Section B — 15% of Foreign Trade Income Method

Table with 3 columns: Line number, Description, and Amount. Rows 31-33 include calculations for 15% of foreign trade income and full costing.

Section C — 1.2% of Foreign Trading Gross Receipts Method

Table with 3 columns: Line number, Description, and Amount. Rows 34-36 include calculations for 1.2% of foreign trading gross receipts.

Part IV Extraterritorial Income Exclusion (Net of Disallowed Deductions)

Table with 3 columns: Line number, Description, and Amount. Rows 37-52 include calculations for extraterritorial income exclusion, including a note about international boycott operations.

(Rev. 12-2010)