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Instructions for Form 7204

(December 2022)



Department of the Treasury
Internal Revenue Service

Consent To Extend the Time To Assess Tax Related to Contested Foreign Income Taxes—Provisional Foreign Tax Credit Agreement

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

Future Developments

For the latest information about developments related to Form 7204 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form1118](https://www.irs.gov/Form1118).

General Instructions

Purpose of Form

Form 7204 must be used for elections to claim a provisional credit for contested foreign income taxes as provided in Regulations sections 1.905-1(c)(3) and 1.905-1(d)(4).

Who Must File

Any taxpayer that elects to claim a provisional credit under Regulations section 1.905-1(c)(3) or 1.905-1(d)(4).

How To File

For taxpayers claiming credits on the accrual basis, file Form 7204 together with an original or amended Form 1116 or Form 1118, together with an original or amended return, for the tax year to which the contested foreign income tax relates. For taxpayers claiming credits on the cash basis, file Form 7204 together with the Form 1116 or Form 1118 for the tax year in which the contested foreign income tax is remitted to the foreign country.

Note. Taxpayers that make the provisional credit election must, for each subsequent tax year up to and including the tax year in which the contest is resolved, file annually Schedule C (Form 1116) or Schedule L (Form 1118), as applicable, to comply with the annual notice requirement in Regulations section 1.905-1(d)(4)(iv).

Important. If you have more than one contest with respect to the tax year described in item 1 of the form,

complete a separate Form 7204 for each contest.

Specific Instructions

Identifying number. The identifying number of an individual is the social security number. For all other taxpayers, it is the employer identification number.

Address. 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 transferor has a P.O. box, show the box number instead.

Reason for filing Form 7204.

Check the box to indicate whether the taxpayer claimed the foreign tax credit on the accrual basis or on the cash basis. See Regulations sections 1.905-1(c)(3) and 1.905-1(d)(4).

Line 1. For taxpayers claiming credits on the accrual basis, enter on line 1 the U.S. tax year to which the contested foreign income tax relates.

For taxpayers claiming the credit on the cash basis, enter the U.S. tax year in which the contested foreign income tax was remitted.


Note. If the same contest covers foreign taxes that relate to multiple U.S. tax years, a separate Form 7204 must be filed for each tax year.

Line 6a. Enter on line 6a the description of the contest, the contested foreign income tax, and the income to which the contested foreign income tax is related. The description should include the nature of the contest (for example, foreign initiated transfer pricing audit), the type of foreign tax at issue (for example, nonresident corporate income tax), and the venue in which the contest is being pursued (for example, appeals, court, or competent authority).

Line 6b. Enter on line 6b the payor's name and the payor's EIN or reference ID number. In this context,

the payor is the taxpayer or a qualified business unit (QBU) or controlled foreign corporation (CFC) of the taxpayer, or QBU of such CFC, for example, that remits the contested foreign income tax to the foreign country. For more information about reference ID numbers **for foreign entities**, see the Instructions for Form 1118.

Line 6c. Enter on line 6c the reference ID number **for the contested foreign income tax**. The taxpayer must create and use a reference ID number that uniquely identifies each contested foreign income tax, using the following rules.

 *This reference ID number does not refer to the taxpayer or a payor entity; rather it refers to the contested foreign income tax.*

The reference ID number must be alphanumeric (defined below) and no special characters or spaces are permitted. The reference ID number should have 12 characters and be formatted as follows:

- The first six characters pertain to the tax year end of the payor identified on line 6b. The first four characters denote the year and the next two characters denote the month. For taxpayers claiming credits on the accrual basis, use the tax year to which the contested foreign income tax relates. For taxpayers claiming credits on the cash basis, use the tax year in which the contested foreign income tax was remitted.
- The next two characters should be the code of the country or U.S. territory to which the contested foreign income tax was remitted using the two-letter codes provided at [IRS.gov/CountryCodes](https://www.irs.gov/CountryCodes).
- The next four characters should be a counting number in sequential order starting with "0001," to differentiate multiple contested foreign income

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taxes under the same tax year, month, and country.

For these purposes, the term "alphanumeric" means the entry can be alphabetical, numeric, or any combination of the two.

The same reference ID number must be used consistently from tax year to tax year with respect to a given contested foreign income tax. If for any reason a reference ID number falls out of use (for example, the contest is settled), the reference ID number used for that contested foreign income tax cannot be used again for another contested foreign income tax for purposes of filing Schedule C (Form 1116), Schedule L (Form 1118), or Form 7204.

Note. If the same contest covers more than one foreign income tax, a separate Form 7204 should be filed for each tax. In addition, if the contest covers a foreign income tax that relates to multiple tax years, a separate reference ID number must be selected for the separate amounts of contested foreign income taxes that relate to each tax year.

Line 6d. Enter on line 6d the code of the country or U.S. territory to which tax was remitted using the two-letter codes provided at [IRS.gov/CountryCodes](https://www.irs.gov/CountryCodes).

Line 6e. Enter on line 6e the amount of contested foreign income tax remitted, in local currency, and the date(s) of the remittance(s). For taxpayers claiming credits on the accrual basis, if the same contest covers foreign taxes that relate to multiple U.S. tax years, only include on line 6e the amount of the contested foreign income tax remitted that relates to the U.S. tax year identified on line 1.

Signature

Joint returns. If this consent is made for any year for which a joint income tax return is filed, both spouses must sign Form 7204 unless one, acting under a power of attorney, signs as an agent for the other.

Corporation. If the taxpayer is a corporation, a responsible officer of the corporation must sign the return and show his or her title. Affiliated groups filing a consolidated income tax return should see Regulations section 1.1502-77 for rules about a common parent signing as an agent for subsidiaries and alternative agents for affiliated groups. Also see Regulations sections 1.905-1(c)(3) and 1.905-1(d)(4).

Attorney or agent. If you are an attorney or agent of the taxpayer(s), you may sign this consent if that action is specifically authorized by a power of attorney. Form 2848, Power of Attorney and Declaration of Representative, provides the authority on line 5, Acts authorized. Attach a copy of Form 2848 with Form 7204.

Fiduciaries. If you are acting as a trustee and you sign this consent, you must attach a copy of Form 56, Notice Concerning Fiduciary Relationship, and the trust instrument. If you are acting as an executor, administrator, or other fiduciary of an estate, you must attach a copy of Form 56, and the certified copy of letters of testamentary or court certificate certifying as to the present status of the estate, including the name of the present fiduciary and capacity.

Bankruptcy case under Title 11, United States Code. The trustee must sign the consent in a case under Title 11 if the trustee has possession of, or holds title to, all or substantially

all of the property or business of a corporation.

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.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for taxpayers filing this form is approved under OMB control number 1545-2296. The estimated burden for taxpayers learning, sending, and recordkeeping is 2 hours.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments from [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or you can write to Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this address. Instead, see *How To File*, earlier.