



Note: *The draft you are looking for begins on the next page.*

Caution: DRAFT—NOT FOR FILING

This is an early release draft of an IRS tax form, instructions, or publication, which the IRS is providing for your information. **Do not file draft forms.** We incorporate all significant changes to forms posted with this coversheet. However, unexpected issues occasionally arise, or legislation is passed—in this case, we will post a new draft of the form to alert users that changes were made to the previously posted draft. Thus, there are never any changes to the last posted draft of a form and the final revision of the form. Forms and instructions are subject to OMB approval before they can be officially released, so we post drafts of them until they are approved. Drafts of instructions and pubs usually have some additional changes before their final release. Early release drafts are at [IRS.gov/DraftForms](https://www.irs.gov/DraftForms) and remain there after the final release is posted at [IRS.gov/LatestForms](https://www.irs.gov/LatestForms). Also see [IRS.gov/Forms](https://www.irs.gov/Forms).

Most forms and publications have a page on IRS.gov: [IRS.gov/Form1040](https://www.irs.gov/Form1040) for Form 1040; [IRS.gov/Pub501](https://www.irs.gov/Pub501) for Pub. 501; [IRS.gov/W4](https://www.irs.gov/W4) for Form W-4; and [IRS.gov/ScheduleA](https://www.irs.gov/ScheduleA) for Schedule A (Form 1040), for example, and similarly for other forms, pubs, and schedules for Form 1040. When typing in a link, type it into the address bar of your browser, not a Search box on IRS.gov.

If you wish, you can submit comments to the IRS about draft or final forms, instructions, or pubs at [IRS.gov/FormsComments](https://www.irs.gov/FormsComments). Include “NTF” followed by the form or pub number (for example, “NTF1040”, “NTFW4”, “NTF501”, etc.) in the body of the message to route your message properly. We cannot respond to all comments due to the high volume we receive and may not be able to consider many suggestions until the subsequent revision of the product, but we will review each “NTF” message. If you have comments on reducing paperwork and respondent (filer) burden, with respect to draft or final forms, please respond to the relevant information collection through the Federal Register process; for more info, click [here](#).

2025



Instructions for Form 1066

U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return

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

Future Developments

For the latest information about developments related to Form 1066 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form1066](https://www.irs.gov/Form1066).

What's New

Increased failure-to-file penalty. The minimum penalty under section 6651(a) for the failure to file Form 1066 within 60 days of the due date has increased to the smaller of the tax due or \$525. The penalty under section 6698 that the IRS may charge when no tax is due has increased to \$255 for each person who was a residual interest holder in the REMIC at any time during the year for each month or part of a month the return is late, for up to 12 months. For more information, see [Late filing penalty](#), later.

Direct deposit. If you have access to U.S. banking services or electronic payment systems, you should use direct deposit for any refunds by completing Section II, lines 4b, 4c, and 4d.

Reminders

Bipartisan Budget Act. The Bipartisan Budget Act of 2015 (BBA) created a new centralized partnership audit regime that applies to a REMIC for tax years beginning after 2017. Under the centralized partnership audit regime, any adjustments to the partnership-related items of a REMIC are determined at the REMIC level.

Partnership representative (PR). Under the centralized partnership audit regime, a REMIC is required to designate a PR if it had more than one residual interest holder at any time during the tax year and it didn't elect out of the centralized partnership audit regime. The PR will have the sole authority to act on behalf of the REMIC under the centralized partnership audit regime. The person designated by the REMIC as the PR must have a substantial presence in the United States. For more information, see [Designation of Partnership Representative](#), later.

Total assets at end of the tax year. If there are no assets at the end of the year enter -0-.

Photographs of Missing Children

The IRS is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](#). Photographs of missing children selected by the Center may appear in

instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

How To Get Forms and Publications

Internet. You can access the IRS website at [IRS.gov](https://www.irs.gov) 24 hours a day, 7 days a week to:

- Download forms, including talking tax forms, instructions, and publications;
- Use the online Internal Revenue Code, regulations, or other official guidance;
- Get information on starting and operating a small business;
- Order IRS products online;
- Research your tax questions online;
- Search publications online by topic or keyword;
- View Internal Revenue Bulletins (IRBs) published in the last few years; and
- Sign up to receive local and national tax news by email.

General Instructions

Purpose of Form

File Form 1066 to report the income, deductions, and gains and losses from the operation of a REMIC. In addition, the form is filed by the REMIC to report and pay the taxes on net income from prohibited transactions, net income from foreclosure property, and contributions after the startup day.

Who Must File

An entity must file Form 1066 if it elected to be treated as a REMIC for its first tax year (and the election is still in effect) and it meets the section 860D(a) requirements listed below.

A REMIC is any entity that:

- Elects to be treated as a REMIC for the tax year and all prior tax years;
- All of the interests are regular interests or residual interests;
- Has one (and only one) class of residual interests and all distributions, if any, with respect to such interests are pro rata;
- Substantially all of the assets consist of qualified mortgages and permitted investments as of the close of the third month beginning after the startup day (defined in the instructions for [Item B—Date REMIC started](#), later) and at all times thereafter;
- Has a calendar tax year; and
- For which reasonable arrangements have been designed to ensure that residual interests aren't held by

disqualified organizations (as defined in section 860E(e) (5)), and information needed to apply section 860E(e) will be made available by the entity.

Caution: The last item in the above list doesn't apply to REMICs with a startup day before April 1, 1988 (or those formed under a binding contract in effect on March 31, 1988).

See section 860G for definitions and special rules. See section 860D(a) regarding qualification as a REMIC during a qualified liquidation.

Making the Election

The election to be treated as a REMIC is made by timely filing, for the first tax year of its existence, a Form 1066 and having it signed by an authorized person. Once the election is made, it stays in effect for all years until it is terminated.

First Tax Year

For the first tax year of a REMIC's existence, the REMIC must furnish the following in a separate statement attached to the REMIC's initial return.

- Information concerning the terms of the regular interests and the designated residual interest of the REMIC, or a copy of the offering circular or prospectus containing such information.
- A description of the prepayment and reinvestment assumptions made in accordance with section 1272(a)(6) and its regulations, including documentation supporting the selection of the prepayment assumption.

Termination of Election

If the entity ceased to qualify as a REMIC under the requirements of section 860D(a) in 2025, the election to be a REMIC is terminated for 2025 and all future years. For 2025 and all future years, you must file the tax form for similarly organized entities (corporations, partnerships, trusts, etc.).

When To File

Generally, REMICs must file the 2025 Form 1066 by March 15, 2026. However, if the entity will file its final return in 2025, Form 1066 is due by the 15th day of the 3rd month following the date the REMIC ceased to exist.

If you need more time to file Form 1066, file Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns, to request an automatic extension. You must file Form 7004 by the regular due date of Form 1066.

Period Covered

File the 2025 return for:

1. Calendar year 2025;
2. Short tax years beginning and ending in 2025; or
3. Short tax years beginning and ending in 2026, if the 2026 Form 1066 isn't available by the time the REMIC is required to file its 2026 return. Even though the REMIC is filing the 2026 tax return on a 2025 Form 1066, any tax law changes effective after December 31, 2025, have to be applied on the tax return.

Caution: In the case of (2) or (3) above, fill in the dates for the short tax year at the top of the form.

Private Delivery Services (PDSs)

REMICs can use certain PDSs designated by the IRS to meet the "timely mailing as timely filing" rule for tax returns. Go to [IRS.gov/PDS](https://www.irs.gov/PDS) for the current list of PDSs.

The PDS can tell you how to get written proof of the mailing date.

For the IRS mailing address to use if you're using a PDS, go to [IRS.gov/PDS/streetAddresses](https://www.irs.gov/PDS/streetAddresses).

Caution: PDSs can't deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.

Where To File

If the REMIC's principal business, office, or agency is located in the United States, then file the return at:

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0007

If the REMIC's principal business, office, or agency is located in a foreign country or U.S. territory, then file the return at:

Internal Revenue Service
P.O. Box 409101
Ogden, UT 84409

Accounting Method

A REMIC must compute its taxable income (or net loss) using the accrual method of accounting. See section 860C(b). For more information about the accrual method of accounting, see Pub. 538.

Rounding Off to Whole Dollars

The REMIC may round off cents to whole dollars on its returns and schedules. If the REMIC does round to whole dollars, it must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar (for example, \$1.39 becomes \$1 and \$2.50 becomes \$3).

If two or more amounts must be added to figure the amount on a line, include cents when adding the amounts and round off only the total.

Recordkeeping

The REMIC's records must be kept as long as their contents may be material in the administration of any Internal Revenue law. Copies of the filed tax returns should also be kept as part of the REMIC's records. See Pub. 583, Starting a Business and Keeping Records, for more information.

Final Return

If the REMIC ceases to exist during the year, check the box on Form 1066, page 1, item D(1).

The box on Schedule Q (Form 1066), item E(1), should also be checked to indicate when the schedule is for the final quarter of the year.

Amended Return or Administrative Adjustment Request (AAR)

If the REMIC files its return and later becomes aware of changes it must make to income, deductions, or other items, the REMIC should then file a Form 1065-X, Amended Return or AAR.

REMICs not subject to BBA that are filing an amended return must file amended Schedules Q with Form 1065-X and furnish the amended Schedules Q to the residual interest holders. If the REMIC is subject to BBA and is filing an AAR, it must file and furnish Forms 8986 to the residual interest holders, and not Schedules Q, if the adjustments result in an imputed underpayment (IU) and the REMIC is making an election under section 6227(b)(2) to have the adjustments taken into account by the reviewed year residual interest holders, or if the adjustments do not result in an IU.

If the REMIC's federal return is changed for any reason, it may affect its state return. This would include changes made as a result of an examination of the REMIC's return by the IRS. Contact the state tax agency where the state return is filed for more information.

Assembling the Return

If you need more space to report items shown on the forms or schedules, attach separate sheets reporting the items. Use the same size and format as on the printed forms. But show the totals on the printed forms. Be sure to enter the REMIC's name and employer identification number (EIN) on each sheet.

You must complete every applicable entry space on Form 1066. If you attach statements, don't enter "See Attached" instead of completing the entry spaces on this form.

Other Forms and Returns That May Be Required

Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Use this form to summarize and send information returns to the IRS.

Form 1098, Mortgage Interest Statement. This form is used to report the receipt from any individual of \$600 or more of mortgage interest and points in the course of the REMIC's trade or business.

Forms 1099-A, B, C, INT, LTC, MISC, NEC, OID, R, S, and SA. Use these information returns to report acquisitions or abandonments of secured property; proceeds from broker and barter exchange transactions; cancellation of debt; interest income; certain payments made under a long-term care insurance contract and certain accelerated death benefits; miscellaneous information; nonemployee compensation; original issue discount; distributions from pensions, annuities, retirement or profit-sharing plans, individual retirement arrangements (IRAs), insurance contracts, etc.; proceeds from real estate transactions; and distributions from an

HSA, Archer MSA, or Medicare Advantage MSA. Also, use these returns to report amounts that were received as a nominee on behalf of another person.

Generally, a REMIC must file Forms 1099-INT and 1099-OID, as appropriate, to report accrued income of \$10 or more of regular interest holders. See Regulations section 1.6049-7. Also, every REMIC must file Forms 1099-MISC if it makes payments of rents, commissions, or other fixed or determinable income (see section 6041) totaling \$600 or more to any one person in the course of its trade or business during the calendar year.

For more details, see the General Instructions for Certain Information Returns.

Form 8275, Disclosure Statement; and Form 8275-R, Regulation Disclosure Statement. Use these forms to disclose items or positions taken on a tax return that aren't otherwise adequately disclosed on the return or that are contrary to Treasury regulations (to avoid parts of the accuracy-related penalty or certain preparer penalties).

Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business. Generally, this form is used to report the receipt of more than \$10,000 in cash or foreign currency in one transaction or a series of related transactions.

Form 8811, Information Return for Real Estate Mortgage Investment Conduits (REMICs) and Issuers of Collateralized Debt Obligations. A REMIC uses this form to provide the information required by Regulations section 1.6049-7(b)(1)(ii). This information will be published in Pub. 938, Real Estate Mortgage Investment Conduits (REMICs) Reporting Information. This publication contains a directory of REMICs.

Pub. 938 isn't printed. Instead, it is available on the IRS website. For more information about Pub. 938, go to [IRS.gov/Pub938](https://www.irs.gov/pub938).

Form 8822-B, Change of Address or Responsible Party—Business. This form is used to inform the IRS of a new REMIC address if the change is made after filing Form 1066.

Payment of Tax Due

The REMIC must pay the tax due (page 1, Section II, line 3) in full by the 15th day of the 3rd month following the end of the tax year.

Electronic deposit requirement. REMICs must use electronic funds transfer (EFT) to make all federal tax deposits (such as deposits of employment tax, excise tax, and income tax). Generally, an EFT is made using the Electronic Federal Tax Payment System (EFTPS). If you don't want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make electronic deposits on your behalf.

To get more information about EFTPS or to enroll in EFTPS, go to [EFTPS.gov](https://www.eftps.gov) or call 800-555-4477. Additional information about EFTPS is also available in Pub. 966.

Same-day wire payment option. If the REMIC fails to submit a deposit transaction on EFTPS by 8:00 p.m. Eastern time the day before the date a deposit is due, it can still make its deposit on time by using the Federal Tax

Collection Service (FTCS) to make a same-day wire payment. To use the same-day wire payment method, the REMIC will need to make arrangements with its financial institution ahead of time. Please check with the financial institution regarding availability, deadlines, and costs. Financial institutions may charge a fee for payments made this way. To learn more about the information required by a financial institution to make a same-day wire payment, go to [IRS.gov/SameDayWire](https://www.irs.gov/SameDayWire).

Interest and Penalties

Interest. Interest is charged on taxes not paid by the due date, even if an extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, negligence, fraud, substantial valuation misstatements, substantial understatements of tax, and reportable transaction understatements from the due date (including extensions) to the date of payment. The interest charge is figured at a rate determined under section 6621.

Late filing penalty. A penalty may be charged if the return is filed after the due date (including extensions) or the return doesn't show all the information required, unless each failure is due to reasonable cause and not due to willful neglect.

If you receive a notice about a penalty after you file this return, reply to the notice with an explanation of why the return was late. We will determine if you meet the reasonable-cause criteria. Don't attach an explanation when you file your return.

If taxes are due, we will charge a section 6651 penalty of 5% of the unpaid tax for each month or part of a month the return is late, up to a maximum of 25% of the unpaid tax; or, if the return is 60 days or more late, \$525 or the balance of the tax due on the return, whichever is smaller. If no tax is due, we may charge a section 6698 penalty of \$255 for each person who was a residual interest holder in the REMIC at any time during the year for each month or part of a month the return is late, for up to 12 months. Although we can charge both the section 6651 and section 6698 penalties when taxes are due, we will generally charge only one of the penalties, whichever is greater.

Late payment penalty. The penalty for not paying the tax when due is usually $\frac{1}{2}$ of 1% of the unpaid tax for each month or part of a month the tax is unpaid. The penalty can't exceed 25% of the unpaid tax. The penalty won't be charged if you can show reasonable cause for not paying on time.

Other penalties. Penalties can also be imposed for negligence, substantial understatements of tax, reportable transaction understatements, and fraud. See sections 6662, 6662A, and 6663.

Contributions to the REMIC

Generally, no gain or loss is recognized by the REMIC or any of the regular or residual interest holders when property is transferred to the REMIC in exchange for an interest in the REMIC. The adjusted basis of the interest received equals the adjusted basis of the property transferred to the REMIC.

The basis to the REMIC of property transferred by a regular or residual interest holder is its fair market value immediately after its transfer.

If the transferor holds a regular interest and if the issue price of the regular interest is more than its adjusted basis, the excess is included in income by the regular interest holder for the applicable tax years as if the excess were market discount on a bond and the holder had made an election under section 1278(b) to include this market discount currently. If the transferor holds a residual interest and if the issue price of the residual interest is more than its adjusted basis, the excess is amortized and included in the residual interest holder's income ratably over the anticipated weighted average life of the REMIC (as defined in Regulations section 1.860E-1(a)(3)(iv)).

If the transferor holds a regular interest and if the adjusted basis of the regular interest is more than its issue price, the regular interest holder treats the excess as amortizable bond premium subject to the rules of section 171. If the transferor holds a residual interest and if the adjusted basis of the residual interest is more than its issue price, the excess is deductible ratably over the anticipated weighted average life of the REMIC (as defined in Regulations section 1.860E-1(a)(3)(iv)).

Payments Subject to Withholding at Source

If there are any nonresident alien individuals, foreign partnerships, or foreign corporations as regular interest holders or residual interest holders, and the REMIC has items of gross income from sources within the United States (see sections 861 through 865), see Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.

Who Must Sign

Startup day after November 9, 1988. For a REMIC with a startup day after November 9, 1988, Form 1066 may be signed by any person who could sign the return of the entity in the absence of the REMIC election. Thus, the return of a REMIC that is a corporation or trust would be signed by a corporate officer or a trustee, respectively. For REMICs with only segregated pools of assets, the return would be signed by any person who could sign the return of the entity owning the assets of the REMIC under applicable state law.

Paid preparer's information. If someone is paid to prepare the return, the preparer must sign the return and complete the "Paid Preparer Use Only" area.

The paid preparer must:

- Have a valid Preparer Tax Identification Number (PTIN),
- Complete the required preparer information,
- Sign the return in the space provided for the preparer's signature, and
- Give the REMIC a copy of the return.

Note: A paid preparer may sign original returns, amended returns, or requests for filing extensions by rubber stamp, mechanical device, or computer software program.

Paid Preparer Authorization

If the REMIC wants to allow the IRS to discuss its 2025 tax return with the paid preparer who signed it, check the “Yes” box in the signature area of the return. This authorization applies only to the individual whose signature appears in the “Paid Preparer Use Only” section of the REMIC’s return. It doesn’t apply to the firm, if any, shown in that section.

If the “Yes” box is checked, the REMIC is authorizing the IRS to call the paid preparer to answer any questions that may arise during the processing of its return. The REMIC is also authorizing the paid preparer to:

- Give the IRS any information that is missing from the return;
- Call the IRS for information about the processing of the return or the status of any related refund or payment(s); and
- Respond to certain IRS notices that the REMIC has shared with the preparer about math errors, offsets, and return preparation.

The REMIC isn’t authorizing the paid preparer to receive any refund check, bind the REMIC to anything (including any additional tax liability), or otherwise represent the REMIC before the IRS.

The authorization can’t be revoked. However, the authorization will automatically end no later than the due date (excluding extensions) for filing the REMIC’s 2026 tax return. If the REMIC wants to expand the paid preparer’s authorization or revoke the authorization before it ends, see Pub. 947, Practice Before the IRS and Power of Attorney.

Specific Instructions

General Information

Name, address, and EIN. Enter the REMIC’s legal name and address on the appropriate lines. Include the suite, room, or other unit number after the street address. If the Post Office doesn’t deliver mail to the street address and the REMIC has a P.O. box, show the box number instead. If the REMIC receives its mail in care of a third party (such as an accountant or attorney), enter on the street address line “C/O” followed by the third party’s name and street address or P.O. box. If the REMIC has changed its address since it last filed a return (including a change to an “in care of” address), check the box for item D(3), Address change.

Note: If a change in address or responsible party occurs after the return is filed, use Form 8822-B to notify the IRS of the change.

Enter the REMIC’s EIN on Form 1066, page 1, item A. If the REMIC doesn’t have its own EIN, it must apply for one. A REMIC may apply for an EIN by one of the methods discussed below.

- Online by going to [IRS.gov/EIN](https://www.irs.gov/EIN). The EIN is issued immediately once the application information is validated.
- By mailing or faxing Form SS-4 to the IRS.

If the REMIC hasn’t received its EIN by the time the return is due, write “Applied for” in the space for the EIN. For more details, see Pub. 583.

Item B—Date REMIC started. Enter the “startup day” selected by the REMIC.

The startup day is the day on which the REMIC issued all of its regular and residual interests. However, a sponsor may contribute property to a REMIC in exchange for regular and residual interests over any period of 10 consecutive days, and the REMIC may designate any 1 of those 10 days as the startup day. The day so designated is then the startup day, and all interests are treated as issued on that day.

Item C—Total assets at end of tax year. Enter the total assets of the REMIC. If there are no assets at the end of the tax year, enter zero.

Section I

Income—(Lines 1 Through 6)

Line 1—Taxable interest. Enter the total taxable interest. Taxable interest is interest that is included in ordinary income from all sources except interest exempt from tax and interest on tax-free covenant bonds. You may elect to reduce the amount of interest accrued on taxable bonds by the amount of amortizable bond premium on those bonds attributable to the current tax year. See sections 171(c) and 171(e) for details.

Line 2—Accrued market discount under section 860C(b)(1)(B). Enter the amount of market discount attributable to the current tax year determined on the basis of a constant interest rate under the rules of section 1276(b)(2).

Line 4—Ordinary gain or (loss). Enter the net gain or (loss) from Form 4797, Sales of Business Property, Part II.

Line 5—Other income. Attach a statement listing by type and amount any other taxable income not reported on lines 1 through 4. If there is only one item of other income, describe it in parentheses to the left of the entry space on line 5 instead of attaching a statement.

If the REMIC issued regular interests at a premium, the net amount of the premium is income that must be prorated over the term of these interests. Include this income on line 5.

Generally, cancellation of REMIC debt (for example, cancellation of unpaid principal and accrued but unpaid interest owed to a REMIC regular interest holder) should be recognized as income and reported on line 5. Attach a supporting statement to line 5 to separately disclose income from cancellation of REMIC debt.

For REMICs with a startup date before November 12, 1991, enter any capital gain or (loss) on line 5. The REMIC can use the Schedule D, included in the 2011 Form 1066, or a statement showing the same information as it appears on the Schedule D, included in the 2011 Form 1066, to figure the capital gain (loss). Attach the schedule or statement to Form 1066.

Deductions—(Lines 7 Through 14)

Include only deductible amounts on lines 7 through 14. A REMIC isn’t allowed any of the following deductions in computing its taxable income.

- The net operating loss deduction.
- The deduction for taxes paid or accrued to foreign countries and U.S. territories.
- The deduction for charitable contributions.
- The deduction for depletion under section 611 for oil and gas wells.
- Losses or deductions allocable to prohibited transactions.

Line 9—Amount accrued to regular interest holders in the REMIC that is deductible as interest. Regular interests in the REMIC are treated as indebtedness for federal income tax purposes. Enter the amount of interest, including original issue discount, accruing to regular interest holders for the tax year. Don't deduct any amounts paid or accrued for residual interests in the REMIC.

Line 10—Other interest. Don't include interest deducted on line 9 or interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. You may elect to include amortization of bond premium on taxable bonds acquired before 1988 unless you elected to offset amortizable bond premium against the interest accrued on the bond (see the [Section I, line 1](#), instructions). Don't include any amount attributable to a tax-exempt bond.

Line 11—Taxes. If you have to pay tax on net income from foreclosure property, you should include this tax (from Schedule J, line 10) on line 11 of Form 1066.

Note: See section 164(d) for apportionment of taxes on real property between the seller and purchaser.

Enter taxes accrued during the tax year but don't include the following.

- Federal income taxes (except the tax on net income from foreclosure property).
- Foreign or U.S. territory income taxes.
- Taxes not imposed on the REMIC.
- Taxes, including state or local sales taxes, that are paid or incurred in connection with an acquisition or disposition of property. Such taxes must be treated as a part of the cost of the acquired property or, in the case of a disposition, as a reduction in the amount realized on the disposition.

Line 12—Depreciation. See the Instructions for Form 4562, Depreciation and Amortization, or Pub. 946, How To Depreciate Property, to figure the amount of depreciation to enter on this line. You must complete and attach Form 4562 if the REMIC placed property in service during 2025, claims a section 179 expense deduction, or claims depreciation on any car or other listed property.

Line 13—Other deductions. Attach a statement listing by type and amount any other allowable deductions (such as bad debt deductions) for which no line is provided on Form 1066. If there is only one item of other deductions, describe it in parentheses to the left of the entry on line 13 instead of attaching a statement.

Section II

Line 3—Tax due. If you have tax due, see [Payment of Tax Due](#), earlier, for information on how to make a payment.

Line 4—Overpayment. To the extent permitted by law, the Secretary of the Treasury will cease issuing paper checks for all federal disbursements. Direct deposit is available for this form. If there is an overpayment when filing your return, complete lines 4b, 4c, and 4d to input your direct deposit information. If you qualify for an exception, an alternative payment option (paper check) may be permitted. See [Non-electronic federal disbursement exceptions](#), later for more information.

Why use direct deposit? You get your refund faster by direct deposit than you do by check. Payment is more secure. There is no check that can get lost or stolen. It is more convenient. You don't have to make a trip to the bank to deposit your check. It saves tax dollars. It costs the government less to refund by direct deposit. It's proven itself. Nearly 90% of social security and veterans benefits are sent electronically using direct deposit.

Account must be in your name. Don't request a deposit of your refund to an account that isn't in your name. The number of refunds that can be directly deposited to a single account or prepaid debit card is limited to three a year. After this limit is reached, paper checks will be sent instead. Learn more at [IRS.gov/DepositLimit](#).

Line 4a. If line 4a is under \$1, we will send a refund only on written request.

Line 4b. The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. Ask your financial institution for the correct routing number to enter on line 4b if:

- The routing number on a deposit slip is different from the routing number on your checks,
- Your deposit is to a savings account that doesn't allow you to write checks, or
- Your checks state they are payable through a financial institution different from the one at which you have your checking account.

Line 4c. Check the appropriate box for the type of account. Don't check more than one box. You must check the correct box to ensure your deposit is accepted.

Line 4d. The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. Don't include the check number.

If the direct deposit to your account is different from the amount you expected, you will receive an explanation in the mail about 2 weeks after your refund is deposited.

Reasons your direct deposit will be rejected. If any of the following apply, your direct deposit request will be rejected and a check will be sent instead.

- You're asking to have a joint refund deposited to an individual account, and your financial institution(s) won't allow this. The IRS isn't responsible if a financial institution rejects a direct deposit.
- The name on your account doesn't match the name on the refund, and your financial institution(s) won't allow a refund to be deposited unless the name on the refund matches the name on the account.
- Three direct deposits of tax refunds have already been made to the same account or prepaid debit card.

- You haven't given a valid account number.
- Any numbers or letters on lines 4b through 4d are crossed out or whited out.

Note: The IRS isn't responsible for a lost refund if you enter the wrong account information. Check with your financial institution to get the correct routing and account numbers and to make sure your direct deposit will be accepted.

Non-electronic federal disbursement exceptions. If you qualify for one of the exceptions below, a paper check may still be permitted as a federal disbursement option.

1. Individuals who don't have access to banking services or electronic payment systems.
2. Certain emergency payments where electronic disbursement would cause undue hardship, as contemplated in 31 CFR Part 208.
3. National security- or law enforcement-related activities where non-EFT transactions are necessary or desirable.
4. Other circumstances as determined by the Secretary of the Treasury, as reflected in regulations or other guidance.

Note: If you don't qualify for one of the exceptions above, the direct deposit information must be entered on lines 4b, 4c, and 4d. If you do qualify for an exception above, leave lines 4b, 4c, and 4d blank.

Schedule L

Part I—Tax on Net Income From Prohibited Transactions

Losses not included. Don't net losses from prohibited transactions against income or gains from prohibited transactions in determining the amounts to enter on lines 1a through 1d. These losses aren't deductible in computing net income from prohibited transactions.

For purposes of lines 1a and 1d, the term "prohibited transactions" doesn't include any disposition that is required to prevent default on a regular interest where the threatened default resulted from a default on one or more qualified mortgages, or to facilitate a clean-up call. A clean-up call is the redemption of a class of regular interests when, by reason of prior payments with respect to those interests, the administrative costs associated with servicing that class outweigh the benefits of maintaining the class. It doesn't include the redemption of a class in order to profit from a change in interest rates.

Line 1a—Gain from certain dispositions of qualified mortgages. Enter the amount of gain from the disposition of any qualified mortgage transferred to the REMIC other than a disposition from:

- The substitution of a qualified replacement mortgage for a qualified mortgage or the repurchase in lieu of substitution of a defective obligation;
- The foreclosure, default, or imminent default of the mortgage;
- The bankruptcy or insolvency of the REMIC; or
- A qualified liquidation.

See section 860F(a) for details and exceptions.

Line 1b—Income from nonpermitted assets. Enter the amount of any income received or accrued during the year attributable to any asset other than a qualified mortgage or permitted investment. See section 860G(a) for definitions.

Line 1c—Compensation for services. Enter the receipt by the REMIC of any amount representing a fee or other compensation for services.

Line 1d—Gain from the disposition of cash flow investments (except from a qualified liquidation). Enter the amount of gain from the disposition of any cash flow investment except from a qualified liquidation. A cash flow investment is any investment of amounts received under qualified mortgages for a temporary period (not more than 13 months) before distribution to holders of interests in the REMIC. See section 860F(a)(4) for the definition of a qualified liquidation.

Part II—Tax on Net Income From Foreclosure Property

For a definition of foreclosure property, see the instructions for [Schedule L, line 1c](#), later. Net income from foreclosure property must also be included in the computation of taxable income (or net loss) shown on Form 1066, page 1, Section I.

Line 6—Gross income from foreclosure property. Don't include on line 6 amounts described in section 856(c)(3)(A), (B), (C), (D), (E), or (G).

Line 8—Deductions. Only those expenses that are directly connected with the production of the income shown on line 7 may be deducted to figure net income from foreclosure property. Allowable deductions include depreciation on foreclosure property, interest accrued on debt of the REMIC attributable to the carrying of foreclosure property, real estate taxes, and fees charged by an independent contractor to manage foreclosure property. Don't deduct general overhead and administrative expenses.

Line 10—Tax on net income from foreclosure property. The REMIC is allowed a deduction for the amount of tax shown on this line. Include this amount in computing the deduction for taxes entered on Form 1066, page 1, Section I, line 11.

Part III—Tax on Contributions After the Startup Day

Don't complete this part if the startup day was before July 1, 1987. For this purpose, startup day means any day selected by a REMIC that is on or before the first day on which interests in the REMIC are issued.

Line 11—Tax. Enter the amount of contributions received during the calendar year after the startup day (as defined in the prior paragraph). See section 860G(d). Don't include cash contributions described next.

- Any contribution to facilitate a clean-up call or a qualified liquidation.
- Any payment in the nature of a guarantee.
- Any contribution during the 3-month period beginning on the startup day.

- Any contribution to a qualified reserve fund by any holder of a residual interest in the REMIC.

Attach a statement showing your computation.

Additional Information

Be sure to answer the questions and provide other information in items E through L.

Item E—Type of entity. Check the box for the entity type of the REMIC recognized under state or local law. If the REMIC isn't a separate entity under state or local law, check the box for "Segregated Pool of Assets" and state the name and type of entity that owns the assets in the spaces provided.

Item F—Number of residual interest holders. Enter the number of persons who were residual interest holders at any time during the tax year.

Item G—Electing out of the centralized partnership audit regime. A REMIC with only one residual interest holder at all times during the tax year doesn't need to complete item G because the REMIC isn't subject to the centralized partnership audit regime. If the REMIC had more than one residual interest holder at any time during the tax year, it may be eligible to elect out of the centralized partnership audit regime for the tax year if it has 100 or fewer residual interest holders in that year, each of which is either an individual, a C corporation, a foreign entity that would be treated as a C corporation if it was domestic, an S corporation, or an estate of a deceased residual interest holder. The election is made annually by checking the box on item G of a timely filed Form 1066. If the REMIC makes this election, it must also attach Schedule B-2 (Form 1065) to Form 1066 and provide all of the information requested on the Schedule B-2 for each residual interest holder and the shareholders of any S corporation residual interest holders. The REMIC must notify each residual interest holder of the election within 30 days of making the election.

If the REMIC had more than one residual interest holder at any time during the tax year and didn't elect out of the centralized partnership audit regime, it must complete the Designation of Partnership Representative on page 4 of Form 1066. For more information, see [Designation of Partnership Representative](#), later.

Item H—Foreign financial accounts. Check the "Yes" box if either (1) or (2) below applies to the REMIC. Otherwise, check the "No" box.

1. At any time during the 2025 calendar year, the REMIC had a financial interest in or signature or other authority over any foreign financial account, including bank, securities, or other types of financial accounts in a foreign country (see FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)); and

a. The combined value of the accounts was more than \$10,000 at any time during the calendar year, and

b. The account wasn't with a U.S. military banking facility operated by a U.S. financial institution.

2. The REMIC owns more than 50% of the stock in any corporation that would answer "Yes" to item 1 above.

If the "Yes" box is checked, do the following.

- Enter the name of the foreign country or countries where the foreign account(s) is held in the space provided on the form. Attach a separate sheet if more space is needed.
- Electronically file FinCEN Form 114, also referred to as FBAR, with the Department of the Treasury using the FinCEN's BSA E-Filing System. Because FinCEN Form 114 isn't a tax form, don't file it with Form 1066.

Go to [FinCEN.gov](https://www.fincen.gov) for more information.

Item I—Foreign trust. The REMIC may be required to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts, if:

- It directly or indirectly transferred money or property to a foreign trust (for this purpose, any U.S. person who created a foreign trust is considered a transferor);
- It is treated as the owner of any part of the assets of a foreign trust under the grantor trust rules; or
- It received a distribution from a foreign trust.

For more information, see the Instructions for Form 3520.

Note: An owner of a foreign trust must ensure that the trust files an annual information return on Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner. For details, see the Instructions for Form 3520-A.

To report information required under section 6038B, the REMIC may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation; or Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships. See the instructions for these forms for more information.

Item L—Sum of the daily accruals. Enter the total of the daily accruals for all residual interests for the calendar year. See section 860E(c)(2) for details.

Schedule L, Balance Sheets per Books

The amounts shown should agree with the REMIC's books and records. Attach a statement explaining any differences.

Line 1a—Cash flow investments. These are any investments of amounts received under qualified mortgages for a temporary period (not more than 13 months) before distribution to holders of interests in the REMIC.

Line 1b—Qualified reserve assets. The term "qualified reserve asset" means any intangible property that is held for investment and as part of a qualified reserve fund. For a definition of qualified reserve fund, including exceptions, see sections 860G(a)(7)(B) and (C).

Line 1c—Foreclosure property. This is any real property (including interests in real property), and any personal property incident to such real property, acquired by the REMIC as a result of the REMIC's having bid in the property at foreclosure, or having otherwise reduced the property to ownership or possession by agreement or process of law, after there was a default or imminent default on a qualified mortgage held by the REMIC.

Generally, this property ceases to be foreclosure property at the close of the third tax year following the tax year in which the REMIC acquired the property. See sections 860G(a)(8) and 856(e), and Regulations section 1.856-6 for more details.

Note: Solely for purposes of section 860D(a), the determination of whether any property is foreclosure property will be made without regard to section 856(e)(4).

Line 7—Regular interests. These are interests in the REMIC that are issued on the startup day with fixed terms and that are designated as regular interests, if:

1. Such interest unconditionally entitles the holder to receive a specified principal amount or other similar amounts; and

2. Interest payments (or similar amounts), if any, with respect to the interest at or before maturity are payable based on a fixed rate (or at a variable rate described in Regulations section 1.860G-1(a)(3)), or consist of a specified portion of the interest payments on qualified mortgages and this portion doesn't vary during the period that the interest is outstanding.

The interest will meet the requirements of (1) even if the timing (but not the amount) of the principal payments (or other similar amounts) is contingent on the extent of prepayments on qualified mortgages and the amount of income from permitted investments.

An interest will still qualify as a regular interest even if the specified principal amount of the regular interest (or the amount of interest accrued on the regular interest) can be reduced as a result of the nonoccurrence of one or more contingent payments with respect to any reverse mortgage loan held by the REMIC if, on the startup day for the REMIC, the sponsor reasonably believes that all principal and interest due under the regular interest will be paid at or prior to the liquidation of the REMIC.

Schedule M, Reconciliation of Residual Interest Holders' Capital Accounts

Show what caused the changes in the residual interest holders' capital accounts during the tax year.

The amounts shown should agree with the REMIC's books and records and the balance sheet amounts. Attach a statement explaining any differences.

Include in column (d):

- Tax-exempt interest income,
- Other tax-exempt income,
- Income from prohibited transactions,
- Income recorded on the REMIC's books but not included on this return, and
- Allowable deductions not charged against book income this year.

Include in column (e):

- Capital losses over the \$3,000 limitation (for a REMIC with a startup day before November 12, 1991),
- Other nondeductible amounts (such as losses from prohibited transactions and expenses connected with the production of tax-exempt income),
- Deductions allocable to prohibited transactions,

- Expenses recorded on books not deducted on this return, and
- Taxable income not recorded on the books this year.

Designation of Partnership Representative (PR)

Unless the REMIC has made a valid election out of the centralized partnership audit regime or had only one residual interest holder at all times during the tax year, the REMIC must designate a PR. The PR can be any person with a substantial presence in the United States. The PR will have the sole authority to act on behalf of the REMIC. If an entity is designated as PR, the REMIC must also appoint an individual to act on the entity's behalf (a designated individual (DI)). The DI must also have a substantial presence in the United States.

How to designate. An original designation of a PR must be made on the REMIC's Form 1066 filed for each respective REMIC tax year.

PR authority. The REMIC and all its residual interest holders (and any other person whose tax liability is determined in whole or in part by taking into account directly or indirectly adjustments determined under the centralized partnership audit regime) are bound by the actions of the PR in dealings with the IRS. A designation for a partnership tax year remains in effect until the designation is terminated by:

- Valid resignation of the PR,
- Valid revocation of the PR, or
- Determination by the IRS that the designation isn't in effect.

Substantial presence. In order for either a PR or a DI to have substantial presence in the United States, they must:

- Make themselves available to meet in person with the IRS in the United States at a reasonable time and place, as determined by the IRS;
- Have a street address that is in the United States;
- Have a telephone number with a U.S. area code; and
- Have a U.S. taxpayer identification number.

Schedule Q, Quarterly Notice to Residual Interest Holder of REMIC Taxable Income or Net Loss Allocation

Purpose of Schedule

Schedule Q (Form 1066) shows each residual interest holder's share of the REMIC's quarterly taxable income (or net loss), the excess inclusion for the residual interest holder's interest, and the residual interest holder's share of the REMIC's section 212 expenses for the quarter.

Although the REMIC isn't subject to income tax (except on net income from prohibited transactions, net income from foreclosure property, and contributions made after the startup day), the residual interest holders are liable for tax on their shares of the REMIC's taxable income, whether or not distributed, and must include their shares on their tax returns.

Note: Schedule Q (Form 1066) is a separate tax form that isn't part of Form 1066.

General Instructions

For each calendar quarter, complete Schedule Q (Form 1066) for each person who was a residual interest holder at any time during the quarter. File Schedule Q with Form 1066. Give one copy to the residual interest holder by the last day of the month following the month in which the calendar quarter ends. Keep one copy with a copy of Form 1066 as part of the REMIC's records.

Specific Instructions

On each Schedule Q, enter the name, address, and identifying number for each residual interest holder and REMIC. For each residual interest holder that is an individual, you must enter the residual interest holder's social security number (SSN) (or individual taxpayer identification number (ITIN) for a resident or nonresident alien). For all other residual interest holders, you must enter the residual interest holder's EIN. However, if a residual interest holder is an IRA, enter the identifying number of the IRA trust. Don't enter the SSN (or ITIN) of the individual for whom the IRA is maintained.

Item A—What Type of Entity Is This Residual Interest Holder?

State on this line whether the residual interest holder is an individual, a corporation, an estate, a trust, a partnership, an exempt organization, a nominee (custodian), or another REMIC. If the residual interest holder is a nominee, use the following codes to indicate in parentheses the type of entity the nominee represents.

- I—Individual.
- C—Corporation.
- F—Estate or Trust.
- P—Partnership.
- E—Exempt Organization.
- R—REMIC.
- IRA—Individual Retirement Arrangement.

Item B—Residual Interest Holder's Percentage of Ownership

Enter in item B2 the percentage at the end of the calendar quarter. However, if a residual interest holder's percentage of ownership changed during the quarter, enter in item B1 the percentage immediately before the change. If there are multiple changes in the percentage of ownership during the quarter, attach a statement giving the date and percentage before each change.

Item C—REMIC Assets

Enter in item C the percentage of the REMIC's assets during the calendar quarter represented by each of the following categories of assets.

- Real estate assets under section 856(c)(5)(B).
- Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association).

These percentages must be computed using the average adjusted basis of the assets held during the calendar quarter. To do this, the REMIC must make the appropriate computation as of the close of each month, week, or day and then average the monthly, weekly, or daily percentages for the quarter. The monthly, weekly, or daily computation period must be applied uniformly during the calendar quarter to both categories of assets, and may not be changed in succeeding calendar quarters without IRS consent. If the percentage of the REMIC's assets for either category is at least 95%, the REMIC may show "95 or more" for that category in item C.

If less than 95% of the assets of the REMIC are real estate assets (as defined in section 856(c)(5)(B)), the REMIC must also report to any real estate investment trust that holds a residual interest the information specified in Regulations section 1.860F-4(e)(1)(ii)(B). However, if a REMIC is an "eligible REMIC," as defined in Notice 2012-5, and a percentage of its assets represented by either of the categories of assets described under REMIC assets, earlier, was less than 95% but at least 80%, then the REMIC need only specify in item C that the percentage for that category was at least 80%. For more information, see Notice 2012-5, available on page 291 of Internal Revenue Bulletin 2012-3 at [IRS.gov/irb/2012-03_IRB#NOT-2012-5](https://www.irs.gov/irb/2012-03_IRB#NOT-2012-5).

Item F—Reconciliation of Residual Interest Holder's Capital Account

See the instructions for [Schedule M](#), earlier.

Line 1a—Taxable income (net loss) of the REMIC for the calendar quarter. Enter the REMIC's taxable income (net loss) for the calendar quarter. The sum of the totals for the four quarters in the calendar year must equal the amount shown on Form 1066, Section I, line 15.

Line 1b—Your share of the taxable income (net loss) for the calendar quarter. Enter the residual interest holder's share of the taxable income (net loss) shown on line 1a (determined by adding the holder's daily portions under section 860C(a)(2) for each day in the quarter the holder held the residual interest). If line 1a is a loss, enter the residual interest holder's full share of the loss, without regard to the adjusted basis of the residual interest holder's interest in the REMIC.

Line 2a—Sum of the daily accruals under section 860E for all residual interests for the calendar quarter. Enter the product of the sum of the adjusted issue prices of all residual interests at the beginning of the quarter and 120% of the long-term federal rate (determined on the basis of compounding at the end of each quarter and properly adjusted for the length of such quarter). See section 860E(c) for details.

Line 2b—Sum of the daily accruals under section 860E for your interest. Enter zero if line 2a is zero. Otherwise, divide the amount shown on line 2a by the number of days in the quarter. Multiply the result by the residual interest holder's percentage of ownership for each day in the quarter that the residual interest holder owned the interest. Total the daily amounts and enter the result.

Line 3. Complete lines 3a and 3b only for residual interest holders who are individuals or other pass-through interest holders (as defined in Temporary Regulations section 1.67-3T).

Line 3a—Section 212 expenses of the REMIC for the calendar quarter. Enter the REMIC's allocable section 212 expenses for the calendar quarter. The term "allocable section 212 expenses" means the aggregate amount of the expenses paid or accrued in the calendar quarter for which a deduction is allowable under section 212 in determining the taxable income of the REMIC for the calendar quarter.

Section 212 expenses generally include operational expenses such as:

- Rent,
- Salaries,
- Legal fees,
- Accounting fees,
- Litigation expenses, and
- The cost of preparing and distributing reports and notices to interest holders.

Line 3b—Your share of section 212 expenses for the calendar quarter. Enter the residual interest holder's share of the amount shown on line 3a.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You're 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're 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 section 6103.

The time needed to complete and file this form and related schedule will vary depending on individual circumstances. The estimated burden for business taxpayers filing this form and the related schedule is approved under OMB control number 1545-0123 and is included in the estimates shown in the instructions for their business income tax return.

If you have comments concerning the accuracy of the time estimates or suggestions for making this form and related schedule simpler, we would be happy to hear from you. You can send us comments through [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or, you can write to Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. **Don't** send tax questions, tax returns, or payments to the above address. Instead, see [Where To File](#), earlier.