Instructions for Form 3520-A

(Rev. December 2025)

(Use with the December 2023 revision of Form 3520-A.)

Annual Information Return of Foreign Trust With a U.S. Owner

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

Future Developments

For the latest information about developments related to Form 3520-A and its instructions, such as legislation enacted after they were published, go to *IRS.gov/Form3520A*.

Reminders

Due date. Form 3520-A is due by the 15th day of the 3rd month after the end of the foreign trust's tax year. However, a substitute Form 3520-A attached to a U.S owner's Form 3520 is due the same day as Form 3520. See *When To File*, later.

Continuous-use revision. Use these instructions for tax year 2025 and subsequent years until a superseding revision is issued.

Tax year and statements. Enter the tax year at the top of the first page and all statements. If the foreign trust has adopted a fiscal tax year, enter the calendar year in which the fiscal tax year begins on all statements.

Note: All information provided must be in English. All amounts reported must be in U.S. currency.

General Instructions

Purpose of Form

Form 3520-A is the annual information return of a foreign trust with at least one U.S. owner. The form provides information about the foreign trust, its U.S. beneficiaries, and any U.S. person who is treated as an owner of any portion of the foreign trust under the grantor trust rules (sections 671 through 679).

Who Must File

A foreign trust with a U.S. owner must file Form 3520-A in order for the U.S. owner to satisfy its annual information reporting requirements under section 6048(b). Each U.S. person treated as an owner of any portion of a foreign trust under the grantor trust rules (sections 671 through 679) is responsible for ensuring that the foreign trust files Form 3520-A and furnishes the required annual statements to its U.S. owners and U.S. beneficiaries. If a foreign trust fails to file Form 3520-A, the U.S. owner must complete and attach a substitute Form 3520-A for the foreign trust to the U.S. owner's Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts, to avoid being subject to the penalty for the foreign trust's failure to file a Form 3520-A. See *Line 22* in the *Instructions for Form 3520*. See *Penalties*, later.

Exceptions To Filing

Rev. Proc. 2014-55 exempts from foreign trust information reporting certain Canadian retirement plans, including Canadian registered retirement savings plans (RRSPs) and Canadian registered retirement income funds (RRIFs). For more information about whether a Canadian retirement plan qualifies for an exemption from foreign trust information reporting, see sections 3 and 5 of Rev. Proc. 2014-55, 2014-44 I.R.B. 753, available at *IRS.gov/IRB/2014-44_IRB#RP-2014-55*.

Rev. Proc. 2020-17 exempts from foreign trust information reporting certain eligible individuals' transactions with, and ownership of, certain tax-favored foreign trusts that are established and operated exclusively or almost exclusively to provide pension or retirement benefits, or to provide medical, disability, or educational benefits. For more information, see section 5 of Rev. Proc. 2020-17, 2020-12 I.R.B. 539, available at *IRS.gov/IRB/2020-12_IRB#REV-PROC-2020-17*.

Proposed regulations under section 6048 exempt from foreign trust information reporting certain eligible individuals' transactions with, and ownership of, certain tax-favored foreign trusts that are established and operated exclusively or almost exclusively to provide pension or retirement benefits, or to provide medical, disability, or educational benefits. You may rely on these proposed regulations for any tax year ending after May 8, 2024, and beginning on or before the date that final regulations are published in the Federal Register, provided you and all related persons (within the meaning of sections 267(b) and 707(b)(1)) apply the proposed regulations in their entirety and in a consistent manner for all tax years beginning with the first tax year of reliance until the applicability date of the final regulations. For more information, see Proposed Regulations section 1.6048-5 as published in the Federal Register at *govinfo.gov/content/pkg/FR-2024-05-08/pdf/2024-09434.pdf*.

The exemptions from foreign trust information reporting described in Rev. Proc. 2014-55, Rev. Proc. 2020-17, and the proposed regulations under section 6048 do not affect any reporting obligations under section 6038D or under any other provision of the U.S. law, including the requirement to file Financial Crimes Enforcement (FinCEN) Form 114, Report of Foreign Bank and Financial Accounts (FBAR), imposed by 31 U.S.C. section 5314 and the regulations thereunder. For more information, go to *IRS.gov/FBAR*.

When To File

The foreign trust must file Form 3520-A, including the Foreign Grantor Trust Owner Statement (pages 3 and 4) and the Foreign Grantor Trust Beneficiary Statement (page 5), by the 15th day of the third month following the end of the trust's tax year unless an extension of time to file is granted. The foreign trust must also provide copies of the Foreign Grantor Trust Owner Statement (pages 3 and 4) and the Foreign Grantor Trust Beneficiary Statement (page 5) to the U.S. owners and U.S. beneficiaries by the due date of Form 3520-A.

If the foreign trust fails to file Form 3520-A, the U.S. owner must file a substitute Form 3520-A, including the Foreign Grantor Trust Owner Statement (pages 3 and 4) and the Foreign Grantor Trust Beneficiary Statement (page 5), along with the U.S. owner's Form 3520, by the Form 3520 due date. The U.S. owner must also provide copies of the Foreign Grantor Trust Owner Statement (pages 3 and 4) and the Foreign Grantor Trust Beneficiary Statement (page 5) to the U.S. owners and U.S. beneficiaries by the Form 3520 due date. See the *Instructions for Form 3520* for the due date of Form 3520.

Caution: Only a complete Form 3520-A is considered timely filed. Form 3520-A is considered complete only if all required attachments are included.

Extension of time to file. File Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns, using the foreign trust's employer identification number (EIN), to request an extension of time to file Form 3520-A. Form 7004 must be filed by the 15th day of the 3rd month following the end of the trust's tax year. See *Form 7004* for additional information.

Note: An extension of time to file an income tax return does NOT extend the time to file Form 3520-A. You MUST file Form 7004 using the foreign trust's EIN to request an extension of time to file Form 3520-A.

Where To File

File Form 3520-A, including the Foreign Grantor Trust Owner Statement (pages 3 and 4) and the Foreign Grantor Trust Beneficiary Statement (page 5), at the following address.

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

See the *Instructions for Form 3520* for where to file a substitute Form 3520-A attached to the U.S. owner's Form 3520.

Who Must Sign

Form 3520-A must be signed by the trustee of the foreign trust. If the trustee is a partnership, a partner or limited liability company (LLC) member must sign Form 3520-A. If the trustee is a corporation, the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer authorized to sign must sign Form 3520-A. However, if Form 3520-A is filed on behalf of a trustee that is a partnership or corporation by a receiver, trustee, or assignee, the fiduciary must sign the return, instead of the partner, LLC member, or corporate officer. A Form 3520-A signed by a receiver or trustee in bankruptcy on behalf of a trustee that is a partnership or corporation must be accompanied by a copy of the order or instructions of the court authorizing signing of Form 3520-A.

A substitute Form 3520-A must be signed by the U.S. owner. The U.S. owner's name and taxpayer identification number (TIN) must be provided on the "Title" line of the signature box.

When using a paid preparer, the paid preparer must do the following.

- Complete the required preparer information, including their name, Preparer Tax Identification Number (PTIN), and other identifying details.
- Sign the return in the space provided for the preparer's signature.
- Provide a copy of the return to the trustee or U.S. owner.

Inconsistent Treatment of Items

The U.S. beneficiary's and U.S. owner's tax returns must be consistent with the Form 3520-A filed by the foreign trust unless you report the inconsistency to the IRS. If the U.S. beneficiaries or U.S. owners are treating items on their tax returns differently from the way the foreign trust treated them on its return, they must file Form 8082, Notice of Inconsistent Treatment or Administrative Adjustment Request (AAR). See *Form 8082* for more details.

Penalties

The U.S. owner is subject to an initial penalty equal to the greater of $10,000 or 5% of the gross value, defined later, of the portion of the trust's assets treated as owned by the U.S. person at the close of that tax year if the foreign trust (a) fails to file a timely Form 3520-A, or (b) does not furnish all of the information required by section 6048(b) or includes incorrect information. See section 6677(a) through (c).

If a foreign trust fails to file a Form 3520-A, the U.S. owner must complete and attach a substitute Form 3520-A to the U.S. owner's Form 3520 by the due date of the U.S. owner's Form 3520 (and not the due date for Form 3520-A) in order to avoid being subject to a penalty for the foreign trust's failure to file a Form 3520-A. For example, a substitute Form 3520-A that, to the best of the U.S. owner's ability, is completed and attached to the U.S. owner's Form 3520 by the due date for the Form 3520 (such as April 15 for the U.S. owners who are individuals) is considered timely filed.

Additional penalties will be imposed if the noncompliance continues for more than 90 days after the IRS mails a notice of failure to comply with the required reporting. If the IRS can determine the gross value, defined later, of the portion of the trust's assets treated as owned by the U.S. person at the close of the tax year, then the penalties will be reduced as necessary to assure that the aggregate amount of such penalties does not exceed the gross value of the trust. For more information, see section 6677.

Criminal penalties may be imposed under sections 7203, 7206, and 7207 for failure to file on time and for filing a false or fraudulent return.

Note: If a U.S. owner of a foreign trust is subject to a 20% penalty imposed under section 6662 for an underpayment of tax required to be shown on a return, then such penalty may be increased to 40% under section 6662(j) for any portion of an underpayment that is attributable to any transaction involving any asset with respect to which information was required to be provided on Form 3520-A. For more information about undisclosed foreign financial asset understatements, see section 6662(j).

Reasonable cause. No penalties will be imposed if the taxpayer can demonstrate that the failure to comply with the reporting requirements was due to reasonable cause and not willful neglect.

Note: The fact that a foreign country would impose penalties for disclosing the required information is not reasonable cause. See section 6677(d). Similarly, reluctance on the part of a foreign fiduciary or provisions in the trust instrument that prevent the disclosure of required information is not reasonable cause.

Definitions

Distribution

A distribution received directly or indirectly from a foreign trust for section 6048(c) reporting purposes is any gratuitous transfer of money or other property from a foreign trust, whether or not a portion of such trust is treated as a grantor trust under the grantor trust rules of sections 671 through 679, and without regard to whether the recipient is designated as a beneficiary by the terms of the trust. A distribution includes the receipt of trust corpus and the receipt of a gift or bequest described in section 663(a).

A distribution also includes constructive transfers from a foreign trust. For example, if a U.S. beneficiary, defined later, or U.S. owner makes charges on a credit card that are paid by a foreign trust or guaranteed or secured by the assets of a foreign trust, the amount charged will be treated as a distribution to that U.S. beneficiary or U.S. owner by the foreign trust. Similarly, if a U.S. beneficiary or U.S. owner writes checks on a foreign trust's bank account, the amount will be treated as a distribution. Also, if a U.S. beneficiary or U.S. owner receives a payment from a foreign trust in exchange for property transferred to the trust or services rendered to the trust, and the fair market value (FMV) of the payment received exceeds the FMV of the property transferred or services rendered, the excess will be treated as a distribution to that U.S. beneficiary or U.S. owner. See section V of Notice 97-34, 1997-25 I.R.B. 22, available at *IRS.gov/pub/irs-irbs/irb97-25.pdf*.

Example 1. If a U.S. beneficiary sells stock with an FMV of $100 to a foreign trust and receives $150 in exchange, the U.S. beneficiary has received a distribution of $50.

Example 2. If a U.S. owner receives $100 from a foreign trust for performing services for the trust, and the services have an FMV of $20, the U.S. owner has received a distribution of $80.

Foreign Trust and Domestic Trust

A foreign trust is any trust other than a domestic trust. A domestic trust is any trust if:

1. A court within the United States is able to exercise primary supervision over the administration of the trust, and
2. One or more U.S. persons have the authority to control all substantial decisions of the trust.

Grantor

A grantor includes any person who creates a trust or directly or indirectly makes a gratuitous transfer of cash or other property to a trust. A grantor includes any person treated as the owner of any part of a foreign trust's assets under sections 671 through 679, excluding section 678.

Note: If a partnership or corporation makes a gratuitous transfer to a trust, the partners or shareholders are generally treated as the grantors of the trust, unless the partnership or corporation made the transfer for a business purpose of the partnership or corporation.

If a trust makes a gratuitous transfer to another trust, the grantor of the transferor trust is treated as the grantor of the transferee trust, except that if a person with a general power of appointment over the transferor trust exercises that power in favor of another trust, such person is treated as the grantor of the transferee trust, even if the grantor of the transferor trust is treated as the owner of the transferor trust.

Grantor Trust

A grantor trust is any trust to the extent that the assets of the trust are treated as owned by a person other than the trust. See the grantor trust rules in sections 671 through 679. A part of the trust may be treated as a grantor trust to the extent that only a portion of the trust assets are owned by a person other than the trust.

Note: Under the HIRE Act, effective after March 18, 2010, if a foreign trust directly or indirectly loans cash or marketable securities to a U.S. person who does not repay the loan at a market rate of interest, or allows a U.S. person to use trust property without paying FMV within a reasonable period of time, the trust will be treated as having a U.S. beneficiary and is therefore treated as a grantor trust under the grantor trust rules. See section 679.

Gross Value

Gross value is the value of property as determined under section 2512 and its regulations, without regard to any prohibitions or restrictions on a person's interest in the property. See section VII of *Notice 97-34*. Although formal appraisals are generally not required, you should keep contemporaneous records of how you arrived at your good faith estimate.

Nongrantor Trust

A nongrantor trust is any trust to the extent that the assets of the trust are not treated as owned by a person other

than the trust under the grantor trust rules in sections 671 through 679. Thus, a nongrantor trust is treated as a taxable entity. A trust may be treated as a nongrantor trust with respect to only a portion of the trust assets. See *Grantor Trust*, earlier.

Owner

An owner of a foreign trust is the person that is treated as owning any of the assets of a foreign trust under the grantor trust rules.

Property

Property means any property, whether tangible or intangible, including cash.

U.S. Agent

A U.S. agent is a U.S. person, defined later, that has a binding contract with a foreign trust that allows the U.S. person to act as the trust's authorized U.S. agent, in applying sections 7602, 7603, and 7604 with respect to:

- Any request by the IRS to examine records or produce testimony related to the proper U.S. tax treatment of amounts distributed, or required to be taken into account under the grantor trust rules, with respect to a foreign trust; or
- Any summons by the IRS for such records or testimony.

A U.S. grantor, a U.S. beneficiary, or a domestic corporation controlled by the grantor or beneficiary may act as a U.S. agent. However, a foreign trust will not be treated as having a U.S. agent unless the U.S. agent's name, address, and TIN are entered on lines 3a through 3g of Part I of Form 3520-A. See *Taxpayer identification numbers (TINs)*, later.

If a foreign trust with a U.S. owner does not have a U.S. agent, the IRS may redetermine the amounts required to be taken into account with respect to the foreign trust by the U.S. owner. See section 6048(b)(2). In order to avoid this, a U.S. owner of a foreign trust should ensure that the foreign trust appoints a U.S. person to act as the foreign trust's limited agent for purposes of applying sections 7602, 7603, and 7604. The agency relationship must be established by the time the U.S. person files Form 3520-A for the relevant tax year and must continue as long as the statute of limitations remains open for the relevant tax year.

In order to authorize a U.S. person to act as an agent under section 6048(b), the trust and the agent must enter into a binding agreement substantially in the format that follows.

AUTHORIZATION OF AGENT

[Name of foreign trust] hereby expressly authorizes [name of U.S. agent] to act as its agent solely for purposes of sections 7602, 7603, and 7604 of the Internal Revenue Code with respect to any request to examine records or produce testimony related to the proper treatment of amounts required to be taken into account under the rules of section 6048(b)(2)(A) or to any summons for such records or testimony. I certify that I have the authority to execute this authorization of agent to act on behalf of [name of foreign trust].

Signature of trustee (or other authorized person) _____ (title) _____ (date) _____

Your Name (type or print) _____

Taxpayer Identification Number (if any) _____

Address _____

[Name of agent] accepts this appointment to act as agent for [name of foreign trust] for the above purpose. I certify that I have the authority to execute this authorization of agent to act on behalf of [name of foreign trust] and agree to accept service of process for the above purposes.

Signature of agent _____ (title) _____ (date) _____

Your Name (type or print) _____

Taxpayer Identification Number (if any) _____

Address _____

Caution: Do not enter a PTIN on the Authorization of Agent form.

If the U.S. person's responsibility as an agent of the foreign trust is terminated for any reason (for example, resignation, liquidation, or death), the U.S. owner of the foreign trust must make sure the foreign trust files an amended Form 3520-A with the IRS within 90 days. See section IV.B of *Notice 97-34*.

U.S. Beneficiary

A U.S. beneficiary generally includes any U.S. person that could possibly benefit (directly or indirectly) from the trust (including an amended trust) at any time, whether or not the person is designated in the trust instrument as a beneficiary and whether or not the person can receive a distribution from the trust in the current year. In addition, a U.S. beneficiary includes:

- A foreign corporation that is a controlled foreign corporation (as defined in section 957(a)),
- A foreign partnership if a U.S. person is a partner of the partnership, and
- A foreign estate or trust if the estate or trust has a U.S. beneficiary. See section II of *Notice 97-34* and the regulations under section 679 for additional information.

Foreign trust treated as having a U.S. beneficiary. In general, if a U.S. person, directly or indirectly, transfers property to a foreign trust (other than a deferred compensation or charitable trust described in section 6048(a)(3)(B)(ii)), the foreign trust will be treated as

having a U.S. beneficiary unless the terms of the trust instrument specifically prohibit any distribution of income or corpus to a U.S. person at any time, even after the death of the U.S. transferor or any event terminating the trust, and the trust cannot be amended or revised to allow such a distribution. For these purposes, an amount will be treated as accumulated for the benefit of a U.S. person even if the U.S. person's interest in the trust is contingent on a future event and regardless of whether anything is actually distributed to a U.S. person during that tax year.

Special rule in case of discretion to identify beneficiaries. For purposes of the general rule above, if any person has the discretion of making a distribution from the trust to, or for the benefit of, any person, the trust will be treated as having a beneficiary who is a U.S. person, unless the terms of the trust specifically identify the class of persons to whom such distributions may be made, and none of those persons are U.S. persons during the tax year.

Certain agreements and understandings treated as terms of the trust. For purposes of the general rule above, if any U.S. person who directly or indirectly transfers property to the trust is directly or indirectly involved in any agreement or understanding (whether written, oral, or otherwise) that may result in the income or corpus of the trust being paid or accumulated to, or for the benefit of, a U.S. person, such agreement or understanding will be treated as a term of the trust.

Certain loans or uncompensated use of trust property. If a foreign trust is not already treated as having a U.S. beneficiary under the rules described above, the trust will be treated as having a U.S. beneficiary if, after March 18, 2010, either:

- The foreign trust loans cash or marketable securities, directly or indirectly, to a U.S. person and the U.S. person does not repay the loan at a market rate of interest within a reasonable period of time; or
- A U.S. person, directly or indirectly, uses property that is owned by the foreign trust and does not pay FMV of the use of such property within a reasonable period of time.

Presumption that foreign trust has U.S. beneficiary. If a U.S. person, directly or indirectly, transfers property to a foreign trust (other than a deferred compensation or charitable trust described in section 6048(a)(3)(B)(ii)), the IRS may treat such trust as having a U.S. beneficiary for purposes of applying section 679(d) to such transfer if the IRS requests information with respect to the transfer and the U.S. person fails to demonstrate to the satisfaction of the IRS that no portion of the income or corpus of the trust may ever be paid to or accumulated for the benefit of a U.S. person.

U.S. Person

A U.S. person is:

- A citizen or resident of the United States, including dual residents who claim the benefits under an income tax treaty;
- A domestic partnership;
- A domestic corporation;
- Any estate (other than a foreign estate, within the meaning of section 7701(a)(31)(A)); and
- Any domestic trust (defined earlier).

For guidance on determining resident alien status, go to *Pub. 519*, U.S. Tax Guide for Aliens.

Specific Instructions

Period Covered

For calendar-year filers, fill in the "calendar year" space at the top of the form. For fiscal-year filers, fill in the "tax year beginning" and "ending" spaces at the top of the form.

Initial Return, Final Return, Amended Return, Extension Filed, Substitute Form 3520-A

Initial return. If this is the foreign trust's first return, check the "Initial return" box.

Final return. If the foreign trust ceases to exist, check the "Final return" box.

Amended return. If this Form 3520-A is filed to amend a previously filed Form 3520-A, check the "Amended return" box.

Extension filed. If the Form 7004 was timely filed to request an extension for the Form 3520-A, check the "Extension filed" box.

Substitute Form 3520-A. If you are a U.S. owner of the foreign trust filing a substitute Form 3520-A and attaching it to your Form 3520, check the "Substitute Form 3520-A" box.

Excepted Specified Foreign Financial Assets Reported

Check the box only if a U.S. person treated as the owner of any portion of the trust under the grantor trust rules also files Form 8938, Statement of Specified Foreign Financial Assets, for the tax year and includes this form in the total number of Forms 3520-A reported on line 16 of Part IV, Excepted Specified Foreign Financial Assets, of Form 8938. For more information, see the *Instructions for Form 8938*, generally, and in particular, *Duplicative reporting* and the specific instructions for Part IV.

Part I—General Information

Taxpayer identification numbers (TINs). Use social security numbers (SSNs) or individual taxpayer identification numbers (ITINs) to identify individuals. Use EINs to identify estates, trusts, partnerships, and corporations. Don't use an SSN in place of an EIN.

Applying for an EIN. If the foreign trust doesn't have an EIN, the foreign trust may apply for one online at *IRS.gov/EIN*. If the foreign trust's principal place of business is outside the United States or its territories, the foreign trust can apply for an EIN by phone at 267-941-1099. See International EIN applicants under Other ways to apply for an EIN at *IRS.gov/EIN*.

Caution: Do not enter a PTIN in any entry space on Form 3520-A other than the entry space for "PTIN" at the bottom of page 1 of the form.

Address. Include the room, suite, or other unit number after the street address. If the post office does not deliver mail to the street address and the U.S. person has a P.O. box, show the box number instead.

Foreign address. Do not abbreviate the country name.

Line 1b. Enter the EIN of the foreign trust. Do not enter an SSN or ITIN. Only an EIN should be used to identify the foreign trust.

Line 2. Check "Yes" if the foreign trust appointed a U.S. agent and enter the year the Authorization of Agent form was last attached. See *U.S. Agent*, earlier, for the Authorization of Agent form.

The Authorization of Agent form should be attached every 3 years unless there has been a change, and if so, it should be attached in the year with respect to which the change relates.

Check "No" if the foreign trust did not appoint a U.S. agent, and attach the following documents to Form 3520-A.

- A summary of the terms of the trust that includes a summary of any oral agreements or understandings you have with the trustee, whether or not legally enforceable.
- A copy of all trust documents (and any revisions), including the trust instrument, any memoranda of wishes prepared by the trustees summarizing the settlor's wishes, any letter of wishes prepared by the settlor summarizing his or her wishes, and any similar documents.
- A copy of the trust's organizational chart, including ownership structure and percentage of ownership.

Note: If these documents have been attached to a Form 3520-A filed within the previous 3 years, attach only relevant updates.

Lines 3a through 3g. Enter the name, TIN, and address of the U.S. agent appointed. See *U.S. Agent*, earlier.

Line 5. Enter the number of Foreign Grantor Trust Owner Statements (pages 3 and 4) included with this Form 3520-A.

Line 6. Enter the number of Foreign Grantor Trust Beneficiary Statements (page 5) included with this Form 3520-A.

Sign here. The trustee of the foreign trust must sign the Form 3520-A; however, if the U.S. owner of the foreign trust is filing a substitute Form 3520-A, the U.S. owner must sign. See *Who Must Sign*, earlier.

Part II—Foreign Trust Income Statement

Include all income from U.S. and non-U.S. sources. This financial statement must reasonably reflect the trust's income under U.S. income tax principles.

Income

Line 1. Interest. Report all taxable interest income that was received during the tax year. Examples of taxable interest include, but are not limited to, interest from the following.

- Accounts (including certificates of deposit and money market accounts) with banks, credit unions, and thrift institutions.
- Notes, loans, and mortgages.
- U.S. Treasury bills, notes, and bonds.
- U.S. savings bonds.
- Original issue discount.
- Income received as a regular interest holder of a real estate mortgage investment conduit (REMIC).

For taxable bonds acquired after 1987, amortizable bond premium is treated as an offset to the interest income instead of as a separate interest deduction. See *Pub. 550, Investment Income and Expenses*.

Line 2. Dividends. Report all ordinary dividends received during the tax year.

Note: Report capital gain distributions on *Line 5. Capital gains (losses)* of this section.

Line 4. Income (loss) from partnerships, fiduciaries, etc. Enter the trust's share of income or (losses) from partnerships, S corporations, estates, other trusts, and REMICs.

If the trust received a Schedule K-1 from a partnership, S corporation, or other flow-through entity, use the corresponding lines on Form 3520-A to report the interest, dividends, capital gains, etc., from the flow-through entity.

Line 5. Capital gains (losses). For capital gains or (losses) attributable to a U.S. owner, use Schedule D (corporate or individual, whichever applies) and Form 8949, Sales and Other Dispositions of Capital Assets, if applicable.

Line 6. Ordinary gains (losses). Enter the ordinary gain or (loss) from the sale or exchange of property other than capital assets and also from involuntary conversions (other than casualty or theft).

Line 7. Other income. Enter other items of income not included on lines 1 through 6. List the types and amounts on an attached statement if the trust has more than one item.

Items to be reported on line 7 include any part of a total distribution shown on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., that is treated as ordinary income. For more information, see the instructions for *Form 4972*, Tax on Lump-Sum Distributions.

Expenses

Line 9. Interest expense. Enter the amount of interest (subject to limitations) paid or incurred by the trust on amounts borrowed by the trust, or on debt acquired by the trust, that is not reported elsewhere in Part II.

If the proceeds of a loan were used for more than one purpose (for example, to purchase a portfolio investment and to acquire an interest in a passive activity), the fiduciary must make an interest allocation according to the rules in Temporary Regulations section 1.163-8T.

Do not include interest paid on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax.

Line 10a. Foreign taxes. A foreign tax includes only a tax imposed by the authority of a foreign country.

Line 10b. State and local taxes. Enter any deductible state and local income or real property taxes paid or incurred during the tax year that are not reported elsewhere in Part II.

Do **not** deduct on line 10b or on any other line of Part II:

- Federal income taxes;
- Estate, inheritance, legacy, succession, and gift taxes; or
- Federal duties and excise taxes.

Line 11. Amortization and depreciation (depletion). A reasonable amount is allowed as a depreciation deduction for the exhaustion, wear, and tear of:

- Property used in a trade or business, or
- Property held for the production of income.

Line 12. Trustee and advisor fees. Enter the deductible fees paid or incurred to the fiduciary for administering the trust during the tax year.

Line 13. Charitable contributions. Generally, any part of the income reported on line 8 that is paid (or treated as paid) during the tax year for a charitable purpose specified in section 170(c) is allowed as a deduction. It is not necessary that the charitable organization be created or organized in the United States.

Line 14. Other expenses. Enter other items of expense not listed on lines 9 through 13. List the type and amount on an attached statement if the trust has more than one item.

Line 17a. FMV of total distributions. Attach a statement that provides the following information concerning the transfer.

1. Name, U.S. TIN (if any), and country of organization or residence of the person to whom the property was transferred.

2. A general description of the transfer, and any broader transaction of which it forms a part, including a chronology of the transfers involved and an identification of the other parties to the transaction to the extent known.

3. A description of the property transferred, including the estimated FMV and the adjusted basis of the property.

4. A description of the consideration received by the trust, including its estimated FMV, and for stock or securities, the class or type, amount, and characteristics of the interest received. If no consideration was received by the trust, indicate whether the trust or a U.S. owner exercises any powers over the entity to which the property was transferred (including a description of such powers), and identify the name, U.S. TIN (if any), and country of organization or residence of all beneficial owners of such entity.

5. To the extent known, a description of any subsequent transfer of the property, including the name, U.S. TIN (if any), and country of organization or residence of the person to whom the property was subsequently transferred.

The statement must also contain a description of the trust ownership structure setting forth the name, U.S. TIN (if any), and country of organization of all entities in which the trust has an ownership interest, including an ownership chart showing the trust's position in the chain of ownership and the percentages of ownership.

Note: The term "person" includes an individual or an entity, whether U.S. or foreign. See the definition of *U.S. person*, earlier. A foreign person is an individual or entity that is not a U.S. person.

Lines 17b and 17c. Distributions to U.S. owners and U.S. beneficiaries. Separately list the total amount of distributions (including the uncompensated use of trust property) to each U.S. owner and U.S. beneficiary. List the full name, TIN, date of distribution, and FMV on the date of distribution (dollar amount) for each U.S. owner and U.S. beneficiary who receives a distribution. If more space is needed, attach a statement.

Prepare a separate **Foreign Grantor Trust Owner Statement** (see below) or **Foreign Grantor Trust Beneficiary Statement** (see below) for each U.S. owner or for each U.S. beneficiary who receives a distribution from the trust.

Part III—Foreign Trust Balance Sheet

List all assets and liabilities of the trust, including those assets and liabilities attributable to the portion(s) of the trust (if any) not treated as owned by a U.S. person.

The balance sheet should reflect FMV. Include certificates of deposit as cash on line 1.

For purposes of completing Part III, it is not necessary or required to reconcile any differences between the book and tax basis of assets and liabilities.

Line 18. Accumulated trust income. Include the total amount of trust income accumulated and not distributed.

Foreign Grantor Trust Owner Statement

Caution: On the top of each statement, fill in the tax year. If the foreign trust has adopted a fiscal tax year, use the calendar year in which the fiscal tax year begins.

A copy of this statement (pages 3 and 4 of Form 3520-A) must be (a) furnished to **each** U.S. person who is treated as an owner of the foreign trust under the grantor trust rules, and (b) included with this Form 3520-A. The statement must be furnished to each U.S. owner no later than the 15th day of the 3rd month following the end of the trust's tax year, or later if an extension of time to file is granted, or if filing a substitute Form 3520-A. See *When and Where To File*, earlier.

TINs and addresses. See the instructions for *Part I*, earlier, for information on entering TINs and addresses.

Line 8. Trust documents. If the trust did not appoint a U.S. agent, list the documents attached to the current year Form 3520-A and those attached to a Form 3520-A filed within the last 3 years. Specify the years the documents were attached. See *Line 2* under *Part I*, earlier, for a list of documents the trust is required to attach to Form 3520-A.

Statement of Foreign Trust Income Attributable to U.S. Owner

Caution: On the top of each statement, fill in the tax year. For fiscal-year filers, use the year in which your fiscal tax year begins.

The amounts on the statement must include the portion of income reported by the foreign trust deemed attributable to the U.S. owner.

The foreign trust may need to furnish to the U.S. owner additional information, including applicable statements, to ensure that the owner accurately reports income and expenses on the owner's U.S. income tax return.

Foreign Grantor Trust Beneficiary Statement

Caution: On the top of each statement, fill in the tax year. If the foreign trust has adopted a fiscal tax year, use the calendar year in which the fiscal tax year begins.

A copy of this statement (page 5 of Form 3520-A) must be (a) furnished to **each** U.S. beneficiary who receives a distribution, directly or indirectly, from the foreign trust during the tax year; and (b) included with this Form 3520-A. See the definitions for U.S. beneficiary and distribution provided earlier in these instructions.

Exception. Do not complete this statement for a U.S. person for any portion of the trust of which that U.S. person is treated as the owner; instead, complete the Foreign Grantor Trust Owner Statement for that U.S. person (as described earlier).

The statement must be furnished to the U.S. beneficiary no later than the 15th day of the 3rd month following the end of the trust's tax year, or later if an extension of time to file is granted, or if filing a substitute Form 3520-A. See *When and Where To File*, earlier.

TINs and addresses. See the instructions for *Part I*, earlier, for information on entering TINs and addresses.

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Recordkeeping	37 hr., 18 min.
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