Form 8873

Department of the Treasury Internal Revenue Service **Extraterritorial Income Exclusion**

► Attach to your tax return.

► See separate instructions.

OMB No. 1545-1722

Attachment Sequence No. 126

Name(s) as shown on return

Identifying number

Par	Elections and Other Information		1			
1	Check the box if you are electing under section 942(a)(3) to exclude a portion of your gross receipts from foreign trading gross receipts on line 15. Attach a schedule indicating which receipts are being excluded					
2	Check the box if you are electing to apply the extraterritorial income exclusion provisions to certain transactions involving a FSC (see instructions). Attach a schedule listing the affected transactions					
3	Check the box if the taxpayer is a foreign corporation electing to be treated as a domestic corporation (see instructions)					
4a	Are you excepted from the foreign economic process requirements because your foreign trading gross receipts are \$5 million or less?					
b	If "No," check the applicable box to indicate how you met the foreign econ (1) U You met the 50% foreign direct cost test (see instructions).			ts:		
	(2) You met the alternative 85% foreign direct cost test (see instructions).	tions).				
5	See page 3 of the instructions before completing lines 5a through 5c. Note: For transactions for which the exclusion is determined using the foreign sale and leasing income method (i.e., line 44 equals line 45), complete only lines 5a and 5c(1).					
а	Business activity code b Product or product line					
С	Check the applicable box to indicate the basis of your reporting:					
	 (1) Transaction-by-transaction: (a) ☐ Aggregate on Form 8873 (b) ☐ Aggregate on tabular schedule (c) ☐ Tabular schedule of transactions 					
	(2) Group of transactions					
Par	Till Foreign Trade Income and Foreign Sale and Leasing Income					
	Caution: If a related person is also eligible for an extraterritorial income exclusion, see Excluded property on page 2 of the instructions.		(a) Foreign Trade Income	(b) Foreign Sale Leasing Incor	and ne	
6	Sale, exchange, or other disposition of qualifying foreign trade property	6			X//////	
7	Enter the amount from line 6, column (a), attributable to the sale of property	"			<i>XIIIII</i>	
	formerly leased or rented for use by the lessee outside the United States	7				
8	Lease or rental of qualifying foreign trade property for use by the lessee outside the United States. Enter the same amount in both columns	8				
9	Services related and subsidiary to the sale, exchange, or other disposition				X/////	
	of qualifying foreign trade property	9			<i>X//////</i>	
10	Enter the amount from line 9, column (a), attributable to the sale of property formerly leased or rented for use by the lessee outside the United States	10				
11	Services related and subsidiary to the lease of qualifying foreign trade property for use by the lessee outside the United States. Enter the same amount in both columns .	11				
12	Engineering or architectural services for construction projects outside the United States	12				
13	Managerial services provided to unrelated persons (see instructions) .	13			<i>X//////</i>	
14	Enter the sum of the amounts from lines 6, 9, 12, and 13 of column (a)					
	attributable to foreign economic processes. Do not include any amounts	111				
4 F	already included on lines 7, 8, 10, or 11 in column (b)	14				
15 16	Foreign trading gross receipts. Add lines 6 through 13 in column (a). Add lines 7 through 14 in column (b)	16			<i></i>	
17	Cost of goods sold:					
	Inventory at beginning of year	17a				
b	Purchases	17b				
С	Cost of labor	17c				
d	Additional section 263A costs (attach schedule)	17d				
е	Other costs (attach schedule)	17e				
f	Total. Add lines 17a through 17e	17f				
g	Inventory at end of year	17g 17h				
h 10	Subtract line 17g from line 17f	1711				
18	In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16	18				
19	Other expenses and deductions (see instructions) (attach schedule)	19				
20	Foreign trade income. In column (a), subtract line 19 from line 18. If -0-				X/////.	
	or less, stop here. You do not qualify for the exclusion	20	\\\\\\\\\\\\\\\\\\\\\\\\		X//////	
21	Foreign sale and leasing income. In column (b), subtract line 19 from line 18	21	<i>\(\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\</i>	/// /		

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Part III Marginal Costing (Note: If you are not using Marginal Costing, skip Part III and go to Part IV.)							
Section A — Foreign Trade Income Using Marginal Costing Method							
22	Foreign trading gross receipts. Enter the amount from line 15	22					
23	Costs and expenses allocable to the amount reported on line 22:						
а	Cost of direct material attributable to property sold						
	Cost of direct labor attributable to property sold						
	Add lines 23a and 23b	23c					
24	Subtract line 23c from line 22	24					
25	Worldwide gross receipts from sales of the product or product line	25					
26	Costs and expenses allocable to the amount reported on line 25:						
	Cost of goods sold attributable to property sold						
b	Other expenses and deductions attributable to gross income 26b						
С	Add lines 26a and 26b	26c					
27	Subtract line 26c from line 25. (Note : <i>If -0- or less, stop here. You may not use Part III to determine</i>						
	your qualifying foreign trade income. Go to line 37.)	27					
28	Overall profit percentage. Divide line 27 by line 25. Carry the result to at least three decimal						
	places	28					
29	Overall profit percentage limitation. Multiply line 22 by line 28	29					
30	Foreign trade income using marginal costing. Enter the smaller of line 24 or line 29	30					
Section B — 15% of Foreign Trade Income Method							
31	Multiply line 30 by 15% (.15)	31					
32	Foreign trade income using full costing. Enter the amount from line 20	32					
33	Enter the smaller of line 31 or line 32	33					
Sec	tion C — 1.2% of Foreign Trading Gross Receipts Method						
34	Multiply line 22 by 1.2% (.012)	34					
35	Multiply line 30 by 30% (.30)	35					
36	Enter the smallest of lines 32, 34, or 35	36					
Pa	t IV Extraterritorial Income Exclusion (Net of Disallowed Deductions)						
37	Enter your foreign trade income from line 20	37					
38	Multiply line 37 by 15% (.15)	38					
39	Enter your foreign trading gross receipts from line 15						
40	Multiply line 39 by 1.2% (.012)						
41	Multiply line 38 by 2.0						
42	Enter the smaller of line 40 or line 41	42					
43	Enter your foreign sale and leasing income from line 21	43					
44	Multiply line 43 by 30% (.30)	44					
45	Enter the greatest of lines 33, 36, 38, 42, or 44. If you are using the alternative computation,						
	see instructions for the amount to enter	45					
	Note: If you do not have a reduction for international boycott operations, illegal bribes, kickbacks,						
	etc. (see the instructions for line 50), skip lines 46 through 51 and enter on line 52 the amount						
	from line 45.						
46	If line 44 equals line 45, divide the amount on line 45 by the amount						
	on line 43. Otherwise, divide the amount on line 45 by the amount on						
	line 37. Carry the result to at least three decimal places						
47	If line 44 equals line 45, enter the amount from line 19, column (b). Otherwise, enter the amount from line 19, column (a).						
46	Otherwise, enter the amount nom line 17, column (a)	48					
48	Multiply line 46 by line 47	49					
49	Add lines 45 and 48						
50	Reduction for international boycott operations, illegal bribes, kickbacks, etc. (see instructions)	50					
51	Qualifying foreign trade income. Subtract line 50 from line 49. If -0- or less, stop here. You do	₅₁					
-	not qualify for the exclusion	51					
52	Extraterritorial income exclusion (net of disallowed deductions). Subtract line 48 from line 51. Enter the result here and on the "Other deductions" or "Other Expenses" line of your return						
	or schedule (see instructions)	52					