

# Claim for Deficiency Dividends Deductions by a Personal Holding Company, Regulated Investment Company, or Real Estate Investment Trust

(Under Section 547 or 860 of the Internal Revenue Code)

Name of entity	Employer identification number
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Number, street, and room or suite no. (If a P.O. box, see instructions.)	<b>Type of entity filing the claim:</b> <input type="checkbox"/> Personal holding company <input type="checkbox"/> Regulated investment company <input type="checkbox"/> Real estate investment trust
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City or town, state, and ZIP code	<input type="checkbox"/> Personal holding company <input type="checkbox"/> Regulated investment company <input type="checkbox"/> Real estate investment trust
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<b>1</b> Amount of tax deficiency . . . . . <b>2</b> Tax year of deficiency ends: . . . . . <b>3a</b> Amount paid . . . . . <b>b</b> Date paid . . . . . <b>4</b> Amount unpaid. Subtract line 3a from line 1 . . . . . <b>5</b> How was the deficiency established? <b>a</b> <input type="checkbox"/> Tax Court Decision—Attach a copy. <b>b</b> <input type="checkbox"/> Court Judgment—Attach a copy. If established by a final judgment in a suit against the United States for refund: (1) Date the claim for refund was filed . . . . . (2) Date the suit was brought . . . . . <b>c</b> <input type="checkbox"/> Closing agreement under section 7121. <b>d</b> <input type="checkbox"/> If a personal holding company, agreement under section 547(c)(3)—Attach a copy of a properly executed Form 2198. <b>e</b> <input type="checkbox"/> If a regulated investment company or real estate investment trust, agreement under section 860(e)(3)—Attach a copy of the agreement. <b>f</b> <input type="checkbox"/> If a regulated investment company or real estate investment trust, a statement under section 860(e)(4)—Attach a copy of the Form 8927 filed with the IRS (see instructions). <b>6</b> Determination date (see instructions) . . . . . <b>7</b> Date the deficiency dividend was distributed . . . . . (Attach a certified copy of the resolution of the board of directors or other authority authorizing the payment of the deficiency dividend.) <b>8</b> Deficiency dividend was distributed as follows: <b>a</b> Cash . . . . . <b>b</b> Other property (attach description): (1) Fair market value . . . . . (2) Adjusted basis . . . . . <b>9a</b> Amount claimed as a deduction for deficiency dividends . . . . . <b>b</b> For a regulated investment company or real estate investment trust, enter the amount of line 9a designated as capital gain dividends . . . . .	<table border="1" style="width:100%"> <tr><td style="text-align:center"><b>1</b></td><td></td></tr> <tr><td style="text-align:center"><b>3a</b></td><td></td></tr> <tr><td style="text-align:center"><b>4</b></td><td></td></tr> <tr><td style="text-align:center"><b>8a</b></td><td></td></tr> <tr><td style="text-align:center"><b>8b(1)</b></td><td></td></tr> <tr><td style="text-align:center"><b>8b(2)</b></td><td></td></tr> <tr><td style="text-align:center"><b>9a</b></td><td></td></tr> <tr><td style="text-align:center"><b>9b</b></td><td></td></tr> </table>	<b>1</b>		<b>3a</b>		<b>4</b>		<b>8a</b>		<b>8b(1)</b>		<b>8b(2)</b>		<b>9a</b>		<b>9b</b>	
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<b>10</b> Only personal holding companies must complete line 10.		
(a) Name and address of each shareholder	(b) Class of stock and number of shares of each class of stock held at date of payment of deficiency dividend	(c) Amount of deficiency dividend paid to each shareholder on each class of stock

<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this claim, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	Signature of officer _____	Date _____	Title _____
<b>Paid Preparer's Use Only</b>	Preparer's signature _____	Date _____	Check if self-employed <input type="checkbox"/>
	Firm's name (or yours if self-employed), address and ZIP code _____	EIN _____	SSN or PTIN _____ Phone no. ( ) _____

# Instructions

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

**Purpose of form.** File Form 976 for a personal holding company (PHC), regulated investment company (RIC), or real estate investment trust (REIT) that is claiming a deficiency dividend deduction under section 547 or 860. If the claim is allowed, taxpayers will be relieved, in whole or in part, from the payment of certain taxes (or allowed a credit or refund of certain taxes). In addition, a RIC or REIT will owe interest determined with respect to the amount of the deficiency dividend deduction allowed, and a RIC will owe a corresponding penalty. See sections 860(a), 860(c), 6601, 6621, and 6697. The Service will notify the RIC or REIT of the amount of interest and penalty.

**When and where to file.** File Form 976 within 120 days after the determination date (defined below). A PHC must file Form 976 with the IRS office where the determination of PHC status was made. A RIC or a REIT must file Form 976 with the Internal Revenue Service Center where the income tax return for the tax year for which the determination applies was filed, unless the situations below apply.

If the determination is made by a RIC or REIT under section 860(e)(4), file Form 976 with the Internal Revenue Service, P.O. Box 9941, Mail Stop 4912, Ogden, UT 84409. This is the same address for filing Form 8927, Determination Under Section 860(e)(4) by a Qualified Investment Entity.

If the determination is from an agreement with the delegate (under section 547(c)(3) or 860(e)(3)) any claim resulting from the deficiency dividend deduction may be filed with the delegate or corresponding IRS office.

**Deficiency dividends.** Deficiency dividends must be distributed no later than 90 days after the determination date (defined below) and prior to filing Form 976.

The deficiency dividend must be of such a nature as would have permitted its inclusion in the computation of the deduction for dividends paid under section 561 for the tax year for which the tax liability exists, if it had been distributed during that year.

**Determination date.** If the determination was made by:

- A decision of the Tax Court, the determination date is the date the decision becomes final under section 7481.
- A judgment, decree, or order by a court, the determination date is the date the judgment, decree, or order becomes final.
- A closing agreement made under section 7121, the determination date is the date the agreement is approved by the Commissioner.
- An agreement between the IRS and the taxpayer under section 547(c)(3) (Form 2198) (see below) or section 860(e)(3) and the signed copy of the agreement is sent to the taxpayer by registered mail, the determination date is the date of the registration. If the agreement is sent by certified mail, the determination date is the date of the postmark on the sender's receipt. But if the dividend is paid before the registration or postmark date, and on or after the date the agreement is signed by the delegate of the Commissioner, the determination date is the date the agreement was signed.
- A RIC or REIT under section 860(e)(4) (Form 8927), in general, the determination date is the date Form 8927 was mailed to the IRS. See Rev. Proc. 2009-28 for more information. A RIC or REIT should retain written evidence with its records to establish the date Form 8927 was mailed.

Enter this date on line 6.

**Form 2198.** Form 2198, Determination of Liability for Personal Holding Company Tax—Section 547(c)(3) of the Internal Revenue Code, is used as the agreement required by section 547(c)(3). The form is jointly signed by a delegate of the Commissioner of Internal Revenue and a qualified officer of the PCH to establish the PCH's tax liability.

**Claim for credit or refund.** If the allowance of the deficiency dividend deduction results in an overpayment of tax, the taxpayer must file an amended income tax return in addition to Form 976 to obtain a credit or refund of the overpayment.

**Corporate acquisitions.** When the assets of one corporation are acquired by another corporation in a distribution or transfer described in section 381(a), see sections 381(c)(17) and 381(c)(23) for special rules for claiming a deficiency dividend deduction.

**Address.** Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the taxpayer has a P.O. box, show the box number instead of the street address.

**Line 1.** Enter the amount of the tax liability established by the determination without taking into account the deficiency dividend deduction claimed and without regard to whether the tax liability is (or was) a deficiency as defined under section 6211(a)(1).

**Line 2.** Enter the ending date of the tax year for which the deficiency dividend deduction is claimed. A separate Form 976 must be filed for each deficiency dividend deduction claimed.

**Line 3a.** Enter the amount paid, if any, of the tax liability entered on line 1 without taking into account the deficiency dividend deduction.

**Line 5f.** A RIC or REIT can file Form 8927 with the IRS to make a self-determination. If a statement is used instead of Form 8927, attach a copy of the statement to Form 976.

**Line 6.** See *Determination date*, earlier, for more information.

**Line 8(b).** If a stock distribution by a publicly traded RIC or REIT meets all the requirements of section 3.02 of Rev. Proc. 2010-12, the RIC or REIT that made the distribution must enter the fair market value of the stock distributed on line 8(b)(1) and is not required to complete line 8(b)(2). See Rev. Proc. 2010-12 for more information.

**Signature.** The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return filed on behalf of the company or trust.

If an officer completed Form 976, the Paid Preparer's space under "Signature of officer" should remain blank. If someone prepares Form 976 and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 976 should not sign. For example, a regular, full-time employee, such as a clerk, secretary, etc., should not sign.

Generally, anyone who is paid to prepare Form 976 must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer required to sign the return must complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature (signature stamps or labels are not acceptable) and
- Give a copy of Form 976 to the taxpayer in addition to the copy filed with the IRS.

**Privacy Act and Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. 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. If you claim a deficiency dividend deduction under section 547 or 860, you must provide this information. Section 6109 requires filers and paid preparers provide their identification numbers. Failure to provide this information may delay or prevent the processing of your claim. Providing false information may subject you to penalties. We may disclose this information to the Department of Justice for civil or criminal litigation, to Federal benefits agencies as authorized by law, and to cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to Federal and state agencies to enforce Federal nontax criminal laws, or to Federal law enforcement and intelligence agencies to combat terrorism.

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

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

<b>Recordkeeping</b> . . . . .	5 hr., 44 min.
<b>Learning about the law or the form</b> . . . . .	53 min.
<b>Preparing, copying, assembling, and sending the form to the IRS</b> . . . . .	1 hr., 2 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send this form to this office. Instead, see *When and where to file* above.