

Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts

2018

Department of the Treasury
Internal Revenue Service

► Go to www.irs.gov/Form3520 for instructions and the latest information.

Note: All information must be in English. Show all amounts in U.S. dollars. File a **separate** Form 3520 for **each** foreign trust.

For calendar year 2018, or tax year beginning _____, 2018, ending _____, 20

- A** Check appropriate boxes: Initial return Initial return (extension filed) Final return Amended return
- B** Check box that applies to person filing return: Individual Partnership Corporation Trust Executor
- C** Check if any excepted specified foreign financial assets are reported on this form (see instructions)

Check all applicable boxes.

- (a)** You are a U.S. transferor who, directly or indirectly, transferred money or other property during the current tax year to a foreign trust, **(b)** You held an outstanding obligation of a related foreign trust (or a person related to the trust) issued during the current tax year, that you reported as a "qualified obligation" (defined in the instructions) during the current tax year, or **(c)** You are the executor of the estate of a U.S. decedent and (1) the decedent made a transfer to a foreign trust by reason of death, (2) the decedent was treated as the owner of any portion of a foreign trust immediately prior to death, or (3) the decedent's estate included any portion of the assets of a foreign trust. **Complete all applicable identifying information requested below and Part I of the form** and see the instructions for Part I.
- You are a U.S. owner of all or any portion of a foreign trust at any time during the tax year. **Complete all applicable identifying information requested below and Part II of the form** and see the instructions for Part II. You may also need to complete Part III. See the instructions for Part III.
- (a)** You are a U.S. person (including a U.S. owner) who, during the current tax year, received a distribution from a foreign trust, or **(b)** You are a U.S. person who is a U.S. owner or beneficiary of a foreign trust and such foreign trust (1) made a loan of cash or marketable securities, directly or indirectly, to you or a U.S. person related to you during the current tax year, or (2) provided you or a U.S. person related to you with the uncompensated use of trust property. **Complete all applicable identifying information requested below and Part III of the form** and see the instructions for Part III.
- You are a U.S. person who, during the current tax year, received certain gifts or bequests from a foreign person. **Complete all applicable identifying information requested below and Part IV of the form** and see the instructions for Part IV.

| | | | | |
|--|----------------------------|-------------------------------------|---|--|
| 1a Name of U.S. person(s) with respect to whom this Form 3520 is being filed (see instructions) | | | b Identification number | |
| c Number, street, and room or suite no. (if a P.O. box, see instructions) | | | d Spouse's identification number | |
| e City or town | f State or province | g ZIP or foreign postal code | h Country | |
| i Check the box if you are married and filing a joint 2018 income tax return, and you are filing a joint Form 3520 with your spouse. <input type="checkbox"/> | | | | |
| j Service center where U.S. person's tax return is filed ► _____ | | | | |
| k If an extension was requested for the tax return, check this box <input type="checkbox"/> and enter the form number of the tax return to be filed. ► _____ | | | | |

| | | | | |
|--|----------------------------|-------------------------------------|---|--|
| 2a Name of foreign trust (if applicable) | | | b(1) Employer identification number (if any) | |
| c Number, street, and room or suite no. (if a P.O. box, see instructions) | | | b(2) Reference ID number (see instructions) | |
| d City or town | e State or province | f ZIP or foreign postal code | g Country | |

3 Did the foreign trust appoint a U.S. agent (defined in the instructions) who can provide the IRS with all relevant trust information? **Yes** **No**
 If "Yes," complete lines 3a through 3g. If "No," be sure to complete Part I, lines 15 through 18.

| | | | | |
|--|----------------------------|-----------------------------|---|--|
| 3a Name of U.S. agent | | | b Identification number (if any) | |
| c Number, street, and room or suite no. (if a P.O. box, see instructions) | | | | |
| d City or town | e State or province | f ZIP or postal code | g Country | |

| | | |
|--|------------------|--------------------------|
| 4a Name of U.S. decedent (see instr.) | b Address | c TIN of decedent |
| d Date of death | | e EIN of estate |

- f** Check applicable box.
- U.S. decedent made transfer to a foreign trust by reason of death.
 - U.S. decedent treated as owner of foreign trust immediately prior to death.
 - Assets of foreign trust were included in estate of U.S. decedent.

Part I Transfers by U.S. Persons to a Foreign Trust During the Current Tax Year (see instructions)

| | | | | |
|---|--|---|---|----------------------------------|
| 5a Name of trust creator | b Address | c Identification number (if any) | | |
| 6a Country code of country where trust was created | b Country code of country whose law governs the trust | c Date trust was created | | |
| 7a Will any person (other than the U.S. transferor or the foreign trust) be treated as the owner of the transferred assets after the transfer? <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | |
| b (i) Name of other foreign trust owners, if any | (ii) Address | (iii) Country of residence | (iv) Identification number, if any | (v) Relevant Code section |
| | | | | |
| 8 Was the transfer a completed gift or bequest? If "Yes," see instructions <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | |
| 9a Now or at any time in the future, can any part of the income or corpus of the trust benefit any U.S. beneficiary? <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | |
| b If "No," could the trust be revised or amended to benefit a U.S. beneficiary? <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | |
| 10 Will you continue to be treated as the owner of the transferred asset(s) after the transfer? <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | |

Schedule A—Obligations of a Related Trust (see instructions)

11a During the current tax year, did you transfer property (including cash) to a related foreign trust in exchange for an obligation of the trust or an obligation of a person related to the trust (see instructions)? Yes No
 If "Yes," complete the rest of Schedule A, as applicable. If "No," go to Schedule B.

b Were any of the obligations you received (with respect to a transfer described in line 11a above) qualified obligations? Yes No
 If "Yes," complete the rest of Schedule A and attach a copy of each loan document entered into with respect to each qualified obligation reported on line 11(b). If these documents have been attached to a Form 3520 filed within the previous 3 years, attach only relevant updates.
 If "No," go to Schedule B.

| (i) Date of transfer giving rise to obligation | (ii) Maximum term | (iii) Yield to maturity | (iv) FMV of obligation |
|--|-------------------|-------------------------|------------------------|
| | | | |
| | | | |
| | | | |

12 With respect to each qualified obligation you reported on line 11b: Do you agree to extend the period of assessment of any income or transfer tax attributable to the transfer, and any consequential income tax changes for each year that the obligation is outstanding, to a date 3 years after the maturity date of the obligation? Yes No

Note: You have the right to refuse to extend the period of limitations or limit this extension to a mutually agreed-upon issue(s) or mutually agreed-upon period of time. Generally, if you refuse to extend the period of limitations with respect to each qualified obligation you reported on line 11b, then such obligation is not a qualified obligation and you cannot check "Yes" to the question on line 11b.

Schedule B—Gratuitous Transfers (see instructions)

13 During the current tax year, did you make any transfers (directly or indirectly) to the trust and receive less than FMV, or no consideration at all, for the property transferred? Yes No

If "Yes," complete columns (a) through (i) below and the rest of Schedule B, as applicable. When completing columns (a) through (i) with respect to each nonqualified obligation, enter "-0-" in column (h).

If "No," go to Schedule C.

| (a) Date of transfer | (b) Description of property transferred | (c) FMV of property transferred | (d) U.S. adjusted basis of property transferred | (e) Gain recognized at time of transfer, if any | (f) Excess, if any, of column (c) over the sum of columns (d) and (e) | (g) Description of property received, if any | (h) FMV of property received | (i) Excess of column (c) over column (h) |
|----------------------|---|---------------------------------|---|---|---|--|------------------------------|--|
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Totals ▶ | | | | | \$ | | | \$ |

14 You are required to attach a copy of each sale or loan document entered into in connection with a transfer reported on line 13. If these documents have been attached to a Form 3520 filed within the previous 3 years, attach only relevant updates.

| Are you attaching a copy of: | Yes | No | Attached Previously | Year Attached |
|---|--------------------------|--------------------------|--------------------------|---------------|
| a Sale document? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| b Loan document? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| c Subsequent variances to original sale or loan documents? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Part I Schedule B—Gratuitous Transfers (continued)

Note: Complete lines 15 through 18 only if you answered “No” to line 3, acknowledging that the foreign trust did not appoint a U.S. agent to provide the IRS with all relevant trust information.

| 15 | (a) Name of beneficiary | (b) Address of beneficiary | (c) U.S. beneficiary? | | (d) Identification number, if any |
|----|----------------------------|-------------------------------|--------------------------|----|--------------------------------------|
| | | | Yes | No | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

| 16 | (a) Name of trustee | (b) Address of trustee | (c) Identification number, if any |
|----|------------------------|---------------------------|--------------------------------------|
| | | | |
| | | | |
| | | | |
| | | | |

| 17 | (a) Name of other persons with trust powers | (b) Address of other persons with trust powers | (c) Description of powers | (d) Identification number, if any |
|----|--|---|------------------------------|--------------------------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

18 If you checked “No” on line 3, you are required to attach a copy of all trust documents as indicated below. If these documents have been attached to a Form 3520-A or Form 3520 filed within the previous 3 years, attach only relevant updates.

| Are you attaching a copy of: | | Yes | No | Attached Previously | Year Attached |
|------------------------------|--|--------------------------|--------------------------|--------------------------|---------------|
| a | Summary of all written and oral agreements and understandings relating to the trust? . . . | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| b | The trust instrument? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| c | Memoranda or letters of wishes? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| d | Subsequent variances to original trust documents? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| e | Trust financial statements? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| f | Other trust documents? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Schedule C—Qualified Obligations Outstanding in the Current Tax Year (see instructions)

19 Did you, at any time during your tax year, hold an outstanding obligation of a related foreign trust (or a person related to the trust) that you reported as a “qualified obligation” in the current tax year? Yes No
 If “Yes,” complete columns (a) through (e) below.

| (a) Date of original obligation | (b) Tax year qualified obligation first reported | (c) Amount of principal payments made during your tax year | (d) Amount of interest payments made during your tax year | (e) Does the obligation still meet the criteria for a qualified obligation? | |
|------------------------------------|---|---|--|--|----|
| | | | | Yes | No |
| | | | | | |
| | | | | | |
| | | | | | |

Part III Distributions to a U.S. Person From a Foreign Trust During the Current Tax Year (continued)

29 Did you receive a Foreign Grantor Trust Beneficiary Statement from the foreign trust with respect to a distribution? Yes No N/A

If "Yes," attach the statement and do not complete the remainder of Part III with respect to that distribution.
If "No," complete Schedule A with respect to that distribution. Also complete Schedule C if you enter an amount greater than zero on line 37.

30 Did you receive a Foreign Nongrantor Trust Beneficiary Statement from the foreign trust with respect to a distribution? Yes No N/A

If "Yes," attach the statement and complete either Schedule A or Schedule B below (see instructions). Also complete Schedule C if you enter an amount greater than zero on line 37 or line 41a.
If "No," complete Schedule A with respect to that distribution. Also complete Schedule C if you enter an amount greater than zero on line 37.

Schedule A—Default Calculation of Trust Distributions (see instructions)

| | | |
|-----------|--|--|
| 31 | Enter amount from line 27 | |
| 32 | Number of years the trust has been a foreign trust (see instructions) | |
| 33 | Enter total distributions received from the foreign trust during the 3 preceding tax years (or during the number of years the trust has been a foreign trust, if fewer than 3) | |
| 34 | Multiply line 33 by 1.25 | |
| 35 | Average distribution. Divide line 34 by 3 (or the number of years the trust has been a foreign trust, if fewer than 3) and enter the result | |
| 36 | Amount treated as ordinary income earned in the current year. Enter the smaller of line 31 or line 35. | |
| 37 | Amount treated as accumulation distribution. Subtract line 36 from line 31. If -0-, do not complete the rest of Part III | |
| 38 | Applicable number of years of trust. Divide line 32 by 2 and enter the result here | |

Schedule B—Actual Calculation of Trust Distributions (see instructions)

| | | |
|------------|--|--|
| 39 | Enter amount from line 27 | |
| 40a | Amount treated as ordinary income in the current tax year | |
| b | Qualified dividends | |
| 41a | Amount treated as accumulation distribution. If -0-, do not complete Schedule C, Part III | |
| b | Amount of line 41a that is tax exempt | |
| 42a | Amount treated as net short-term capital gain in the current tax year | |
| b | Amount treated as net long-term capital gain in the current tax year | |
| c | 28% rate gain | |
| d | Unrecaptured section 1250 gain | |
| 43 | Amount treated as distribution from trust corpus | |
| 44 | Enter any other distributed amount received from the foreign trust not included on lines 40a, 41a, 42a, 42b, and 43 (attach explanation) | |
| 45 | Amount of foreign trust's aggregate undistributed net income | |
| 46 | Amount of foreign trust's weighted undistributed net income | |
| 47 | Applicable number of years of trust. Divide line 46 by line 45 and enter the result here | |

Schedule C—Calculation of Interest Charge (see instructions)

| | | |
|-----------|---|--|
| 48 | Enter accumulation distribution from line 37 or 41a, as applicable | |
| 49 | Enter tax on total accumulation distribution from line 28 of Form 4970 (attach Form 4970—see instructions) | |
| 50 | Enter applicable number of years of foreign trust from line 38 or 47, as applicable (round to nearest half-year) | |
| 51 | Combined interest rate imposed on the total accumulation distribution (see instructions) | |
| 52 | Interest charge. Multiply the amount on line 49 by the combined interest rate on line 51 | |
| 53 | Tax attributable to accumulation distributions. Add lines 49 and 52. Enter here and as "additional tax" on your income tax return | |

Part IV U.S. Recipients of Gifts or Bequests Received During the Current Tax Year From Foreign Persons
(see instructions)

54 During your current tax year, did you receive more than \$100,000 that you treated as gifts or bequests from a nonresident alien (including a distribution received from a domestic trust treated as owned by a foreign person) or a foreign estate? See instructions for special rules regarding related donors **Yes** **No**
If "Yes," complete columns (a) through (c) with respect to each such gift or bequest in excess of \$5,000. If more space is needed, attach a statement.

| (a) Date of gift or bequest | (b) Description of property received | (c) FMV of property received |
|--------------------------------|---|---------------------------------|
| | | |
| | | |
| | | |
| Total | | \$ |

55 During your current tax year, did you receive more than \$16,076 that you treated as gifts from a foreign corporation or a foreign partnership (including a distribution received from a domestic trust treated as owned by a foreign person)? See instructions regarding related donors **Yes** **No**
If "Yes," complete columns (a) through (g) with respect to each such gift. If more space is needed, attach a statement.

| (a) Date of gift | (b) Name of foreign donor | (c) Address of foreign donor | (d) Identification number, if any |
|--|------------------------------|---|--------------------------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| (e) Check the box that applies to the foreign donor | | (f) Description of property received | (g) FMV of property received |
| Corporation | Partnership | | |
| | | | |
| | | | |
| | | | |

56 Do you have any reason to believe that the foreign donor, in making any gift or bequest described in lines 54 and 55, was acting as a nominee or intermediary for any other person? If "Yes," see instructions **Yes** **No**

Sign Here Under penalties of perjury, I declare that I have examined this return, including any accompanying reports, schedules, or statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature _____ Title _____ Date _____

| | | | | | |
|-------------------------------|----------------------------|----------------------|------|---|------|
| Paid Preparer Use Only | Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN |
| | Firm's name ▶ | Firm's EIN ▶ | | | |
| | Firm's address ▶ | Phone no. | | | |