

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

Department of the Treasury  
Internal Revenue Service

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

|   |                                |
|---|--------------------------------|
| Name of personal holding company, regulated investment company, or real estate investment trust | Employer identification number |
| Number, street and room or suite no. (If a P.O. box, see instructions.)                         |                                |
| City or town, state, and ZIP code   |                                |

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| 1 Amount of tax deficiency . . . . .   | <b>1</b>     |  |
| 2 Last day of tax year: . . . . . / . . . . . / . . . . .  |              |  |
| 3a Amount paid . . . . .   | <b>3a</b>    |  |
| b Date paid . . . . . / . . . . . / . . . . .  |              |  |
| 4 Amount unpaid . . . . .  | <b>4</b>     |  |
| 5 How was the deficiency established?<br>a <input type="checkbox"/> Tax Court Decision—Attach a copy.<br>b <input type="checkbox"/> Court Judgment—Attach a copy. If established by a final judgment in a suit against the United States for refund:<br>(1) Date the claim for refund was filed . . . . . / . . . . . / . . . . .<br>(2) Date the suit was brought . . . . . / . . . . . / . . . . .<br>c <input type="checkbox"/> Closing agreement under section 7121.<br>d <input type="checkbox"/> If a personal holding company, agreement under section 547(c)(3)—Attach a copy of a properly executed Form 2198.<br>e <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. |              |  |
| 6 Deficiency determination date (see instructions) . . . . . / . . . . . / . . . . .   |              |  |
| 7 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.)   |              |  |
| 8 Deficiency dividend was distributed as follows:<br>a Cash . . . . .  | <b>8a</b>    |  |
| b Other property (attach description):<br>(1) Fair market value . . . . .  | <b>8b(1)</b> |  |
| (2) Adjusted basis . . . . .   | <b>8b(2)</b> |  |
| 9a Amount claimed as a deduction for deficiency dividends . . . . .  | <b>9a</b>    |  |
| b For a regulated investment company or real estate investment trust, enter the amount of line 9a designated as capital gain dividends . . . . .   | <b>9b</b>    |  |

**10 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 |
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|---------------------------------|---|------|---|-------------|
| <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. |      |   |             |
|                                 | <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> </div> <div style="width: 20%;"> </div> <div style="width: 20%;"> </div> </div>  |      |   |             |
| <b>Paid Preparer's Use Only</b> | Preparer's signature  | Date | Check if self-employed <input type="checkbox"/> | SSN or PTIN |
|                                 | Firm's name (or yours, if self-employed), address and ZIP Code  | EIN  | Phone no. ( )                                   |             |

# Instructions

Section references are to the Internal Revenue Code.

**Purpose of form.** File Form 976 for a personal holding company, regulated investment company, or real estate investment trust that is claiming a deficiency dividend deduction under section 547 or 860. If the deficiency dividend deduction is granted, taxpayers will be granted relief, in whole or in part, from the payment of a tax deficiency. If the deficiency has already been paid, the taxpayers must file an amended return to claim a credit or refund.

**When and where to file.** File Form 976 within 120 days after the deficiency determination date (defined below). A personal holding company must file Form 976 with the IRS office where the determination of personal holding company status was made. A regulated investment company or a real estate investment trust must file Form 976 with either the IRS office or the Internal Revenue Service Center where the company or trust filed its income tax return for the tax year for which the determination applies.

If the deficiency 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 that IRS office.

**Deficiency dividends.** Deficiency dividends must be distributed no later than 90 days after the deficiency determination date 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.

**Deficiency determination date.** The deficiency determination date is as follows:

- For a decision of the Tax Court, the date the decision becomes final under section 7481.
- For a judgment, decree, or order by a court, the date the judgment, decree, or order becomes final.
- For a closing agreement made under section 7121, the date the agreement is approved by the Commissioner.
- If an agreement was made by 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.

**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 personal holding company to establish the personal holding company'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.

**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.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are 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 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:

- Recordkeeping** . . . . . 5 hr., 44 min.
- Learning about the law or the form** . . . . . 53 min.
- Preparing, copying, assembling, and sending the form to the IRS** . . . . . 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 the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **Do not** send this form to this office. Instead, see **When and where to file** above.

