

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

1996

Department of the Treasury
Internal Revenue Service

File in duplicate. Instructions are separate.

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

For calendar year 1996, or tax year beginning _____, 19____, ending _____, 19____.

Check appropriate box(es): See Instructions. Initial return Final return Amended return

Check box that applies to U.S. person filing return: Individual Partnership Corporation Trust Executor

Check all applicable boxes:

- (a) You are a U.S. transferor who, directly or indirectly, transferred money or other property after August 20, 1996, to a foreign trust or (b) you held an outstanding obligation of a related foreign trust (or a person related to the trust) issued after August 20, 1996, that you treated as a "qualified obligation" (defined on page 3 of the instructions) during the current tax year. 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. See the instructions for Part II.
- (a) You are a U.S. person who, after August 20, 1996, received a distribution from a foreign trust or (b) a related foreign trust held an outstanding obligation issued by you (or a person related to you) after August 20, 1996, that you treated as a "qualified obligation" (defined on page 3 of the instructions) during the current tax year. See the instructions for Part III.
- You are a U.S. person who, after August 20, 1996, received certain gifts or bequests from a foreign person. See the instructions for Part IV.

Service Center where U.S. person filing this return files its income tax return ▶

1a Name of U.S. person(s) filing return		b Identification number	
c Number, street, and room or suite no. (If a P.O. box, see instructions.)		d Spouse's identification number (see instr.)	
e City or town	f State or province	g ZIP or postal code	h Country
2a Name of foreign trust (if applicable)		b Identification number (if any)	
d City or town		c Number, street, and room or suite no.	
e State or province		f ZIP or postal code	
g Country			
3 Did the foreign trust appoint a U.S. agent (defined on page 3 of the instructions) who can provide IRS with all relevant trust information? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," complete lines 3a through 3g.			
3a Name of U.S. agent		b Identification number (if any)	
d City or town		c Number, street, and room or suite no.	
e State or province		f ZIP or postal code	
g Country			
4a Name of U.S. decedent (see inst.)		b Address	
d Date of death		c TIN of decedent	
		e EIN of estate	

Part I Transfers by U.S. Persons to a Foreign Trust After August 20, 1996 (See instructions.)

5a Name of trust creator (if different from line 1a)		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 other person be treated as the owner of the transferred assets after the transfer? <input type="checkbox"/> Yes <input type="checkbox"/> No					
7b Name of other foreign trust owners (if any) (a)	Address (b)	Country of residence (c)	Identification number, if any (d)	Relevant code section (e)	

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 _____
Preparer's signature _____	Preparer's identification number _____	Date _____

Part I (Continued)

- 8** Was the transfer a completed gift or bequest? If "Yes," see instructions **Yes** **No**
- 9a** Can any part of the income or corpus of the trust benefit, now or in the future, any U.S. beneficiary? **Yes** **No**
- b** If "No," could the trust be revised or amended to benefit a U.S. beneficiary? **Yes** **No**
- 10** Will you continue to be treated as the owner of the transferred asset(s) after the transfer? **Yes** **No**

Schedule A—Obligations of a Related Trust (See instructions.)

- 11a** After August 20, 1996, did you transfer property (including cash) to a related foreign trust in exchange for an obligation of the trust or a person related to the trust? See instructions **Yes** **No**
If "Yes," complete Schedule A, as applicable. If "No," see instructions and go to Schedule B.
- 11b** Was the obligation you received a qualified obligation? **Yes** **No**
If "Yes," complete Schedule A with respect to that obligation. If "No," go to Schedule B.

Note: The FMV of an obligation (column (d)) is -0- unless it is a qualified obligation.

Date of transfer giving rise to obligation (a)	Maximum term (b)	Yield to maturity (c)	FMV of obligation (d)

- 12** With respect to each obligation you treated as a "qualified obligation" in 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 generally must answer "Yes," if you checked "Yes" to question 11b.

Schedule B—Gratuitous Transfers (See instructions.)

- 13** After August 20, 1996, 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 remainder of Schedule B, as applicable.
If "No," do not complete the remainder of Schedule B and go to Schedule C.

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

- 14** If you answered "No" to lines 7a and 10 and the amount in column (f) of line 13 is greater than -0-, complete the following, as applicable:
 - a** Was the transfer to an exempt transferee? **Yes** **No**
 - b** Check this box to make an election under section 1057.
 - c** Check this box to make an election to apply principles similar to the principles of section 367
 If you make the line 14c election, attach: (i) the information required under section 6038B, and (ii) a statement explaining the application of principles similar to the principles of section 367 to the transfer.

- 15** 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.

Have you attached 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 (Continued)

Note: Complete lines 16 through 19 only if you answered "No" to line 3.

16	Name of beneficiary (a)	Address of beneficiary (b)	U.S. beneficiary? (c)		Identification number, if any (d)
			Yes	No	
17	Name of trustee (a)	Address of trustee (b)			Identification number, if any (c)
18	Name of other persons with trust powers (a)	Address of other persons with trust powers (b)	Description of powers (c)	Identification number, if any (d)	

19 You are required to attach a copy of all trust documents as indicated below. If these documents have been attached to a Form 3520 and/or 3520-A filed within the previous 3 years, attach only relevant updates.

Have you attached 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—FMV Transfers of Certain Appreciated Property (See instructions.)

Note: Complete this schedule only if you answered "No" to lines 7a and 10.

- 20a** Did you make any transfers of property to the trust and receive at least FMV for the property transferred? **Yes** **No**
If "No," go to Schedule E. Do not complete the remainder of Schedule C and skip Schedule D.
- 20b** If you answered "Yes" to line 20a, did you immediately recognize all of the gain (if any) on the property transferred? **Yes** **No**
If "Yes," go to Schedule D and do not complete the remainder of Schedule C. If "No," complete the remainder of Schedule C with respect to such transfer.
- 21** Was the transfer to a **related foreign trust** (defined on page 3 of the instructions)? **Yes** **No**

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

- 23a** Is the transfer to an exempt transferee? **Yes** **No**
- b** Check this box if you are making an election under section 1057
- c** Check this box to make an election to apply principles similar to the principles of section 367.
- If you make the line 23c election, attach the information required under section 6038B, and attach a statement explaining the application of principles similar to the principles of section 367 to the transfer.

Part I (Continued) Schedule D—FMV Transfers of Other Property (See instructions.)

Note: Complete this schedule only if you answered "Yes" to line 20a and "No" to lines 7a and 10. Do not complete this schedule with respect to any transfer reported on line 22.

24 Was the transfer to a related foreign trust (defined on page 3 of the instructions)? [] Yes [] No
If "Yes," complete the following:

Table with 2 columns: Category of property transferred and Aggregate fair market value. Rows include sales and purchases of stock, tangible property, and property rights, as well as compensation, commissions, rents, interest, and other nongratuitous transfers.

Schedule E—Qualified Obligations Outstanding in the Current Tax Year (See instructions.)

25 Did you, at any time during the tax year, hold an outstanding obligation of a related foreign trust (or a person related to the trust) that you treated as a "qualified obligation" in the current tax year? [] Yes [] No
If "Yes," complete columns (a) through (e) below.

Table with 5 columns: Date of original obligation (a), Tax year qualified obligation first reported (b), Amount of principal payments made during the tax year (c), Amount of interest payments made during the tax year (d), and Does the obligation still meet the criteria for a qualified obligation? (e) with sub-columns Yes and No.

Part II U.S. Owner of a Foreign Trust (See instructions.)

Table with 5 columns: Name of other foreign trust owners (if any) (a), Address (b), Country of residence (c), Identification number, if any (d), and Relevant code section (e).

Table with 3 columns: Country code of country where foreign trust was created (a), Country code of country whose law governs the foreign trust (b), and Date foreign trust was created (c).

28 Do you have a copy of a properly filed Form 3520-A for the current year prepared by the foreign trust? [] Yes [] No
If "Yes," attach the Foreign Grantor Trust Owner Statement you received from the foreign trust. If "No," to the best of your ability, complete and attach a substitute Form 3520-A for the foreign trust. See instructions for information on penalties.

29 Enter the gross value of the portion of the foreign trust that you are treated as owning [] \$

Part III Distributions to a U.S. Person From a Foreign Trust After August 20, 1996 (See instructions.)

30 Cash amounts or FMV of property received, directly or indirectly, after August 20, 1996, from the foreign trust (exclude loans included on line 31).

Table with 6 columns: Date of distribution (a), Description of property received (b), FMV of property received (determined on date of distribution) (c), Description of property transferred, if any (d), FMV of property transferred (e), and Excess of column (c) over column (e) (f).

Part III (Continued)

31 After August 20, 1996, did you (or a person related to you) receive a loan from a related foreign trust (including an extension of credit upon the purchase of property from the trust)?

Note: The FMV of an obligation (column (f)) is -0- unless it is a "qualified obligation."

Table with 7 columns: FMV of loans proceeds (a), Date of original loan transaction (b), Maximum term of repayment of obligation (c), Interest rate of obligation (d), Is the obligation a "qualified obligation?" (e) with sub-columns Yes/No, FMV of obligation (f), and Amount treated as distribution from the trust (g).

32 With respect to each obligation you treated as a "qualified obligation" in line 31: Do you agree to extend the period of assessment of any income or transfer tax attributable to the transaction, 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?

33 Total distributions received after August 20, 1996. Add line 30, column (f), and line 31, column (g)

34 Did the trust, at any time during the tax year, hold an outstanding obligation of yours (or a person related to you) that you treated as a "qualified obligation" in the current tax year?

Table with 5 columns: Date of original loan transaction (a), Tax year qualified obligation first reported (b), Amount of actual principal payments made during the tax year (c), Amount of actual interest payments made during the tax year (d), and Does the loan still meet the criteria of a qualified obligation? (e) with sub-columns Yes/No.

35 Did you receive a Foreign Grantor Trust Beneficiary Statement from the foreign trust with respect to a distribution? If "Yes," see instructions and do not complete the remainder of Part III with respect to that distribution.

36 Did you receive a Foreign Nongrantor Trust Beneficiary Statement from the foreign trust with respect to a distribution? If "Yes," you may complete either Schedule A or Schedule B below. If "No," you must complete Schedule A with respect to that distribution.

Schedule A—Default Calculation of Trust Distributions (See instructions.)

Table for Schedule A with rows 37-44: 37 Enter total distributions received in the current tax year, 38 Number of years the trust has been a nongrantor trust, 39 Enter total distributions received from the foreign trust during the 3 preceding tax years, 40 Multiply line 39 by 1.25, 41 Average distribution, 42 Amount treated as ordinary income, 43 Amount treated as accumulation distribution, 44 Compute applicable number of years of trust.

Schedule B—Actual Calculation of Trust Distributions (See instructions.)

Table for Schedule B with rows 45-53: 45 Enter total distributions in the current tax year, 46 Amount treated as ordinary income, 47 Amount treated as accumulation distribution, 48 Amount treated as capital gains, 49 Amount treated as distribution from trust corpus, 50 Enter any other amount received from the foreign trust, 51 Amount of foreign trust's aggregate undistributed net income, 52 Amount of foreign trust's weighted undistributed net income, 53 Compute applicable number of years of trust.

Part III (Continued)

Schedule C—Calculation of Interest Charge (See instructions.)

54	Enter accumulation distribution from line 43 or 47, as applicable	
55	Enter partial tax on total accumulation distribution from line 28 of Form 4970	
56	Enter applicable number of years of foreign trust from line 44 or 53, as applicable ▶ _____	
57	Combined interest rate imposed on the total accumulation distribution. See Table B on page 9 of instructions	
58	Interest charge. Multiply the amount on line 55 by the combined interest rate on line 57	
59	Tax attributable to accumulated distributions. Add lines 55 and 58. Enter here and as "additional tax" on your income tax return	

Part IV U.S. Recipients of Gifts or Bequests Received After August 20, 1996, From Foreign Persons (See instructions.)

60 After August 20, 1996, did you receive more than \$100,000 during the tax year that you treated as gifts or bequests from a nonresident alien or a foreign estate? See instructions 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 schedule.

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

61 After August 20, 1996, did you receive more that \$10,000 that you treated as gifts from a foreign corporation or a foreign partnership? 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 schedule.

Date of gift (a)	Name of donor (b)	Address of donor (c)	Identification number, if any (d)

Check the box that applies to the foreign donor (e)		Description of property received (f)	FMV of property received (g)
Corporation	Partnership		

62 Do you have any reason to believe that the foreign donor, in making any gift or bequest described in lines 60 and 61, was acting as a nominee or intermediary for any other person? If "Yes," see instructions. **Yes** **No**

