

# Return of Excise Tax on Undistributed Income of Regulated Investment Companies

For calendar year 20 \_\_\_\_\_

► See instructions.

OMB No. 1545-1016

<b>Please Type or Print</b>	Name of fund	Employer identification number
	Number, street, and room or suite no. (If a P.O. box, see instructions.)	
	City or town, state, and ZIP code	

• Election under section 4982(e)(4)—Check this box if the tax year of the regulated investment company ends in November or December **and** the fund elects to substitute its tax year for the 1-year period ending on October 31 (see instructions) . . . . . ☐

<b>Required Distribution</b>	<b>1a</b> Investment company taxable income under section 852(b)(2) for the calendar year determined without regard to the dividends paid deduction and any gain or (loss) from the sale or exchange of a capital asset (see instructions) . . . . .		
	<b>b</b> Multiply line 1a by 98% (.98) . . . . .		<b>1b</b>
	<b>2a</b> Capital gain net income under section 4982(e)(2) for the 1-year period ending on October 31 of the calendar year (see instructions) . . . . .		
	<b>b</b> Multiply line 2a by 98.2% (.982) . . . . .		<b>2b</b>
	<b>3a</b> Grossed up required distribution for the previous calendar year. Add lines 1a and 2a (using amounts for the previous calendar year) increased by the prior year's shortfall (if any), as defined in section 4982(b)(2) . . . . .		
	<b>b</b> Distributed amount for the previous calendar year under section 4982(c) . . . . .		
	<b>c</b> Subtract line 3b from line 3a. If zero or less, enter -0- . . . . .		<b>3c</b>
<b>4</b> <b>Required distribution.</b> Add lines 1b, 2b, and 3c . . . . .		<b>4</b>	
<b>Distributed Amount</b>	<b>5</b> Deduction for dividends paid under section 561 during the calendar year, excluding exempt-interest dividends (see instructions). Include deficiency dividends as defined in section 860(f), but only if paid during the calendar year . . . . .		<b>5</b>
	<b>6</b> Amount on which tax is imposed under sections 852(b)(1) or 852(b)(3)(A) for any tax year ending in or with the calendar year (see instructions) . . . . .		<b>6</b>
	<b>7a</b> Distributed amount for the previous calendar year under section 4982(c). Enter amount from line 3b . . . . .		
	<b>b</b> Grossed up required distribution for the previous calendar year. Enter amount from line 3a . . . . .		
	<b>c</b> Subtract line 7b from line 7a. If zero or less, enter -0- . . . . .		<b>7c</b>
	<b>8</b> <b>Distributed amount.</b> Add lines 5, 6, and 7c . . . . .		<b>8</b>
<b>Tax and Payments</b>	<b>9</b> <b>Undistributed income.</b> Subtract line 8 from line 4. If zero or less, enter -0- . . . . .		<b>9</b>
	<b>10</b> Excise tax on undistributed income. Multiply line 9 by 4% (.04) . . . . .		<b>10</b>
	<b>11</b> Tax paid with extension of time to file (Form 7004) . . . . .		<b>11</b>
	<b>12</b> <b>Tax due.</b> Subtract line 11 from line 10 (see instructions) . . . . .		<b>12</b>
	<b>13</b> <b>Overpayment.</b> Subtract line 10 from line 11 . . . . .		<b>13</b>

Under penalties of perjury, I declare that I have examined this return, 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.

<b>Paid Preparer Use Only</b>	Signature of officer _____		Date _____	Title _____	
	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. _____			

## General Instructions

Section references are to the Internal Revenue Code.

### What's New

**Capital gain net income.** For calendar years beginning after December 22, 2010, the required distribution percentage for capital gain net income has been increased to 98.2%.

**Election to defer certain net ordinary losses.** For calendar years beginning after December 22, 2010, RICs may elect to defer certain net ordinary losses under section 4982(e)(7).

**Future developments.** The IRS has created a page on IRS.gov for information about Form 8613, at [www.irs.gov/form8613](http://www.irs.gov/form8613). Information about any future developments affecting Form 8613 such as legislation enacted after we release it will be posted on that page.

### Purpose of Form

Use Form 8613 to figure and pay the excise tax on undistributed income under section 4982. The tax is 4% of the excess, if any, of the required distribution over the distributed amount.

Also use Form 8613 to make the section 4982(e)(4) election.

### Who Must File

Any regulated investment company (RIC) that is liable for the tax on undistributed income or that makes an election under section 4982(e)(4) must file Form 8613. A RIC that makes this election must file the form even if no tax is due.

If a RIC has more than one fund, each fund files a separate Form 8613. The term "fund" refers to a series fund as defined in section 851(g) and to any RIC that does not have more than one portfolio of assets.

**Exemption.** The tax does not apply to funds in which all the shareholders during the year were certain trusts or segregated asset accounts of a life insurance company. Shares attributable to an investment of no more than \$250,000 made in connection with the organization of the RIC will not prevent the RIC from qualifying for this exemption. See section 4982(f).

### When and Where To File

File Form 8613, with the Internal Revenue Service Center where the fund's income tax return is filed, by March 15 following the calendar year in which the tax liability applies.

**Extension of time to file.** File Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns, to request an extension of time to file. Filing Form 7004 does not extend the time for payment of tax.

### Amended Return

To amend a previously filed Form 8613, file a corrected Form 8613 and write "Amended" at the top of the form.

### Who Must Sign

Form 8613 must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or by any other officer (such as tax officer) authorized to sign. Receivers, trustees, or assignees must also sign and date any return filed on behalf of a fund.

**Note:** *If this return is being filed for a series fund (see section 851(g)(2)), the return may be signed by any officer authorized to sign for the RIC in which the fund is a series.*

### Rounding Off to Whole Dollars

The fund may show amounts on the return as whole dollars. To do so, drop any amount less than 50 cents and increase any amount from 50 cents through 99 cents to the next higher dollar.

### Interest and Penalties

**Interest.** Interest is charged on taxes paid late even if an extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, negligence, fraud, and substantial understatements of tax from the due date (including extensions) to the date of payment. The interest charge is figured at a rate determined under section 6621.

**Late filing of return.** A fund that does not file its tax return by the due date, including extensions, may have to pay a penalty of 5% of the unpaid tax for each month or part of a month the return is late, up to a maximum of 25% of the unpaid tax. The minimum penalty for a return that is over 60 days late is the smaller of the tax due or \$135.

The penalty will not be imposed if the fund can show that the failure to file on time was due to reasonable cause. Funds that file late must attach a statement explaining the reasonable cause.

**Late payment of tax.** A fund that does not pay the tax when due may be penalized  $\frac{1}{2}$  of 1% of the unpaid tax for each month or part of a month the tax is not paid, up to a maximum of 25% of the unpaid tax. This penalty will not be imposed if the fund can show that the failure to pay on time was due to reasonable cause.

**Other penalties.** Other penalties can be imposed for negligence, substantial understatement of tax, and fraud. See sections 6662, 6662A, and 6663.

### Specific Instructions

**Period covered.** Show the calendar year for which the return is filed at the top of the form. Figure income on a calendar year basis even if the fund files its income tax return and keeps its books and records on a fiscal year basis.

**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 fund has a P.O. box, show the box number instead.

**Election under section 4982(e)(4).** This election is available to funds whose tax years end in November or December. If the fund qualifies, it may substitute its tax year for the 1-year period ending on October 31.

If the RIC makes the election, Form 8613 must be filed even if no tax is due. The election is made no later than the time for filing Form 8613 (including extensions) for the year in which the election will apply. Once made, the election is revocable only with IRS consent.

### Required Distribution

**Line 1a.** Include on this line the following types of income.

**1.** Adjustments that result in the distribution of deficiency dividends under section 860(f) for the year in which the dividends are paid.

**2.** If a RIC is a partner in a partnership, recognize the fund's share of partnership ordinary income (loss) and deductions at the same time they are taken into account by the partnership, regardless of the fund's tax year or the tax year of the partnership in which the fund is a partner. See Rev. Rul. 94-40, 1994-1 C.B. 274.

Also see Rev. Proc. 94-71, 1994-2 C.B. 810, for the circumstances under which the IRS will not challenge the method used by a fund to account for partnership items when its required distribution is determined under section 4982.

**3.** Any foreign currency gain or loss attributable to a section 988 transaction that would be properly taken into account for the part of the calendar year after October 31 is taken into account in the following year. If the RIC makes an election under section 4982(e)(4), the last day of the fund's tax year is substituted for October 31.

**4.** Ordinary gain or loss from a disposition of stock in a passive foreign investment company is determined as if the fund's calendar year tax year ended on October 31. Gain or loss for the part of the calendar year after October 31 is taken into account in the following year. If the section 4982(e)(4) election is made, the last day of the fund's tax year is substituted for October 31.

**Election to defer certain ordinary losses.** For calendar years beginning after December 31, 2010, a RIC may elect under section 4982(e)(7) to determine its ordinary income for the calendar year by deferring its net ordinary loss (figured without regard to specified gains and losses taken into account under section 4982(e)(5)) attributable to the portion of the calendar year that begins after the tax year. If this election is made, any amount of the net ordinary loss not taken for a calendar year will be treated as arising on the first day of the following calendar year. For more information, see section 4982(e)(7).

To make the election, attach a statement to the return for the year in which the election will apply indicating the RIC is electing to defer its net ordinary loss under section 4982(e)(7) and specifying the amount of the net ordinary loss that the RIC is electing to defer.

**Line 2a.** Include on this line the following items.

**1.** Capital gain net income from deficiency dividends referred to in line 1a above.

**2.** The fund's share of partnership capital gain net income taken into account at the same time as it is taken into account by the partnership, regardless of the fund's tax year or the tax year of the partnership in which the fund is a partner.

If the RIC does not make the section 4982(e)(4) election, capital gain net income is figured on the basis of a 1-year period ending on October 31 of the calendar year.

If the RIC makes the election under section 4982(e)(4), substitute the fund's tax year for the 1-year period ending on October 31. A special rule applies, however, to the first year the fund makes the election if that year is not the first year the fund is subject to the tax under section 4982. For that year, capital gain net income is figured for the period beginning on November 1 of the year immediately preceding the election year and ending on the last day of the first tax year for which the election was made.

## Distributed Amount

**Line 5.** Enter dividends paid during the calendar year. Include dividends declared in October, November, or December of that calendar year that are payable to shareholders of record on a specified date in one of these months, but only if actually paid by the fund during January of the following calendar year. See section 852(b)(7). Do not include other dividends paid after the close of the calendar year.

**Line 6.** Line 6 is the total of the following amounts figured for the tax year of the fund ending in or with the calendar year for which this return is filed.

**1.** Taxable income from Form 1120-RIC, Part I, line 26, and the amount subject to tax on Form 1120-RIC, Part II, line 3; and

**2.** Undistributed capital gains designated under section 852(b)(3)(D) from Form 2438, line 11.

## Tax and Payments

**Line 12.** Full payment of the tax due on line 12 must be attached to this return. Make the RIC's check or money order payable to the "United States Treasury."

**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 contents may become material in the administration of any Internal Revenue law. Generally, tax returns 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** . . . . 6 hr., 42 min.

**Learning about the law or the form** . . . . 2 hr., 28 min.

**Preparing and sending the form to the IRS** . . . 2 hr., 42 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:M:S, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this office. Instead, see *When and Where To File* above.