

# Extraterritorial Income Exclusion

OMB No. 1545-1722

- ▶ **Attach to your tax return.**
- ▶ **See separate instructions.**

Attachment  
Sequence No. **126**

Name(s) as shown on return

Identifying number

## Part I Elections and Other Information

- 1 Check the box if you are electing under section 942(a)(3) to exclude a portion of your gross receipts from foreign trading gross receipts on line 15. Attach a schedule indicating which receipts are being excluded . . . . . ▶
- 2 Check the box if you are electing to apply the extraterritorial income exclusion provisions to certain transactions involving a FSC (see instructions). Attach a schedule listing the affected transactions . . . . . ▶
- 3 Check the box if the taxpayer is a foreign corporation electing to be treated as a domestic corporation (see instructions) . . . . . ▶
- 4a Are you excepted from the foreign economic process requirements because your foreign trading gross receipts are \$5 million or less? . . . . . ▶  Yes  No
- b If "No," check the applicable box to indicate how you met the foreign economic process requirements:
  - (1)  You met the 50% foreign direct cost test (see instructions).
  - (2)  You met the alternative 85% foreign direct cost test (see instructions).
- 5 See instructions before completing lines 5a through 5c. **Note:** For transactions for which the exclusion is determined using the foreign sale and leasing income method (i.e., line 44 equals line 45), complete only lines 5a and 5c(1).
  - a Business activity code \_\_\_\_\_ b Product or product line \_\_\_\_\_
  - c Check the applicable box to indicate the basis of your reporting:
    - (1) Transaction-by-transaction:
      - (a)  Aggregate on Form 8873
      - (b)  Aggregate on tabular schedule
      - (c)  Tabular schedule of transactions
    - (2)  Group of transactions

## Part II Foreign Trade Income and Foreign Sale and Leasing Income

**Caution:** If a related person is also eligible for an extraterritorial income exclusion, see **Excluded property** in the instructions.

	(a) Foreign Trade Income	(b) Foreign Sale and Leasing Income
6 Sale, exchange, or other disposition of qualifying foreign trade property . . . . .	<b>6</b>	
7 Enter the amount from line 6, column (a), attributable to the sale of property formerly leased or rented for use by the lessee outside the United States . . . . .	<b>7</b>	
8 Lease or rental of qualifying foreign trade property for use by the lessee outside the United States. Enter the same amount in both columns . . . . .	<b>8</b>	
9 Services related and subsidiary to the sale, exchange, or other disposition of qualifying foreign trade property . . . . .	<b>9</b>	
10 Enter the amount from line 9, column (a), attributable to the sale of property formerly leased or rented for use by the lessee outside the United States . . . . .	<b>10</b>	
11 Services related and subsidiary to the lease of qualifying foreign trade property for use by the lessee outside the United States. Enter the same amount in both columns . . . . .	<b>11</b>	
12 Engineering or architectural services for construction projects outside the United States	<b>12</b>	
13 Managerial services provided to unrelated persons (see instructions) . . . . .	<b>13</b>	
14 Enter the sum of the amounts from lines 6, 9, 12, and 13 of column (a) attributable to foreign economic processes. <b>Do not</b> include any amounts already included on lines 7, 8, 10, or 11 in column (b) . . . . .	<b>14</b>	
15 <b>Foreign trading gross receipts.</b> Add lines 6 through 13 in column (a) . . . . .	<b>15</b>	
16 Add lines 7 through 14 in column (b) . . . . .	<b>16</b>	
17 <b>Cost of goods sold:</b>		
a Inventory at beginning of year . . . . .	<b>17a</b>	
b Purchases . . . . .	<b>17b</b>	
c Cost of labor . . . . .	<b>17c</b>	
d Additional section 263A costs (attach schedule) . . . . .	<b>17d</b>	
e Other costs (attach schedule) . . . . .	<b>17e</b>	
f Total. Add lines 17a through 17e . . . . .	<b>17f</b>	
g Inventory at end of year . . . . .	<b>17g</b>	
h Subtract line 17g from line 17f . . . . .	<b>17h</b>	
18 In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16 . . . . .	<b>18</b>	
19 Other expenses and deductions (see instructions) (attach schedule) . . . . .	<b>19</b>	
20 <b>Foreign trade income.</b> In column (a), subtract line 19 from line 18. If -0- or less, stop here. You do not qualify for the exclusion . . . . .	<b>20</b>	
21 <b>Foreign sale and leasing income.</b> In column (b), subtract line 19 from line 18 . . . . .	<b>21</b>	