



# Instructions for Form 1116

## Foreign Tax Credit (Individual, Estate, or Trust)

Section references are to the Internal Revenue Code unless otherwise noted.

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### Future Developments

For the latest information about developments related to Form 1116 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form1116](http://IRS.gov/Form1116).

### More Information

For more information about, or assistance with, figuring the foreign tax credit, the following IRS resources are available.

**Publications.** See Pub. 514, Foreign Tax Credit for Individuals. The following publications also may be helpful.

- Pub. 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad.
- Pub. 519, U.S. Tax Guide for Aliens.
- Pub. 570, Tax Guide for Individuals With Income From U.S. Possessions.
- Pub. 575, Pension and Annuity Income.



If you are overseas, call 267-941-1000 (not toll free).



Write to Internal Revenue Service, International Accounts, Philadelphia, PA 19255-0725.

## General Instructions

### Election

### Foreign

### Filing

You may elect to claim a credit for foreign taxes paid or accrued on your taxable income from sources outside the United States. To make the election, just enter on Form 1116 to the foreign tax credit line the amount of the foreign taxes.

- All of the foreign taxes (which include foreign taxes on income from sources outside the United States) for which you are eligible for a refund by the foreign country.
- If you do not exercise your available remedies to reduce the amount of foreign tax to what you legally owe, a credit for the excess amount is not allowed.

**Example.** Country X withholds \$25 of tax from a payment made to you. Under the income tax treaty between the United States and Country X, you owe only \$15 and can claim a refund from Country X for the other \$10. Only \$15 is eligible for the foreign tax credit (whether or not you apply for a refund).

This election isn't available to estates or trusts.

If you make this election, the following rules apply.

- You can't carry over to or from any other year any foreign taxes paid or accrued in a tax year to which the election applies (but carryovers to and from other years are unaffected). See the instructions for [line 10](#), later.
- You are still required to take into account the general rules for

determining whether a tax is creditable. See [Foreign Taxes Eligible for a Credit](#) and [Foreign Taxes Not Eligible for a Credit](#), later.

- You are still required to reduce the taxes available for credit by any amount you would have entered on line 12 of Form 1116. See the instructions for [line 12](#), later.

To make the election, just enter on

*Text below is an excerpt from page 2, column 2 of instructions for IRS FORM 1116, 2017.*

### Foreign Taxes Not Eligible for a Credit

You cannot take a credit for the following foreign taxes.

1. Taxes paid to a foreign country that you do not legally owe, including amounts eligible for refund by the foreign country. If you do not exercise your available remedies to reduce the amount of foreign tax to what you legally owe, a credit for the excess amount is not allowed.

**Example.** Country X withholds \$25 of tax from a payment made to you. Under the income tax treaty between the United States and Country X, you owe only \$15 and can claim a refund from Country X for the other \$10. Only \$15 is eligible for the foreign tax credit (whether or not you apply for a refund).

connected with a trade or business in the United States. But if you must pay tax to a foreign country or U.S. possession on income from U.S. sources only because you are a citizen or a resident of that country or U.S. possession, don't use that tax in figuring the amount of your credit.

See section 906 for more information on the foreign tax credit allowed to a nonresident alien individual.