## Form 1116 – Foreign Tax Credit



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## Form 1116 - Foreign Tax Credit

In order to claim a credit for any foreign taxes paid without filing Form 1116, you must answer Yes to all of the following questions:

- Is all of your gross foreign source income Passive Category Income such as interest and dividends?
- . Was all of that interest and dividend income reported to you on Form 1099-INT, Form 1099-DIV, or Schedule K-1?
- . If you had dividend income from shares of stock, did you hold those shares for at least 16 days?
- . Is the total of your foreign taxes less than or equal to \$300
- · Were all of your taxes:
  - A. Legally owed and not eligible for a refund; AND
  - B. Paid to countries that are recognized by the United States; AND
  - C. Paid to countries that do not support terrorism?

Foreign tax credit not over \$300

Note: Only enter an amount if you answered Yes to all the questions above.



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If you are needing to file Form 1116 because you are not making the election above, complete Form 1116 Foreign Tax Credit.

GO TO FORM 1116

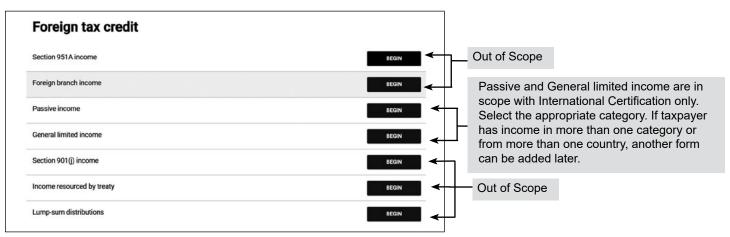
ONLY the Simplified Limitation Election for the foreign tax credit is in scope for Advanced certification. To be eligible for this election, qualified foreign taxes must be \$300 (\$600 if MFJ) or less, all foreign source income is passive category (such as interest and dividends) and taxpayer meets the other requirements as explained in Instructions for Form 1116. Do not enter amounts from Forms 1099-INT, Box 6, or 1099-DIV, Box 7. The software will include these in the foreign tax credit calculation. Foreign taxes from Forms K-1 should be entered here.

Both the tax return preparer and quality reviewer must have International certification to prepare Form 1116.

Note: If the taxpayer has a carryback or a carryforward of unused foreign tax, refer taxpayer to a professional tax preparer.

Foreign income tax is also eligible to be claimed on Schedule A as an itemized deduction. While that is an option, foreign tax claimed as a credit is generally more advantageous for taxpayers.

## Form 1116 - Foreign Tax Credit (continued)



Country of residence *		
- Please Select -	→ Select	country of residence
Are you reporting income that passed throcompany (RIC) on a country-by-country basis?	igh a mutual fund or other	regulated investment
Do you have passive income that is treated taxed?	as general category incom	e because it is highly
Carryback or Carryover		\$
Reduction in Foreign Taxes		\$
Adjustments		\$
Reduction of credit for international boycott operation	s	
\$		
Type of Income	Indicate whether	or the fereign toy was as
		er the foreign tax was ac tax year (paid) or if the t
Credit is claimed for taxes paid or accrued		ar but paid in another (acthe cash basis can choo
● Paid ←		or accrual method to de
O Accrued		lit. However, if the accrud axpayer must continue t
		for the foreign tax credi
	future returns.	_

## Form 1116 - Foreign Tax Credit (continued)

