

SCHEDULE I
(FORM 1118)

Department of the
Treasury

Internal Revenue
Service

Reduction of Foreign Oil and Gas Taxes

► **Attach to Form 1118**

► **Go to www.irs.gov/Form1118 for the latest information.**

For calendar year 20 , or other tax year beginning , 20 ,and ending , 20

OMB No. 1545-0123



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Name of corporation	Employer identification number
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Use a separate Schedule I (Form 1118) for each applicable category of income (see instructions).

- a. Separate Category (Enter code—see instructions.) ▶ _____
- b. If code 901j is entered on line a, enter the country code for the sanctioned country (see instructions) ▶ _____
- c. If one of the RBT codes is entered on line a, enter the country code for the treaty country (see instructions) ▶ _____

Report all amounts in U.S. dollars.

Part I Combined Foreign Oil and Gas Income and Taxes

	1(a). EIN or Reference ID number (see instructions)*	1(b). Foreign country or U.S. possession (enter two-letter code—use a separate line for each) (see instructions)	Gross Foreign Oil and Gas Income From Sources Outside the United States and Its Possessions (see instructions)				
			2. Gross foreign oil and gas extraction income	3. Gross foreign oil related income	4. Inclusions under sections 951(a)(1) and 951A	5. Other	6. Total (add columns 2 through 5)
A							
B							
C							
D							
E							
F							
Totals (add lines A through F) ►							

* For section 863(b) income, use a single line (see instructions).

	Deductions			10. Taxable income (column 6 minus column 9)	Foreign Oil and Gas Taxes (attach schedule)		
	7. Allocable deductions	8. Apportioned deductions	9. Total (add columns 7 and 8)		11. Paid or accrued	12. Deemed paid	13. Total (add columns 11 and 12)
A							
B							
C							
D							
E							
F							
Totals							

For Paperwork Reduction Act Notice, see the Instructions for Form 1118.

Schedule I (Form 1118)

Part II	Reduction Under Section 907(a)
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1	Combined foreign oil and gas income. (See the instructions for Part II, line 1, below.)	
2	Multiply line 1 by the highest rate of tax under section 11(b). (See the instructions for Part II, line 2, below.)	
3	Total taxes (from Part I, column 13, "Totals" line)	
4	Reduction (subtract line 2 from line 3; if zero or less, enter -0-). Enter here and on Schedule G, line B, of the corresponding Form 1118	

Part III	Foreign Oil and Gas Taxes Available for Use in the Current Tax Year
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1	Excess section 907(a) limitation. Subtract Schedule I, Part II, line 3, from line 2. If zero or less, enter -0- and do not complete the remainder of Part III	
2	Enter the sum of any carryover of foreign oil and gas tax to the current year. Attach a schedule showing the computation in detail	
3	Enter the smaller of lines 1 and 2 here and include on Schedule B, Part II, line 5	

General Instructions

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

Who Must File

If the corporation claims a credit for any income taxes paid, accrued, or deemed paid during the tax year on combined foreign oil and gas income, the amount of such taxes eligible for credit may be reduced. See section 907(a) and Regulations section 1.907(a)-1 for details.

Method of Reporting

Report all amounts in U.S. dollars. If it is necessary to convert from foreign currency, attach a statement explaining how the rate was determined.

Specific Instructions

Codes at top of page 1. On line a, enter the same separate category code as that shown on the Form 1118 to which this Schedule I is attached. If applicable, on line b or c, enter the same country code as that shown on the Form 1118 to which this Schedule I is attached.

Part I

See section 907(c) and underlying regulations for rules on the income to include in Part I.

Note: Do not include any dividend or interest income that is passive income. See the Instructions for Form 1118 for the definition of passive income.

Column 1(a). For information pertaining to the entry of EINs and reference ID numbers, see *Identifying Numbers* in the separate instructions for Form 1118. For section 863(b) income, leave column 1(a) blank.

Column 1(b). Enter the two-letter codes (from the list at *www.irs.gov/CountryCodes*) of all foreign countries and U.S. possessions within which income is sourced and/or to which taxes were paid, accrued, or deemed paid. For section 863(b) income, enter “863(b)” instead of a two-letter code.

Column 2. Enter gross income from sources outside the United States and its possessions from the following.

- The extraction (by the corporation or any other person) of minerals from oil or gas wells located outside the United States and its possessions.
- The sale or exchange of assets used in the trade or business of extracting minerals from oil or gas wells located outside the United States and its possessions.

See section 907(c)(1).

Column 3. Enter gross income from sources outside the United States and its possessions from the following.

- The processing of minerals extracted (by the corporation or any other person) from oil or gas wells into their primary products.
- The transportation of such minerals or primary products.
- The distribution or sale of such minerals or primary products.
- The disposition of assets used in the trade or business described in the three previous bulleted items.
- The performance of any other related service.

See section 907(c)(2).

Column 4. Enter amounts taxable under section 951(a) or 951A (including section 78 gross-up) that are attributable to the controlled foreign corporation’s combined foreign oil and gas income.

Column 5. Include the corporation's distributive share of partnership combined foreign oil and gas income. Include in column 5 interest income paid by a foreign corporation to the extent the category of income of such interest is determined under section 904(d)(3). Do not include interest income paid by a foreign subsidiary out of foreign oil and gas extraction income of the payor, even if it is not passive income.

See section 907(c)(3).

Columns 7 and 8. Enter the deductions allocated and apportioned to foreign oil and gas income in the separate category. See the regulations under section 861.

Column 10. For each country, subtract column 9 from column 6 and enter the result in column 10. When totaling the column 10 amounts, note that a taxable loss from a foreign country offsets taxable income from other countries.

Columns 11 and 12. Attach a schedule to show how the foreign taxes paid, accrued, or deemed paid with respect to combined foreign oil and gas income were figured.

Part II

Line 1. Enter the total from Part I, column 10, minus any recapture described in section 907(c)(4).

Line 2. At the time this schedule went to print, the highest rate of tax specified under section 11(b) was 21%.

Part III

Line 2. Enter the sum of any carryover of foreign oil and gas tax to the current year. Attach a schedule showing the computation in detail. Corporations are encouraged to attach a schedule that is similar to Schedule K (Form 1118), which is used to report a running balance of the corporation's section 904(c) carryovers. If this approach is taken, the amount to be entered on line 2 is the amount that corresponds to Schedule K (Form 1118), line 3, column (xiv). Please note that special rules apply to the carryback and carryover of foreign taxes paid or accrued on combined foreign oil and gas income and related taxes. For example, in applying foreign tax carryovers from prior tax years, in the case of any tax year that is an unused credit year (as defined in section 907(f)) under each of sections 907(f) and 904(c), the provisions of section 907(f) are to be applied before section 904(c). See section 907(f) and Regulations section 1.907(f)-1 for additional information.