

26 CFR 601.201: Rulings and determination letters
(Also: Part 1, §§ 1295; 1.1295-3)

Rev. Proc. 2026-10

SECTION 1. PURPOSE

.01 *In General.*

.02 *References.* As the context requires, references to Rev. Proc. 2026-1 include successor revenue procedures.

SECTION 2. BACKGROUND

.01 *QEF Elections.*

Generally, a foreign corporation is a PFIC under section 1297 for a taxable year if the foreign corporation satisfies either the income or asset test of section 1297(a) for that year. A foreign corporation is a PFIC under the income test if 75 percent or more of its gross income for its taxable year is passive income. Alternatively, under the asset test, a foreign corporation is a PFIC if 50 percent or more of its assets, measured by average annual value or adjusted bases (as determined pursuant to Treas. Reg. § 1.1297-1(d)), during its taxable year are assets that produce, or are held for the

production of, passive income.

Pursuant to section 1291, certain distributions by a PFIC and gains recognized on dispositions of its stock included in the income of the PFIC shareholder generally are subject to ordinary income treatment and an interest charge (excess distribution rules). A PFIC shareholder may avoid the excess distribution rules by making a timely election under section 1295 to treat a PFIC as a QEF (a QEF election), in which case the PFIC shareholder will take into account annually its pro rata share of the ordinary earnings and net capital gain of the PFIC under section 1293.

Under section 1295(a), a PFIC will be treated as a QEF with respect to a PFIC shareholder if the shareholder makes a QEF election and the PFIC complies with the requirements prescribed by the Secretary for purposes of (i) determining the ordinary earnings and net capital gain of the PFIC and (ii) otherwise carrying out the purpose of the PFIC provisions. Section 1295(b)(1) provides that a PFIC shareholder may make a QEF election with respect to a PFIC for any taxable year of the PFIC shareholder. Once made, the election will apply to that year and to all subsequent years of the PFIC shareholder unless revoked with the consent of the Secretary. Section 1295(b)(2) prescribes the time for making the election. In general, for the QEF election to be applicable to a taxable year, the PFIC shareholder must make the election by the due date, as extended under section 6081, for the PFIC shareholder's return for that taxable year (election due date).

If a PFIC shareholder makes a QEF election that is effective the first taxable year in which the PFIC shareholder held stock in that PFIC, the PFIC shareholder is not

subject to the excess distribution rules with respect to the PFIC (such QEF, a pedigreed QEF). Further, a pedigreed QEF with respect to a PFIC shareholder will not be treated as a QEF for any taxable year in which the foreign corporation is not a PFIC under section 1297(a), and the PFIC shareholder is not required to take into account under section 1293 its pro rata share of the foreign corporation's ordinary earnings and net capital gain for such year or to satisfy the section 1295 annual reporting requirements for such year. However, if a PFIC shareholder makes a QEF election for any year after the first taxable year in which the foreign corporation was a PFIC with respect to the shareholder, then that stock continues to be treated as PFIC stock under section 1298(b)(1) (often referred to as the "once a PFIC, always a PFIC" rule), and the PFIC shareholder continues to be subject to the excess distribution rules in addition to the QEF rules after the PFIC shareholder makes the QEF election (such QEF, an unpedigreed QEF). Under Treas. Reg. §§ 1.1291-9 and 1.1291-10, a PFIC shareholder may purge the PFIC taint in this circumstance and make the PFIC a pedigreed QEF with respect to the PFIC shareholder by electing to recognize gain on a deemed sale of its PFIC stock or, in the case of a PFIC that is also a controlled foreign corporation (as defined in section 957(a)), electing to recognize a deemed dividend from the PFIC, while simultaneously making a QEF election.

Under Treas. Reg. § 1.1295-1(f)(1), a PFIC shareholder makes a QEF election by: (i) properly completing a Form 8621, *Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund*; (ii) attaching Form 8621 to its Federal income tax return filed by the election due date for the PFIC

shareholder's election year; and (iii) receiving, and reflecting in Form 8621, the information provided in the PFIC Annual Information Statement described in Treas. Reg. § 1.1295-1(g)(1), the Annual Intermediary Statement described in Treas. Reg. § 1.1295-1(g)(3), or the applicable combined statement described in Treas. Reg. § 1.1295-1(g)(4) (a Combined Statement) for the taxable year of the PFIC ending with or within the taxable year for which Form 8621 is being filed. Further, if the PFIC Annual Information Statement contains a statement that the foreign corporation has permitted the PFIC shareholder to examine the books of account, records, and other documents of the foreign corporation for the PFIC shareholder to calculate the amounts of the PFIC's ordinary earnings and net capital gain according to Federal income tax accounting principles and to calculate the PFIC shareholder's pro rata shares of those amounts (as described in Treas. Reg. § 1.1295-1(g)(1)(ii)(C)), the PFIC shareholder must attach a statement to Form 8621 that indicates that the PFIC shareholder, not the PFIC, calculated the PFIC's ordinary earnings and net capital gain.

.02 Retroactive QEF Elections.

Section 1295(b)(2) provides that, to the extent permitted under regulations, a PFIC shareholder may make a QEF election for a taxable year after the election due date (retroactive QEF election) if the PFIC shareholder fails to make a timely election because the PFIC shareholder reasonably believed that the foreign corporation was not a PFIC. Thus, if eligible, a PFIC shareholder may make a QEF election retroactive to the first taxable year in which that PFIC shareholder held stock of that PFIC and, as a result, the PFIC would be a pedigreed QEF with respect to the PFIC shareholder.

Treas. Reg. § 1.1295-3 provides two sets of rules for making a retroactive QEF election, which are the exclusive rules under which a PFIC shareholder may make a retroactive QEF election. Relief for failure to make a timely QEF election is therefore not available under any other provision of law, including under Treas. Reg. §§ 301.9100-1 through -3.

Under the first set of rules, as provided under Treas. Reg. § 1.1295-3(b) (protective regime), to make a retroactive QEF election, a PFIC shareholder must have: (i) reasonably believed, as of the election due date, that the foreign corporation was not a PFIC for its taxable year that ended during the retroactive election year; (ii) filed a protective statement applicable to the retroactive election year with respect to the foreign corporation as described in Treas. Reg. § 1.1295-3(b)(2); and (iii) complied with the other terms and conditions of the protective statement. Treas. Reg. § 1.1295-3(e) provides special rules for certain minority PFIC shareholders to meet the reasonable belief requirement under Treas. Reg. § 1.1295-3(b)(1).

Under the second set of rules, as provided under Treas. Reg. § 1.1295-3(f), a PFIC shareholder that has not satisfied the requirements of the protective regime under Treas. Reg. § 1.1295-3(b) or (e) may request consent of the Commissioner to make a retroactive QEF election. Under Treas. Reg. § 1.1295-3(f)(1), the Commissioner will grant relief only if (i) the PFIC shareholder reasonably relied on a qualified tax professional, (ii) granting consent will not prejudice the interests of the United States government (see section 4.02(3) of this revenue procedure), (iii) the PFIC shareholder requests consent before the IRS raises upon audit the PFIC status of the corporation for

any taxable year of the PFIC shareholder, and (iv) the PFIC shareholder satisfies certain procedural requirements for obtaining relief.

Treas. Reg. § 1.1295-3(f)(2) sets forth rules for determining whether a PFIC shareholder reasonably relied on a qualified tax professional, including that a PFIC shareholder is deemed to have reasonably relied on a qualified tax professional only if the PFIC shareholder reasonably relied on a qualified tax professional (including a tax professional employee of the PFIC shareholder) who failed to identify the foreign corporation as a PFIC or failed to advise the PFIC shareholder of the consequences of making, or failing to make, a QEF election. See section 4.02(2)(e) of this revenue procedure for more detail regarding the statement of facts that a PFIC shareholder must provide in connection with these rules.

.03 Requesting IRS Consent to Make a Retroactive QEF Election.

Treas. Reg. § 1.1295-3(f)(4) provides that a PFIC shareholder requests consent to make a retroactive QEF election by filing a ruling request with the Office of Associate Chief Counsel (International) (retroactive QEF election ruling request). The retroactive QEF election ruling request must satisfy the general requirements, including payment of the user fee, for ruling requests filed with Associate offices as set forth in Rev. Proc. 2026-1.

The retroactive QEF election ruling request must include certain affidavits. Under Treas. Reg. § 1.1295-3(f)(4)(ii), the ruling request must include a detailed affidavit from the PFIC shareholder, or a person authorized to sign a Federal income tax return on behalf of the PFIC shareholder, describing the events that led to the failure to

make a QEF election by the election due date, and the discovery of that failure. The PFIC shareholder's affidavit must describe the engagement and responsibilities of the qualified tax professional as well as the extent to which the PFIC shareholder relied on the tax professional. The PFIC shareholder, or the individual signing for an entity, must sign the affidavit under penalties of perjury. An individual that signs for an entity must have personal knowledge of the facts and circumstances at issue.

The retroactive QEF election ruling request must also include detailed affidavits from individuals having knowledge or information about the events that led to the failure to make a QEF election by the election due date and to the discovery of that failure.

See Treas. Reg. § 1.1295-3(f)(4)(iii). These individuals must include the qualified tax professional upon whose advice the PFIC shareholder relied, as well as any individual (including an employee of the PFIC shareholder) who made a substantial contribution to the return's preparation, and any accountant or attorney, knowledgeable in tax matters, who advised the PFIC shareholder regarding its ownership of the stock of the foreign corporation. Each affidavit must describe the individual's engagement and responsibilities as well as the advice concerning the tax treatment of the foreign corporation that the individual provided to the PFIC shareholder. Each affidavit also must include the individual's name, address, and taxpayer identification number, and must be signed by the individual under penalties of perjury.

The PFIC shareholder must provide any additional information requested by the Commissioner in connection with the retroactive QEF election ruling request. See Treas. Reg. § 1.1295-3(f)(4)(iv). The PFIC shareholder is also required to notify the

branch of the Office of Associate Chief Counsel (International) handling the request if, while the request is pending, the IRS begins an examination of the PFIC shareholder's return for the retroactive election year or any subsequent taxable year during which the PFIC shareholder holds stock of the foreign corporation. See Treas. Reg. § 1.1295-3(f)(4)(v).

SECTION 3. INFORMAL PRE-FILING CONSULTATIONS WITH THE OFFICE OF ASSOCIATE CHIEF COUNSEL (INTERNATIONAL)

In the interest of making the retroactive QEF election ruling request process more effective and efficient, the Office of Associate Chief Counsel (International) invites PFIC shareholders and their representatives to contact the Office of Associate Chief Counsel (International) for an informal consultation in connection with determining whether to file a request. The consultation may include procedural or substantive issues. Statements or representations made by the Office of Associate Chief Counsel (International) in an informal consultation are not binding on the IRS. The requirements set forth in section 10 of Rev. Proc. 2026-1 with respect to conferences and pre-submission conferences do not apply to informal consultations under section 3 of this revenue procedure. Inquiries and informal consultation requests may be sent to CC.INTL.RetroQEF.PLR@irs counsel.treas.gov or made to the Office of Associate Chief Counsel (International) by phone at (202) 317-6934 (not a toll-free call).

Conferences and pre-submission conferences described in section 10 of Rev. Proc. 2026-1 remain available to PFIC shareholders.

SECTION 4. PROCEDURES FOR FILING RETROACTIVE QEF ELECTION RULING REQUESTS

.01 *General.* This section sets forth certain procedures, rules, and guidelines relevant to filing a request for consent to make a retroactive QEF election. A checklist summarizing the requirements is provided in the Appendix.

.02 *Procedures.*

(1) *User fees.*

(a) *General rules.* All retroactive QEF election ruling requests must be accompanied by the appropriate user fee as determined from the fee schedule provided in Appendix A to Rev. Proc. 2026-1. See section 15.02 of Rev. Proc. 2026-1. If a request is not matched with full payment, the IRS will exercise discretion in deciding whether to immediately return the request. See section 15.09 of Rev. Proc. 2026-1.

In general, the user fee amount provided in paragraph (A)(3)(c)(ii) of Appendix A to Rev. Proc. 2026-1 (“[a]ll other letter ruling requests” not otherwise identified in paragraph (A)(3) of Appendix A) applies to a retroactive QEF election ruling request. See section 4.02(1)(b) of this revenue procedure for the availability of reduced user fees in certain cases. The user fee amount provided in paragraph (A)(3)(c)(i) of Appendix A to Rev. Proc. 2026-1 (user fee for ruling requests for relief under Treas. Reg. § 301.9100-3 or section 1362(b)(5)) does not apply to a retroactive QEF election ruling request.

A separate user fee is required for each PFIC for which a PFIC shareholder is seeking consent to make a retroactive QEF election. See Treas. Reg. § 1.1295-3(f)(4).

For example, if a PFIC shareholder requests letter rulings for consent to make retroactive QEF elections with respect to three PFICs in a single submission, such submission must be accompanied by payment of three separate user fees as provided in Appendix A to Rev. Proc. 2026-1. As described in section 4.02(1)(b) of this revenue procedure, reduced user fees may be available to PFIC shareholders in some cases, and a PFIC shareholder may generally pay the lowest user fee available to such PFIC shareholder as provided in Appendix A to Rev. Proc. 2026-1.

(b) *Reduced user fees.*

(i) *Substantially identical letter ruling requests.*

A PFIC shareholder requesting multiple retroactive QEF election rulings may qualify for reduced user fees as provided in paragraph (A)(5)(a) of Appendix A to Rev. Proc. 2026-1 if the requests are for substantially identical rulings. *Cf.* section 15.07 of Rev. Proc. 2026-1. To qualify for this reduced user fee, all information and underlying documents must be substantially identical and all letter ruling requests must be submitted at the same time in a single submission. In addition, the submission must state that the letter ruling requests, all information, and underlying documents are substantially identical, and must specifically identify the extent to which the letter ruling requests, information, and underlying documents are not identical. The IRS will generally treat additional retroactive QEF election ruling requests in a single submission regarding multiple PFICs as substantially identical rulings if the facts and circumstances that led to the failure to make the elections and the discovery of such failure are substantially similar, even though the stock of each PFIC may have been acquired by

the PFIC shareholder in different years and the calculations of the PFIC shareholder's potential QEF inclusion amounts under section 1293(a) for each PFIC may be different. For this purpose, the IRS generally will treat the fact that a tax advisor contemporaneously discovered the PFIC status of multiple foreign corporations owned by a PFIC shareholder as evidencing that the failures to make QEF elections and the discovery of such failures are based on substantially similar facts and circumstances.

Example. At different times, a taxpayer purchased stock in three foreign corporations that are PFICs (FC1, FC2, and FC3) and relied on a tax advisor who failed to identify the foreign corporations as PFICs. After the PFIC shareholder hired a new tax advisor, the new tax advisor discovered contemporaneously that each of FC1, FC2, and FC3 qualify as PFICs.

Because the new tax advisor discovered that all three foreign corporations are PFICs contemporaneously, if (1) the PFIC shareholder otherwise meets the requirements to submit retroactive QEF election ruling requests and (2) the PFIC shareholder makes a single, simultaneous submission with respect to all three PFICs, then the PFIC shareholder must pay the full user fee for the first ruling with respect to FC1 (to treat FC1 as a QEF) as provided in paragraph (A)(3)(ii) of Appendix A to Rev. Proc. 2026-1 (assuming paragraph (A)(4)(a) and (b) of Appendix A to Rev. Proc. 2026-1 do not apply; see section 4.02(1)(b)(ii) of this revenue procedure) and is eligible to pay the reduced user fees for substantially identical rulings with respect to each of FC2 and FC3.

(ii) *Reduced user fees based on gross income.* Reduced user fees may apply if a PFIC shareholder’s “gross income” (as determined under paragraphs (B)(2), (3), (4), and (5) of Appendix A to Rev. Proc. 2026-1) as reported on the PFIC shareholder’s last Federal income tax return (as amended) filed for a full (12-month) taxable year ending before the date the request is filed is less than certain amounts. Two different reduced user fee amounts are available depending on the PFIC shareholder’s gross income. See paragraph (A)(4)(a) and (b) of Appendix A to Rev. Proc. 2026-1. PFIC shareholders seeking a reduced user fee based on their gross income must attach a certification as provided in paragraph (B)(1) of Appendix A to Rev. Proc. 2026-1.

(iii) *Lowest available user fee.* A PFIC shareholder may generally pay the lowest user fee available to the PFIC shareholder as provided in Appendix A to Rev. Proc. 2026-1.

Example. On June 30, 2026, a PFIC shareholder requests letter rulings for consent to make retroactive QEF elections with respect to four PFICs in a single, simultaneous submission. The PFIC shareholder is eligible to pay reduced user fees either for substantially identical letter rulings as provided in paragraph (A)(5)(a) of Appendix A to Rev. Proc. 2026-1 with respect to three PFICs or based on the PFIC shareholder’s gross income as provided in paragraph (A)(4)(a) of Appendix A to Rev. Proc. 2026-1 with respect to all four PFICs. On June 30, 2026, the PFIC shareholder’s total user fee amount for substantially identical letter ruling requests would

be \$16,560 (the reduced user fee of \$3,450 based on gross income with respect to the first PFIC and the substantially identical letter ruling request user fee of \$4,370 with respect to the remaining three PFICs). On June 30, 2026, the PFIC shareholder's total user fee amount for four separate ruling requests based on the PFIC shareholder's gross income would be \$13,800 (the reduced user fee of \$3,450 based on gross income with respect to all four PFICs). The PFIC shareholder can choose to treat the four ruling requests as separate, not substantially identical, and pay \$13,800, the lowest user fee amount available to such PFIC shareholder. Nonetheless, only one submission that recites all the relevant facts and representations with respect to all four PFICs is necessary. See Appendix A to Rev. Proc. 2026-1.

(c) *User fee rate codes.*

Separate user fee rate codes for retroactive QEF election ruling requests are available when PFIC shareholders are submitting the user fee payments through www.pay.gov. PFIC shareholders may select from the following user fee rate codes for their retroactive QEF election ruling requests.

User fee rate code	Description
PLRRRQ	The full user fee for a retroactive QEF election ruling
PLRRRQR	The reduced user fee based on gross income as provided in paragraph (A)(4)(a) of Appendix A to Rev. Proc. 2026-1
PLRRRQR1M	The reduced user fee based on gross income as provided in paragraph (A)(4)(b) of Appendix A to Rev. Proc. 2026-1
PLRRRQM	The reduced user fee for a substantially identical ruling as provided in paragraph (A)(5)(a) of Appendix A to Rev. Proc. 2026-1

A retroactive QEF election ruling request must include a statement indicating the relevant user fee rate codes on the first page of the submission. If the submission is accompanied by reduced user fees as provided in paragraph (A)(4)(a) or (b), or (5)(a) of Appendix A to Rev. Proc. 2026-1, the statement or certification must explain why the submission qualifies for the reduced user fees.

(2) Items to include with retroactive QEF election ruling submission. With respect to each PFIC in a retroactive QEF election ruling submission, a PFIC shareholder must include the following documents and information:

- (a) a statement listing the dates on which the PFIC shareholder acquired each interest in the foreign corporation, the PFIC shareholder's ownership percentage of the foreign corporation immediately after acquiring each interest, and the first taxable year of the foreign corporation ending with or within a taxable year of the PFIC shareholder for which the retroactive QEF election is requested to be in effect;
- (b) PFIC Annual Information Statements (or Intermediary Statements or Combined Statements, as applicable) for each taxable year of the PFIC ending with or within a taxable year of the PFIC shareholder for which the retroactive QEF election is requested to be in effect, if available;
- (c) a detailed affidavit from the PFIC shareholder, or a person authorized to sign a Federal income tax return on behalf of the PFIC shareholder, meeting the requirements of Treas. Reg. § 1.1295-3(f)(4)(ii);
- (d) detailed affidavits from other persons prescribed by and meeting the

requirements of Treas. Reg. § 1.1295-3(f)(4)(iii), including the qualified tax professional upon whose advice the PFIC shareholder relied, as well as any individual (including an employee of the PFIC shareholder) who made a substantial contribution to the return's preparation, and any accountant or attorney, knowledgeable in tax matters, who advised the PFIC shareholder with regard to their ownership of the stock of the foreign corporation. The IRS may in its discretion deem the requirement to obtain such an affidavit satisfied in certain situations in which the PFIC shareholder has exhausted all reasonable means to obtain such affidavit and the affidavit is unavailable, such as a PFIC shareholder that is unable to obtain an affidavit from a qualified tax professional upon whose advice the PFIC shareholder relied because the qualified tax professional is deceased and their records are unavailable. A PFIC shareholder that is unable to obtain such an affidavit is strongly encouraged to seek informal consultation with the Office of Associate Chief Counsel (International) before filing the ruling request as described in section 3 of this revenue procedure.

- (e) a statement of facts (including any supporting documentation) demonstrating that in preparing their income tax return for the taxable year with respect to which the PFIC shareholder is requesting consent to make a retroactive QEF election—
 - (i) the PFIC shareholder reasonably relied on a qualified tax professional (including a tax professional employed by the PFIC shareholder) and—

1. the tax professional failed to identify the foreign corporation as a PFIC or failed to advise the PFIC shareholder of the consequences of making, or failing to make, the QEF election; and
2. the PFIC shareholder did not know and did not have reason to know that the qualified tax professional was not competent to render tax advice with respect to the ownership of shares of a foreign corporation or did not have access to all relevant facts and circumstances;

(ii) the PFIC shareholder did not ignore the advice of a qualified tax professional that the foreign corporation was a PFIC and of the availability of the QEF election and related tax consequences; and

(iii) the PFIC shareholder otherwise did not know or have reason to know that the foreign corporation was a PFIC and of the availability of a QEF election; and

(f) a representation that, as of the time of the filing of the retroactive QEF election ruling request, a representative of the IRS has not raised on audit the PFIC status of the foreign corporation for any taxable year of the PFIC shareholder.

(3) *Post-submission process and prejudice determination.* Upon receipt of a PFIC shareholder's retroactive QEF election ruling submission with the correct user fee (see section 4.02(1) of this revenue procedure), the IRS will conduct a technical review

to determine whether such PFIC shareholder satisfies the requirements of Treas. Reg. § 1.1295-3(f). An important determination in this review is whether granting consent would prejudice the interests of the United States government under Treas. Reg. § 1.1295-3(f)(3).

Except as otherwise provided in Treas. Reg. § 1.1295-3(f)(3)(ii) (entry into a closing agreement to eliminate prejudice), consent for a retroactive QEF election will not be granted if it would prejudice the interests of the United States government. Under Treas. Reg. § 1.1295-3(f)(3)(i), the interests of the United States government are prejudiced if granting relief would result in the PFIC shareholder having a lower tax liability, taking into account applicable interest charges, in the aggregate for all years affected by the retroactive QEF election (other than by a de minimis amount) than the PFIC shareholder would have had if the PFIC shareholder had made a QEF election by the election due date. The time value of money is taken into account for purposes of this computation.

In determining whether a retroactive QEF election will prejudice the interests of the United States government, the IRS will generally rely on the PFIC Annual Information Statements (or Intermediary Statements or Combined Statements, as applicable) for each taxable year of the PFIC ending with or within a taxable year of the PFIC shareholder for which the retroactive QEF election is requested to be in effect that are provided by the PFIC shareholder with the submission. If PFIC Annual Information Statements (or Intermediary Statements or Combined Statements, as applicable) are not available or do not provide sufficient information for one or more taxable years of the

PFIC ending with or within a taxable year of the PFIC shareholder for which the retroactive QEF election is requested to be in effect, the PFIC shareholder must provide other information (including any supporting documentation) sufficient to demonstrate that granting relief would not prejudice the interests of the United States government.

In all cases, regardless of whether PFIC Annual Information Statements (or Intermediary Statements or Combined Statements, as applicable) are available, the prejudice determination requires PFIC shareholders to provide information sufficient for the IRS to: (1) review the accuracy of the PFIC shareholder's proposed QEF inclusion calculation under section 1293(a) for all years that would be covered by the election; and (2) accurately compute the PFIC shareholder's tax liability for such years if a QEF election had been timely made. In order to complete its determination, the IRS generally will issue one or more prejudice determination information requests to the PFIC shareholder setting forth information to be provided by the PFIC shareholder to the IRS.

(4) *Prejudice determination information requests.* Section 4.02(5) of this revenue procedure provides a sample information list containing items that the IRS will typically request to establish that a retroactive QEF election would not prejudice the interests of the United States government under Treas. Reg. § 1.1295-3(f)(3). Information requests may also include any other information the IRS requests pursuant to Treas. Reg. § 1.1295-3(f)(4)(iv).

PFIC shareholders should provide this information only upon IRS request and do not need to include such information with the submission of a retroactive QEF election

ruling request because the information requested by the IRS may vary depending on the facts and circumstances of the ruling request. All information provided pursuant to such an IRS request must comply with the requirements of section 8.05 of Rev. Proc. 2026-1, including the requirement to submit such information within 21 days from the date of the request unless an extension of time is granted. Accordingly, the IRS strongly encourages PFIC shareholders to review the items in the sample information list prior to submitting a retroactive QEF election ruling request and be prepared to respond to similar requests.

(5) *Sample information list.* Information that the IRS typically requests for each PFIC for which a retroactive QEF election ruling request is made to establish whether granting consent would prejudice the interests of the United States government includes the items listed in paragraphs (a) through (e) of this section 4.02(5). Responses should generally be accompanied by supporting documentation demonstrating that the information provided is true, correct, and complete in all respects, which documentation may include audited financial statements of the PFIC for each taxable year of the PFIC ending with or within a taxable year of the PFIC shareholder for which the retroactive QEF election is requested to be in effect.

(a) Ownership and PFIC status. For each taxable year of the foreign corporation ending with or within a taxable year of the PFIC shareholder for which the retroactive QEF election is requested to be in effect, confirmation (including supporting computations) whether the foreign corporation qualified or did not qualify as a PFIC under section 1297(a).

(b) Computations in absence of PFIC Annual Information Statement (or Intermediary Statement or Combined Statement, as applicable). For each taxable year of the PFIC ending with or within a taxable year of the PFIC shareholder for which the retroactive QEF election is requested to be in effect and for which a PFIC Annual Information Statement (or Intermediary Statement or Combined Statement, as applicable) either is not available or does not provide sufficient information to calculate the PFIC shareholder's pro rata share of the PFIC's ordinary earnings and net capital gain:

(i) Earnings and profits computations of the PFIC as described in section 1293(e)(3) that include any amounts that, when distributed, can be excluded from the PFIC shareholder's gross income under section 1293(c). If these amounts have not been calculated by the PFIC, the IRS may in its discretion permit reliance on a PFIC shareholder's computations of these amounts based on the PFIC's audited financial statements. An example of the general process to compute earnings and profits of a foreign corporation using audited financial statements is the current year earnings and profits calculation for foreign corporations on Schedule H of Form 5471.

(ii) Net capital gain computations of the PFIC.

(c) Distributions from the PFIC. For each taxable year of the PFIC shareholder for which the retroactive QEF election is requested to be in

effect, the amount of cash and the fair market value of any property distributed or deemed distributed by the foreign corporation to the shareholder.

(d) Income inclusions.

(i) A detailed description of any income with respect to the PFIC previously reported on the PFIC shareholder's tax returns, whether recognized under section 1291 or otherwise. The description should include details such as: the taxable year of the income inclusion, the amount of the income inclusion, the character of the income inclusion, a general accounting description of the type of income, and confirmation whether such income was recognized under section 1291(a).

(ii) A detailed description of any income with respect to the PFIC that was not previously reported on the PFIC shareholder's tax returns. The description should include details such as: the taxable year in which the income was realized, the amount of the income, character of the income, a general accounting description of the type of income, and an explanation of why the income was not reported.

(e) Computations of the PFIC shareholder's potential QEF income inclusions under section 1293(a) or draft amended tax returns reflecting the potential QEF income inclusions and associated tax liability with

respect to the PFIC for each taxable year of the PFIC shareholder for which the retroactive QEF election is requested to be in effect in which the PFIC shareholder would have QEF inclusions under section 1293(a) if the request were granted.

Examples.

Example 1. Sufficient financial statement data. A PFIC and a PFIC shareholder both have calendar taxable years. The PFIC shareholder acquired stock of the PFIC in tax year 1 and did not make a timely QEF election with respect to the PFIC. In tax year 4, after the PFIC shareholder has already filed their return for tax year 3, the PFIC shareholder submits a ruling request to make a retroactive QEF election pursuant to Treas. Reg. § 1.1295-3(f), effective in tax year 1. The PFIC shareholder includes a PFIC Annual Information Statement from the PFIC for tax year 3 with its submission and the PFIC Annual Information Statement provides sufficient information to calculate the PFIC shareholder's pro rata share of the PFIC's ordinary earnings and net capital gain for tax year 3. However, PFIC Annual Information Statements are not available for each of tax years 1 and 2. In response to a subsequent IRS prejudice determination information request, the PFIC shareholder provides the PFIC's audited financial statements for each of tax years 1 and 2 that are sufficient to calculate the PFIC shareholder's pro rata share of the PFIC's ordinary earnings and net capital gain. The unavailability of PFIC Annual Information Statements for each of tax years 1 and 2 will not cause the PFIC shareholder to be ineligible to make a retroactive QEF election effective in tax year 1.

Example 2. Insufficient financial statement data. The facts are the same as example 1, except that the PFIC's audited financial statements for each of tax years 1 and 2 are not sufficient to calculate the PFIC shareholder's pro rata share of the PFIC's ordinary earnings and net capital gain for each of tax years 1 and 2. Therefore, the PFIC shareholder is not eligible to make a retroactive QEF election effective in tax year 1 or tax year 2. The PFIC shareholder may be eligible to make a retroactive QEF election effective in tax year 3, though such an election would result in an unpedigreed QEF unless accompanied by a deemed sale or deemed dividend election pursuant to Treas. Reg. §§ 1.1291-9 or 1.1291-10.

SECTION 5. EFFECTIVE DATE

This revenue procedure is effective for all ruling requests received on or after January 20, 2026.

SECTION 6. PAPERWORK REDUCTION ACT

The Paperwork Reduction Act of 1995 (44 U.S.C. §§ 3501-3520) generally requires that a Federal agency obtain the approval of the Office of Management and Budget (OMB) before collecting information from the public, whether such collection of information is mandatory, voluntary, or required to obtain or retain a benefit. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the OMB.

This revenue procedure mentions the collections of information in Treas. Reg. § 1.1295-3 and Rev. Proc. 2026-1. The collections of information in Treas. Reg. § 1.1295-3 and Rev. Proc. 2026-1 have been reviewed and approved by the OMB

under control numbers 1545-1555 and 1545-1522, respectively. This revenue procedure does not change or create new collection requirements not already approved by the OMB.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue tax law. Generally, tax returns and tax return information are confidential, as required by section 6103.

SECTION 7. DRAFTING INFORMATION

The principal authors of this revenue procedure are Alfred H. Bae and Jee Hyun Park of the Office of Associate Chief Counsel (International). For further information regarding this revenue procedure contact Mr. Bae or Ms. Park at (202) 317-6934 (not a toll-free call).

APPENDIX
CHECKLIST FOR RETROACTIVE QEF RULING REQUESTS

User Fees

A separate user fee for each PFIC for which the PFIC shareholder seeks consent to file a retroactive QEF election.

(a) General User Fee (Section 4.02(1)(a) of this revenue procedure, see also paragraph (A)(3)(c)(ii) of Appendix A to Rev. Proc. 2026-1)

(b) Reduced User Fees (Section 4.02(1)(b) of this revenue procedure)

(i) Substantially identical letter ruling requests (see also paragraph (A)(5)(a) of Appendix A to Rev. Proc. 2026-1)

(ii) Reduced user fees based on gross income (see also paragraph (A)(4)(a) and (b) of Appendix A to Rev. Proc. 2026-1)

(iii) Lowest available user fee (see also Appendix A to Rev. Proc. 2026-1)

A ruling request must include a statement indicating the relevant user fees with respect to each PFIC on the first page of the submission, including, as applicable, a description of why the submission qualifies for reduced user fees.

Items to include with retroactive QEF election ruling submission

A statement listing the dates on which the PFIC shareholder acquired each interest in the PFIC and the PFIC shareholder's ownership percentage of the PFIC after acquiring each interest (Section 4.02(2)(a) of this revenue procedure)

PFIC Annual Information Statements (or Intermediary Statements or Combined

Statements) (Section 4.02(2)(b) of this revenue procedure)

- A detailed affidavit from the PFIC shareholder, or a person authorized to sign a Federal income tax return on behalf of the PFIC shareholder, meeting the requirements of Treas. Reg. § 1.1295-3(f)(4)(ii)
- Detailed affidavits from other persons (as described in Section 4.02(2)(d) of this revenue procedure)
- A statement of facts and supporting documentation (as described in Section 4.02(2)(e) of this revenue procedure)
- A representation that the PFIC status of the corporation has not been raised on audit (Section 4.02(2)(f) of this revenue procedure)