Form **3520**
(Rev. December 2023)
Department of the Treasury
Internal Revenue Service

Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts

Go to *www.irs.gov/Form3520* for instructions and the latest information.

OMB No. 1545-0159

Note: All information must be in English. Show all amounts in U.S. dollars. File a **separate** Form 3520 for **each** foreign trust.

For calendar year 20 25 , or tax year beginning , 20 , ending , 20

A Check appropriate boxes: ☐ Initial return ☐ Final return ☐ Amended return

B Check box that applies to person filing return: ☒ Individual ☐ Partnership ☐ Corporation ☐ Trust ☐ Executor

C Check if any excepted specified foreign financial assets are reported on this form. See instructions . . . . . ☐

Check all applicable boxes. See applicable instructions.

☐ You are **(a)** a U.S. transferor who, directly or indirectly, transferred money or other property during the current tax year to a foreign trust; **(b)** a U.S. person who (1) during the current tax year, transferred property (including cash) to a related foreign trust (or a person related to the trust) in exchange for an obligation, or (2) holds a qualified obligation from the trust that is currently outstanding; or **(c)** the executor of the estate of a U.S. decedent and (1) the decedent made a transfer to a foreign trust by reason of death, (2) the decedent was treated as the owner of any portion of a foreign trust immediately prior to death, or (3) the decedent's estate included any portion of the assets of a foreign trust. **Complete all applicable identifying information requested below and Part I of the form.**

☐ You are a U.S. owner of all or any portion of a foreign trust at any time during the tax year. **Complete all applicable identifying information requested below and Part II of the form.**

☒ You are **(a)** a U.S. person (including a U.S. owner) or an executor of the estate of a U.S. person who, during the current tax year, received, directly or indirectly, a distribution from a foreign trust; **(b)** a U.S. person who is a U.S. owner or beneficiary of a foreign trust and in the current tax year, you or a U.S. person related to you received (1) a loan of cash or marketable securities, directly or indirectly, from such foreign trust, or (2) the uncompensated use of trust property; or **(c)** a U.S. person who is a U.S. owner or beneficiary of a foreign trust and in the current tax year such foreign trust holds an outstanding qualified obligation of yours or a U.S. person related to you. **Complete all applicable identifying information requested below and Part III of the form.**

☐ You are a U.S. person who, during the current tax year, received certain gifts or bequests from a foreign person. **Complete all applicable identifying information requested below and Part IV of the form.**

1a Name of U.S. person(s) with respect to whom this Form 3520 is being filed (see instructions) Priya Sample	**b** Taxpayer identification number (TIN) 000-00-0001
c Number, street, and room or suite no. If a P.O. box, see instructions. 18 Sample Lane	**d** Spouse's TIN

e City or town Naperville	**f** State or province IL	**g** ZIP or foreign postal code 60540	**h** Country United States

i If you are filing with your spouse a current-year joint income tax return and a joint Form 3520, check this box . . . . . ☐

j If an automatic 2-month extension applies for the U.S. person's tax return, check this box and attach statement. See instructions . . . ☐

k If an extension was requested for the tax return, check this box ☐ and enter the form number of the tax return to be filed:

2a Name of foreign trust (if applicable) Sample Family Trust	**b** Employer identification number (EIN), if any
c Number, street, and room or suite no. If a P.O. box, see instructions. 10 Example Esplanade	**d** Date foreign trust was created 05/01/2014

e City or town St. Helier	**f** State or province	**g** ZIP or foreign postal code JE2 3QA	**h** Country Jersey

3 Did the foreign trust appoint a U.S. agent (defined in the instructions) who can provide the IRS with all relevant trust information? ☐ **Yes** ☒ **No**
If "Yes," complete lines 3a through 3g. If "No," and you are required to complete Part I, complete lines 15 through 18.

3a Name of U.S. agent	**b** TIN, if any
c Number, street, and room or suite no. If a P.O. box, see instructions.	

d City or town	**e** State or province	**f** ZIP or postal code	**g** Country

4a Name of U.S. decedent (see instructions)	**b** Address	**c** TIN of decedent
d Date of death		**e** EIN of estate

f Check applicable box.
☐ U.S. decedent made transfer to a foreign trust by reason of death.
☐ U.S. decedent treated as owner of foreign trust immediately prior to death.
☐ Assets of foreign trust were included in estate of U.S. decedent.

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Sample return from Agena Software. All names and numbers are fictional.

Part I Transfers by U.S. Persons to a Foreign Trust During the Current Tax Year (see instructions)

5a	Name of trust creator	b Address	c TIN, if any
6a	Country code of country where trust was created	b Country code of country whose law governs the trust	c Date trust was created

7a Will any person (other than the foreign trust) be treated as the owner of the transferred assets after the transfer? . . . . ☐ Yes ☐ No

b	(i) Name of foreign trust owner	(ii) Address	(iii) Country of residence	(iv) TIN, if any	(v) Relevant Code section

8 Was the transfer a completed gift or bequest? If "Yes," see instructions . . . . . ☐ Yes ☐ No

9a Now or at any time in the future, can any part of the income or corpus of the trust benefit any U.S. beneficiary? . . . . ☐ Yes ☐ No

b If "No," could the trust be revised or amended to benefit a U.S. beneficiary? . . . . ☐ Yes ☐ No

10 Reserved for future use . . . . ☐ Yes ☐ No

Schedule A—Obligations of a Related Trust (see instructions)

11a During the current tax year, did you transfer property (including cash) to a related foreign trust in exchange for an obligation of the trust or an obligation of a person related to the trust? See instructions . . . . ☐ Yes ☐ No

If "Yes," complete the rest of Schedule A, as applicable. If "No," go to Schedule B.

b Were any of the obligations you received (with respect to a transfer described in line 11a above) qualified obligations? . . ☐ Yes ☐ No

If "Yes," complete the rest of Schedule A and attach a copy of each loan document entered into with respect to each qualified obligation reported on line 11b. If these documents have been attached to a Form 3520 filed within the previous 3 years, attach only relevant updates.

If "No," go to Schedule B.

(i) Date of transfer giving rise to obligation	(ii) Maximum term	(iii) Yield to maturity	(iv) FMV of obligation

12 With respect to each qualified obligation you reported on line 11b, do you agree to extend the period of assessment of any income or transfer tax attributable to the transfer, and any consequential income tax changes for each year that the obligation is outstanding, to a date 3 years after the maturity date of the obligation? . . . . ☐ Yes ☐ No

Note: You have the right to refuse to extend the period of limitations or limit this extension to a mutually agreed-upon issue(s) or mutually agreed-upon period of time. Generally, if you refuse to extend the period of limitations with respect to each qualified obligation you reported on line 11b, then such obligation is not a qualified obligation and you cannot check "Yes" to the question on line 11b.

Schedule B—Gratuitous Transfers (see instructions)

13 During the current tax year, did you make any transfers (directly or indirectly) to the trust and receive less than FMV, or no consideration at all, for the property transferred? . . . . ☐ Yes ☐ No

If "Yes," complete columns (a) through (i) below and the rest of Schedule B, as applicable. When completing columns (a) through (i) with respect to each nonqualified obligation, enter -0- in column (h).

If "No," go to Schedule C.

(a) Date of transfer	(b) Description of property transferred	(c) FMV of property transferred	(d) U.S. adjusted basis of property transferred	(e) Gain recognized at time of transfer, if any	(f) Excess, if any, of column (c) over the sum of columns (d) and (e)	(g) Description of property received, if any	(h) FMV of property received	(i) Excess of column (c) over column (h)
Totals					$			$

14 If you have a sale or loan document in connection with a transfer reported on line 13, complete 14a through 14c and attach the relevant document(s). If these documents have been attached to a Form 3520 filed within the previous 3 years, attach only relevant updates.

	Are you attaching a copy of any of the following?	Yes	No	Attached Previously	Year Attached
a	Sale document	☐	☐	☐	
b	Loan document	☐	☐	☐	
c	Subsequent variances to original sale or loan documents	☐	☐	☐	

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Sample return from Agena Software. All names and numbers are fictional.

Part I Schedule B—Gratuitous Transfers *(continued)*

Note: Complete lines 15 through 18 only if you are required to complete Part I and answered "No" to line 3, acknowledging that the foreign trust did not appoint a U.S. agent to provide the IRS with all relevant trust information.

15 (a) Name of beneficiary	(b) Address of beneficiary	(c) U.S. beneficiary? Yes	(c) U.S. beneficiary? No	(d) TIN, if any

16 (a) Name of trustee	(b) Address of trustee	(c) TIN, if any

17 (a) Name of other person with trust powers	(b) Address of other person with trust powers	(c) Description of powers	(d) TIN, if any

18 If you checked "No" on line 3, you are required to attach a copy of all trust documents as indicated below. If these documents have been attached to a Form 3520-A or Form 3520 filed within the previous 3 years, attach only relevant updates.

Are you attaching a copy of any of the following?	Yes	No	Attached Previously	Year Attached
a Summary of all written and oral agreements and understandings relating to the trust	☐	☐	☐	
b Trust instrument	☐	☐	☐	
c Memoranda or letters of wishes	☐	☐	☐	
d Subsequent variances to original trust documents	☐	☐	☐	
e Trust financial statements	☐	☐	☐	
f Organizational chart and other trust documents	☐	☐	☐	

Schedule C—Qualified Obligations Outstanding in the Current Tax Year (see instructions)

19 Did you, at any time during your tax year, hold an outstanding obligation of a related foreign trust (or a person related to the trust) that you reported as a qualified obligation in the current tax year? ☐ **Yes** ☐ **No**

If "Yes," complete columns (a) through (f) below for each obligation.

(a) Date of original obligation	(b) Tax year qualified obligation first reported	(c) Amount of principal payments made during your tax year	(d) Amount of interest payments made during your tax year	(e) Balance of the outstanding obligation at the end of the tax year	(f) Does the obligation still meet the criteria for a qualified obligation? Yes	(f) No

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Part II U.S. Owner of a Foreign Trust (see instructions)

20 (a) Name of foreign trust owner	(b) Address	(c) Country of tax residence	(d) TIN, if any	(e) Relevant Code section

21a Country code of country where foreign trust was created	b Country code of country whose law governs the trust	c Date foreign trust was created

22 Did the foreign trust file Form 3520-A for the current tax year? . . . . . ☐ Yes ☐ No

If "Yes," attach the Foreign Grantor Trust Owner Statement you received from the foreign trust.

If "No," to the best of your ability, complete and attach a substitute Form 3520-A for the foreign trust.

See instructions for information on penalties for failing to complete and attach a substitute Form 3520-A.

23 Enter the gross value of the portion of the foreign trust that you are treated as owning at the end of your tax year . . $

Part III Distributions to a U.S. Person From a Foreign Trust During the Current Tax Year (see instructions)

Note: If you received an amount from a portion of a foreign trust of which you are treated as the owner, only complete lines 24 and 27.

24 Enter cash amounts or FMV of property received, directly or indirectly, during your current tax year, from the foreign trust (exclude loans and uncompensated use of trust property included on line 25).

(a) Date of distribution	(b) Description of property received	(c) FMV of property received (determined on date of distribution)	(d) Description of property transferred, if any	(e) FMV of property transferred	(f) Excess of column (c) over column (e)
03/10/2025	Cash distribution	60,000.00			60,000.00
Total					$ 60,000.00

25 During your current tax year, did you (or a person related to you) receive a loan or uncompensated use of trust property from a related foreign trust (including an extension of credit upon the purchase of property from the trust)? . . . . . ☐ Yes ☒ No

If "Yes," complete columns (a) through (g) below for each such loan or use of trust property.

Note: See instructions for additional information, including how to complete columns (a) through (g) for use of trust property.

(a) FMV of loan proceeds or property	(b) Date of original transaction	(c) Maximum term of repayment of obligation	(d) Interest rate of obligation	(e) Is the obligation a qualified obligation? Yes	(e) No	(f) FMV of qualified obligation	(g) Amount treated as distribution from the trust (subtract column (f) from column (a))
Total							$

26 With respect to each obligation you reported as a qualified obligation on line 25, do you agree to extend the period of assessment of any income or transfer tax attributable to the transaction, and any consequential income tax changes for each year that the obligation is outstanding, to a date 3 years after the maturity date of the obligation? . . . . . ☐ Yes ☐ No

Note: You have the right to refuse to extend the period of limitations or limit this extension to a mutually agreed-upon issue(s) or mutually agreed-upon period of time. Generally, if you refuse to extend the period of limitations with respect to an obligation that you reported as a qualified obligation on line 25, then such obligation is not a qualified obligation and you cannot check "Yes" in column (e) of line 25.

27 Total distributions received during your current tax year. Add line 24, column (f), and line 25, column (g) . . . . . $ 60,000.00

28 Did the trust, at any time during the current tax year, hold an outstanding obligation of yours (or a person related to you) that you reported as a qualified obligation? . . . . . ☐ Yes ☒ No

If "Yes," complete columns (a) through (f) below for each obligation.

(a) Date of original loan transaction	(b) Tax year qualified obligation first reported	(c) Amount of principal payments made during your tax year	(d) Amount of interest payments made during your tax year	(e) Balance of the outstanding obligation at the end of the tax year	(f) Does the loan still meet the criteria of a qualified obligation? Yes	(f) No

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Sample return from Agena Software. All names and numbers are fictional.

Part III Distributions to a U.S. Person From a Foreign Trust During the Current Tax Year *(continued)*

29 Did you receive a Foreign Grantor Trust Beneficiary Statement from the foreign trust with respect to a distribution? ☐ Yes ☐ No ☒ N/A
If "Yes," attach the statement and do not complete the remainder of Part III with respect to that distribution.
If "No," complete Schedule A with respect to that distribution. Also, complete Schedule C if you enter an amount greater than zero on line 37.
If a foreign non-grantor trust, check "N/A."

30 Did you receive a Foreign Nongrantor Trust Beneficiary Statement from the foreign trust with respect to a distribution? ☐ Yes ☒ No ☐ N/A
If "Yes," attach the statement and complete either Schedule A or Schedule B below. See instructions. Also, complete Schedule C if you enter an amount greater than zero on line 37 or line 41a.
If "No," complete Schedule A with respect to that distribution. Also, complete Schedule C if you enter an amount greater than zero on line 37.
If a foreign grantor trust, check "N/A."

Schedule A—Default Calculation of Trust Distributions (see instructions)

31	Enter amount from line 27		31	60,000.00
32	Number of years the trust has been a foreign trust, including the current tax year (see instructions)	32 11		
33	Enter total distributions received from the foreign trust during the 3 preceding tax years (or during the number of years the trust has been a foreign trust, if fewer than 3 years, but excluding the current tax year)		33	120,000.00
34	Multiply line 33 by 1.25		34	150,000.00
35	Average distribution. Divide line 34 by 3.0 (or the number of years the trust has been a foreign trust, if fewer than 3 years, but excluding the current tax year) and enter the result		35	50,000.00
36	Amount treated as ordinary income earned in the current tax year. Enter the smaller of line 31 or line 35		36	50,000.00
37	Amount treated as accumulation distribution. Subtract line 36 from line 31. If zero, do not complete the rest of Part III		37	10,000.00
38	Applicable number of years of trust. Divide line 32 by 2.0 and enter the result here	38 5.5		

Schedule B—Actual Calculation of Trust Distributions (see instructions)

39	Enter amount from line 27		39	
40a	Amount treated as ordinary income in the current tax year		40a	
b	Qualified dividends	40b		
41a	Amount treated as accumulation distribution. If zero, do not complete Schedule C below		41a	
b	Amount of line 41a that is tax exempt	41b		
42a	Amount treated as net short-term capital gain in the current tax year		42a	
b	Amount treated as net long-term capital gain in the current tax year		42b	
c	28% rate gain	42c		
d	Unrecaptured section 1250 gain	42d		
43	Amount treated as distribution from trust corpus		43	
44	Enter any other distributed amount received from the foreign trust not included on lines 40a, 41a, 42a, 42b, and 43. (Attach explanation.)		44	
45	Amount of foreign trust's aggregate undistributed net income		45	
46	Amount of foreign trust's weighted undistributed net income		46	
47	Applicable number of years of trust. Divide line 46 by line 45 and enter the result here	47		

Schedule C—Calculation of Interest Charge (see instructions)

48	Enter accumulation distribution from line 37 or line 41a, as applicable		48	10,000.00
49	Enter tax on total accumulation distribution from line 28 of Form 4970. (Attach Form 4970—see instructions.)		49	5,200.00
50	Enter applicable number of years of foreign trust from line 38 or line 47, as applicable (round to nearest half year)	50 5.5		
51	Combined interest rate imposed on the total accumulation distribution (see instructions)		51	0.3529
52	Interest charge. Multiply the amount on line 49 by the combined interest rate on line 51		52	1,835.08
53	Tax attributable to accumulation distributions. Add lines 49 and 52. Enter here and as "additional tax" on your income tax return		53	7,035.08

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Sample return from Agena Software. All names and numbers are fictional.

Part IV U.S. Recipients of Gifts or Bequests Received During the Current Tax Year From Foreign Persons (see instructions)

54 During your current tax year, did you receive more than $100,000 that you treated as gifts or bequests from a nonresident alien (including a distribution received from a domestic trust treated as owned by a foreign person) or a foreign estate? See instructions for special rules regarding related donors . . . . . ☐ Yes ☐ No

If "Yes," complete columns (a) through (c) with respect to each such gift or bequest in excess of $5,000. If more space is needed, attach a statement.

(a) Date of gift or bequest	(b) Description of property received	(c) FMV of property received
Total		$

55 During your current tax year, did you receive amounts from a foreign corporation or a foreign partnership that you treated as gifts in excess of the amount provided in the instructions? See instructions regarding related donors . . . . . ☐ Yes ☐ No

If "Yes," complete columns (a) through (g) with respect to each such gift. If more space is needed, attach a statement.

(a) Date of gift	(b) Name of foreign donor	(c) Address of foreign donor	(d) TIN, if any

(e) Check the box that applies to the foreign donor		(f) Description of property received	(g) FMV of property received
Corporation	**Partnership**		

56 Do you have any reason to believe that the foreign donor, in making any gift or bequest described in lines 54 and 55, was acting as a nominee or intermediary for any other person? If "Yes," see instructions . . . . . ☐ Yes ☐ No

Sign Here

Under penalties of perjury, I declare that I have examined this return, including any accompanying reports, schedules, or statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature _____ Title _____ Date _____

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Jordan Sample, CPA				P00000001
Firm's name Sample & Example CPAs LLP			Firm's EIN	00-0000009
Firm's address 200 Example Plaza, Suite 400, Chicago IL 60601			Phone no.	312-555-0100

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Attachment to Form 3520 — Schedule C line 49 worksheet

Form **4970**

Department of the Treasury
Internal Revenue Service

Tax on Accumulation Distribution of Trusts

Attach to beneficiary's tax return.
Go to *www.irs.gov/Form4970* for the latest information.

OMB No. 1545-0074

2025

Attachment Sequence No. **178**

A Name(s) as shown on return	B Social security number
Priya Sample	000-00-0001
C Name and address of trust	**D** Employer identification number
Sample Family Trust, 10 Example Esplanade, St. Helier, Jersey	

E Type of trust (see instructions)	F Beneficiary's date of birth	G Enter the number of trusts from which you received accumulation distributions in this tax year
☐ Domestic ☒ Foreign	02/01/1980	1

Part I Average Income and Determination of Computation Years

1	Amount of current distribution that is considered distributed in earlier tax years (from Schedule J (Form 1041), line 37, column (a))		1	10,000.00
2	Distributions of income accumulated before you were born or reached age 21		2	0.00
3	Subtract line 2 from line 1		3	10,000.00
4	Taxes imposed on the trust on amounts from line 3 (from Schedule J (Form 1041), line 37, column (b))		4	0.00
5	Total (add lines 3 and 4)		5	10,000.00
6	Tax-exempt interest included on line 5 (from Schedule J (Form 1041), line 37, column (c))		6	0.00
7	Taxable part of line 5 (subtract line 6 from line 5)		7	10,000.00
8	Number of trust's earlier tax years in which amounts on line 7 are considered distributed		8	5
9	Average annual amount considered distributed (divide line 3 by line 8)	9 2,000.00		
10	Multiply line 9 by 25% (0.25)	10 500.00		
11	Number of earlier tax years to be taken into account (see instructions)		11	5
12	Average amount for recomputing tax (divide line 7 by line 11). Enter here and in each column on line 15		12	2,000.00

13 Enter your taxable income before this distribution for the 5 immediately preceding tax years	(a) 2024	(b) 2023	(c) 2022	(d) 2021	(e) 2020
	90,000.00	50,000.00	70,000.00	120,000.00	60,000.00

Part II Tax Attributable to the Accumulation Distribution

			(a) 2024	(b) 2022	(c) 2020
14	Enter the amounts from line 13, eliminating the highest and lowest taxable income years	14	90,000.00	70,000.00	60,000.00
15	Enter amount from line 12 in each column	15	2,000.00	2,000.00	2,000.00
16	Recomputed taxable income (add lines 14 and 15)	16	92,000.00	72,000.00	62,000.00
17	Income tax on amounts on line 16	17	12,220.00	8,620.00	7,520.00
18	Income tax before credits on line 14 income	18	11,100.00	7,620.00	6,520.00
19	Additional tax before credits (subtract line 18 from line 17)	19	1,120.00	1,000.00	1,000.00
20	Tax credit adjustment	20	0.00	0.00	0.00
21	Subtract line 20 from line 19	21	1,120.00	1,000.00	1,000.00
22	Alternative minimum tax adjustments	22	0.00	0.00	0.00
23	Combine lines 21 and 22	23	1,120.00	1,000.00	1,000.00

24	Add columns (a), (b), and (c) of line 23	24	3,120.00
25	Divide the line 24 amount by 3.0	25	1,040.00
26	Multiply the amount on line 25 by the number of years on line 11	26	5,200.00
27	Enter the amount from line 4	27	0.00
28	Partial tax attributable to the accumulation distribution (subtract line 27 from line 26) (If zero or less, enter -0-)	28	5,200.00

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Form 3520 — required statements

Priya Sample | TIN 000-00-0001 | Tax year 2025 | Form 3520

Part III, line 32 — basis for number of years

Trust deed dated May 1, 2014; the trust has been a foreign trust since inception.

Part III, Schedule C line 50 and Form 4970 lines 8 and 11 — number of years

Schedule C line 50 uses 5.5 years, the applicable number of years for the interest charge (section 6048(c)(2)(B); section 668(a); Form 3520 instructions, line 50). Form 4970 lines 8 and 11 use 5 whole years: section 667(b) counts whole preceding taxable years, so line 50 was rounded down in the absence of IRS guidance. Rounding down produces the same or higher tax.

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