

§ 301.6316-4

Foreign tax credit for foreign taxes paid on Fulbright grant	\$300.00	
Dividends-received credit	20.00	
Credit for income tax withheld upon compensation of Mrs. Jones	304.80	
Payments of estimated tax (see § 301.6316-6(b)(2) for determination of amounts):		
U.S. dollars	\$426.32	
Foreign currency	893.88	1,320.20
Total allowable credits and payments		1,945.00

(4) The portion of the tax which is attributable to amounts received in nonconvertible foreign currency is \$33.49, determined as follows:

Adjusted gross income	\$14,000.00	
Less: Allowable deductions	4,200.00	
Taxable income		9,800.00
Tax computed under section 2	2,148.00	
Ratio of adjusted gross income received in nonconvertible foreign currency to entire adjusted gross income (\$8,000÷\$14,000) (percent)	57.14	
Portion of tax attributable to nonconvertible foreign currency (\$2,148×57.14 percent)	\$1,227.37	
Less:		
Credit for foreign taxes paid on Fulbright grant	\$300.00	
Payment in foreign currency of estimated tax	893.88	1,193.88
Portion of tax attributable to amounts received in nonconvertible foreign currency		83.49

§ 301.6316-4 Return requirements.

(a) *Place for filing.* A return of income which includes amounts received in foreign currency on which the tax is paid in accordance with § 301.6316-1 shall be filed with the Director of International Operations, Internal Revenue Service, Washington, D.C. 20225. For the time for filing income tax returns, see sections 6072 and 6081 and §§ 1.6072-1, 1.6081-1, and 1.6081-2 of this chapter (Income Tax Regulations).

(b) *Statements required.* (1) A statement, prepared by the taxpayer, and certified by the foundation, commission, or other person having control of the payments made to the taxpayer in nonconvertible foreign currency, shall be attached to the return showing that for the taxable year involved the taxpayer is entitled to pay tax in foreign currency in accordance with section 6316 and the regulations thereunder. This statement shall disclose the total amount of grants or compensation received by the taxpayer during the taxable year under the authority of section 32(b) of the Surplus Property Act

of 1944, as amended (50 U.S.C. App. 1641(b)(2)), or of the Mutual Educational and Cultural Exchange Act of 1961, as amended (22 U.S.C. 2451), or section 104 (h), (j), (k), (o), or (p) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704 (h), (j), (k), (o), (p)), and the amount thereof paid in nonconvertible foreign currency. It shall also state that with respect to the grant or compensation the applicable percentage requirement of § 301.6316-1 is satisfied.

(2) The taxpayer shall also attach to the return a detailed statement showing (i) the computation, in the manner prescribed by § 301.6316-3, of the portion of the tax attributable to amounts received in nonconvertible foreign currency and (ii) the rates of exchange used in determining the tax liability in U.S. dollars. See paragraph (c) of § 301.6316-5.

§ 301.6316-5 Manner of paying tax by foreign currency.

(a) *Time and place to pay.* The unpaid tax required to be shown on a return filed in accordance with § 301.6316-4, whether payable in whole or in part in foreign currency, is due and payable to the Director of International Operations, Internal Revenue Service, Washington, D.C. 20225, at the time the return is filed. However, see paragraph (d) of this section with respect to the depositing of the foreign currency with the disbursing officer of the Department of State.

(b) *Certified statement.* Every taxpayer who desires to pay tax in foreign currency under the provisions of § 301.6316-1 shall first obtain the certified statement referred to in paragraph (b)(1) of § 301.6316-4.

(c) *Determination of the tax.* In determining the tax payable for the taxable year in U.S. dollars, the taxpayer, with respect to amounts described in paragraph (a) of § 301.6316-1, or amounts described in paragraph (b) of § 301.6316-1 received before November 1, 1965, shall use the rates of exchange which most clearly reflect the correct tax liability in dollars, whether it be the official rate, the open market rate, or any other appropriate rate. With respect to amounts described in paragraph (b) of