

**Internal Revenue Service, Treasury**

**§ 301.6316-5**

the amount of that currency included in gross income.

(b) *Example.* (1) For the calendar year 1955 Mr. Jones and his wife filed a joint return on which the adjusted gross income is as follows, after amounts received in foreign currency had been properly translated into United States dollars for tax computation purposes:

Fulbright grant received by Mr. Jones in nonconvertible foreign currency .....	\$8,000	
Dividends received by Mr. Jones entitled to dividends-received credit .....	500	
Compensation for personal services of Mrs. Jones ..	3,000	
Net profit from business carried on by Mrs. Jones ...	2,500	
<b>Total adjusted gross income .....</b>	<b>14,000</b>	

(2) The following amounts are allowable as properly deductible from adjusted gross income, no determination being made as to whether or not any part of them is properly allocable to the Fulbright grant:

Deduction for personal exemptions .....	\$3,000	
Charitable contributions .....	500	
Interest expense .....	400	
Taxes .....	300	
<b>Total allowable deductions .....</b>	<b>4,200</b>	

(3) For the taxable year the following amounts are allowable as credits against the tax, or as payments on account of the tax:

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
<b>Total allowable credits and payments .....</b>	<b>1,945.00</b>	

(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	
<b>Taxable income .....</b>	<b>9,800.00</b>	
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
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**§ 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