

SCHEDULE I
(Form 1118)

(Rev. July 1994)

Internal Revenue Service
Department of the Treasury

Reduction of Oil and Gas Extraction Taxes

▶ **Attach to Form 1118**

OMB No. 1545-0122

For calendar year 19 , or other tax year beginning , 19 , and ending , 19

Name

Employer identification number

Part I Foreign Oil and Gas Extraction Income and Taxes

Gross Foreign Oil and Gas Extraction Income From Sources Outside the United States and its Possessions

1. Name of foreign country
(Use a separate line for each country.)

2. Gross income from extraction of minerals from oil or gas wells

3. Gross income from sale or exchange of assets used in extraction

4. Certain dividends from foreign corporations

5. Constructive distributions under section 951(a)

6. Other

7. Total (add columns 2 through 6)

A							
B							
C							
D							
E							
F							
G							
Totals (add lines A through G)							
Deductions				Oil and Gas Extraction Taxes (attach schedule)			
8. Definitely allocable deductions		9. Ratable part of deductions not definitely allocable		10. Total (add columns 8 and 9)		11. Taxable income (column 7 minus column 10)	
A						12. Paid or accrued	13. Deemed paid
B							
C							
D							
E							
F							
G							
Totals (add lines A through G)							
8. Definitely allocable deductions		9. Ratable part of deductions not definitely allocable		10. Total (add columns 8 and 9)		11. Taxable income (column 7 minus column 10)	
A						12. Paid or accrued	13. Deemed paid
B							
C							
D							
E							
F							
G							
Totals (add lines A through G)							

Part II Computation of Reduction Under Section 907(a)

1	Foreign oil and gas extraction income. (See Specific Instructions below.)	
2	Multiply line 1 by the highest rate of tax under section 11b. (See Specific Instructions below.)	
3	Total taxes (from Part I, column 14, "Totals" line)	
4	Carryover or carryback of disallowed credits. (See section 907(f)—attach schedule.)	
5	Total taxes before reduction (add line 3 and line 4)	
6	Reduction (subtract line 2 from line 5; if zero or less, enter -0-). Enter here and on Schedule G, Part II, line C of the corresponding Form 1118	

General Instructions

Section references are to the Internal Revenue Code.

Who Must File.—Complete Schedule I (Form 1118) if the corporation claims a credit for any income taxes paid, accrued, or deemed to have been paid during the tax year on foreign oil and gas extraction income. See section 907(a) and Regulations section 1.907(a)-1 for details.

Note: Schedule I must be completed for **each** applicable separate limitation.

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

Note: A net extraction loss from a foreign country offsets extraction income from other foreign countries.

Part I

See section 907(c) and Regulations section 1.907(c) for rules on the income to include in Part I.

Note: **Do not** include dividends or interest that is passive income under section 904(d)(2)(A), even though it is from foreign oil and gas extraction or is foreign oil related income. See section 907(c). However **do** include interest and dividends from foreign oil and gas extraction or that is foreign oil related income if taxes are deemed paid under section 902 for this income.

Column 2.—Enter gross income from sources outside the United States and its possessions from extraction (by the corporation or any other person) of minerals from oil or gas wells located outside the United States and its possessions.

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

Column 4.—Enter dividends from a foreign corporation for taxes deemed paid under section 902 if the dividends are from foreign oil and gas extraction income.

Column 5.—Enter the taxes deemed paid under section 960(a) on foreign oil and gas extraction income.

Column 6.—Include the corporation's distributive share of partnership foreign oil and gas extraction income.

Columns 12 and 13.—Attach a schedule to show how the foreign taxes paid, accrued, or deemed paid for foreign oil and gas extraction income were figured.

Part II

Line 1.—Enter the total from Part I, column 11 minus any recapture of foreign oil and gas extraction losses by recharacterizing later extraction income, as 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 35%.