MEMORANDUM

Form 5471 — The Correct Tax Year (Reporting Period) for U.S. Individual Filers

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I. Question Presented

May a U.S. person that must file IRS Form 5471, *Information Return of U.S. Persons With Respect to Certain Foreign Corporations*, adopt for that return a "tax year" of its own—one that differs from the U.S. person's own tax year (the year on the basis of which the person computes taxable income and files Form 1040 or another income tax return)? The question arises most often when the foreign corporation keeps its books abroad on a fiscal year (for example, a 31 March or 30 June year end) that does not match the U.S. owner's calendar year.

II. Short Answer

No. A U.S. person has no authority—under the statute, the Treasury Regulations, or IRS guidance—to substitute a self-chosen "tax year" for its own tax year when filing Form 5471. Two independent reasons, either sufficient on its own, compel this result.

First—the **anchoring** rule. Form 5471 is not a stand-alone tax return, and it has no tax year of its own. It is an *information* return that the Code requires to be furnished for the foreign corporation's annual accounting period ending *with or within* the U.S. person's own tax year, and that the instructions require to be attached to, and filed with, the U.S. person's own income tax return by that return's due date (including extensions). The only tax year that governs the filing is therefore the filer's own.[1]

Second—the **conformity** rule. The reporting period shown on the form is the foreign corporation's annual accounting period, which is a fact—the period on which the corporation regularly keeps its books—not something the U.S. person elects. And when the foreign corporation is a "specified foreign corporation" (in plain terms, a controlled foreign corporation, or CFC, more than 50 percent owned by a U.S. shareholder), section 898 itself requires that annual accounting period to be the "required year"—the majority U.S. shareholder's own tax year. The two periods are thus identical by force of statute.[2] The one narrow, historical wrinkle—the one-month deferral election under former section 898(c)(2)—was repealed in 2025 and is unavailable for a specified foreign corporation's tax years beginning after November 30, 2025.[3]

Practical bottom line. A foreign corporation's local-country statutory or book year (say, a 31 March fiscal year) does *not* set the Form 5471 reporting period for a CFC that a U.S. person controls. **The Form 5471 reporting period must be the same period as the taxpayer's Form 1040 tax year.** If an individual files Form 1040 for the calendar year (January 1 through December 31), the CFC's U.S. annual accounting period reported on Form 5471 is that *same* calendar year—January 1 through December 31—and the return is attached to that Form 1040. The corporation's foreign or local statutory period is disregarded in fixing the U.S. reporting period. Using the foreign

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[1] I.R.C. § 6038(a)(1); Treas. Reg. § 1.6038-2(a), (e); Instructions for Form 5471 (Rev. Dec. 2025), "When and Where To File" ("Attach Form 5471 to your income tax return … and file both by the due date (including extensions) for that return.").

[2] I.R.C. § 898(a)–(c); see Prop. Treas. Reg. §§ 1.898-1 to 1.898-3 (proposed regulations, discussed in Part VI.D). As explained below, the conformity requirement is imposed by the statute itself and by the final regulation under § 6038 (Treas. Reg. § 1.6038-2(e)); it does not depend on the proposed § 898 regulations.

[3] Pub. L. No. 119-21, tit. VII, § 70352(a), 139 Stat. 208 (July 4, 2025) (striking former I.R.C. § 898(c)(2)); id. § 70352(b) (effective for tax years of specified foreign corporations beginning after Nov. 30, 2025); see Notice 2025-72.

book year instead is a common but incorrect practice that can render the return incomplete or inaccurate and invite penalties; Part IX explains how to identify and correct the error.[4]

III. Plain-Language Summary (for Non-Specialists and Affected Filers)

This section states the conclusion in ordinary terms; the technical support follows in Parts IV through VIII.

Form 5471 is best understood as a detailed information schedule that accompanies your own U.S. income tax return. It is not a return in its own right, it carries no separate deadline, and it does not have a "year" that you may select. You attach it to the Form 1040 (or other income tax return) you are already required to file, and you report the foreign corporation's results for the corporation's tax year that *ends inside* your tax year.

The point most often misunderstood is this. If you *control* the foreign corporation—broadly, you own more than half of it—U.S. law does not permit that corporation to keep a U.S. tax year different from yours. A specific provision, section 898, requires the corporation's U.S. tax year to match your own. So even if the company closes its books on 31 March in its home country, its U.S. tax year is *your* year (for most individuals, the calendar year). You recompute the foreign figures to your year, enter them on Form 5471, and file it with your Form 1040.

Put concretely, your Form 5471 covers the **very same dates** as your Form 1040. If your Form 1040 runs from January 1 to December 31, then the Form 5471—and the corporation's U.S. accounting period behind it—covers January 1 to December 31 as well, *not* the company's foreign 31 March fiscal year. "Recasting" (or "re-cutting") the figures simply means recomputing the corporation's income, earnings and profits, and balance-sheet amounts for that same January 1–December 31 U.S. period rather than for the foreign statutory year. The foreign year is a matter of local bookkeeping; it is not the period you report to the IRS.[5]

The single situation in which the foreign corporation's different book year legitimately appears on Form 5471 is where you do *not* control the corporation (for example, a minority stake that still triggers a filing). Even then, you are simply reporting *the corporation's* period on *your own* return—you never adopt a different personal tax year. Either way, the answer to the question is the same: you cannot use a tax year other than your own. The two scenarios are summarized below.

Illustration 1 — Which period goes on Form 5471?

Your relationship to the foreign corporation	Whose year is the corporation's U.S. tax year?	Period reported on Form 5471	Example
You control it — a § 898 specified foreign corporation (a CFC you own more than 50%)	Your own tax year — the "required year" under § 898(a)	The same dates as your Form 1040 (e.g., Jan. 1–Dec. 31)	You own 100% of F Co., whose books close 31 March abroad. Form 5471 still covers Jan. 1–Dec. 31 and is filed with your calendar-year Form 1040.
You do not control it and it is not a specified foreign corporation (e.g., a minority interest that still requires a filing)	The corporation's own book year — Treas. Reg. § 1.6038-2(e)	The corporation's book year, ending with or within your Form 1040 year	F Co. keeps a 30 June year. Its year ending 6/30/2025 is reported on your 2025 Form 1040.

In both rows, the return is filed with, and governed by, your own tax year; you never adopt a separate personal year for the Form 5471.[6]

[4] I.R.C. § 898(a), (c) (a specified foreign corporation's taxable year is the required year—the majority U.S. shareholder's year); Treas. Reg. § 1.6038-2(e) (that § 898 taxable year "shall be treated as [the] annual accounting period" for Form 5471); I.R.C. §§ 441(b)(1), (g), 7701(a)(23) (an individual's tax year is the calendar year absent a qualifying fiscal-year set of books); I.R.C. § 6038(b)–(c) (penalties up to US$50,000 per corporation per year and reduction of foreign tax credits).

[5] I.R.C. § 898(a), (c); Treas. Reg. § 1.6038-2(e); I.R.C. §§ 441, 7701(a)(23); Instructions for Form 5471 (Rev. Dec. 2025), "Annual Accounting Period."

[6] I.R.C. §§ 898(a), 6038(a)(1); Treas. Reg. § 1.6038-2(e).

IV. Summary of Governing Authorities

The analysis rests on the following primary authorities, each developed below:

- **The taxpayer's own year.** I.R.C. §§ 441, 442, 7701(a)(23)–(24); Treas. Reg. §§ 1.441-1, 1.442-1 (a taxpayer has one tax year, fixed, and changeable only with IRS consent).
- **The Form 5471 reporting mandate.** I.R.C. §§ 6038, 6046; Treas. Reg. § 1.6038-2 (the return is furnished for the foreign corporation's annual accounting period ending with or within the U.S. person's tax year, and is filed with that person's income tax return).
- **Conformity of a CFC's year.** I.R.C. § 898 (as amended by Pub. L. No. 119-21, § 70352) (statutory; self-executing); Prop. Treas. Reg. §§ 1.898-1 to 1.898-3 (proposed—never finalized—regulations supplying interpretive mechanics).
- **Definitions that frame the rules.** I.R.C. §§ 951(b), 957(a), 958(a)–(b) (U.S. shareholder; CFC; ownership and attribution); § 965(e) (specified foreign corporation for § 965 purposes); § 7701(a)(30) (U.S. person).
- **Proposed regulations, preambles, and prior guidance.** REG-208985-89 (formerly INTL-848-89) (1994 NPRM proposing the § 898 rules); Notice 95-13 (previewing provisions of the intended final regulations); REG-106917-99, 66 Fed. Reg. 31,850 (2001) (later proposed accounting-period rules touching § 898).
- **Administrative pronouncements.** Notice 2025-72 (interim guidance and announced proposed regulations implementing the repeal of § 898(c)(2)); Instructions for Form 5471 (Rev. Dec. 2025).
- **Enforcement.** I.R.C. § 6038(b)–(c) (penalties and foreign-tax-credit reduction for an incomplete or incorrect Form 5471).

V. Framework: Two Different Periods, Neither One a Free Choice

The question quietly assumes a power to "choose" a year. To answer it precisely, two periods must be kept apart. The first is the **U.S. person's tax year**—the annual period on which that person computes taxable income and files a return. The second is the **foreign corporation's annual accounting period**—the period on which the corporation keeps its books, which Form 5471 calls the corporation's "tax year."

Form 5471 draws on both: the figures reported are those of the foreign corporation's annual accounting period, while the return itself is filed with, and governed by, the U.S. person's own tax year. The decisive point is that *neither* period is a matter of free selection by the filer. The filer's own year is fixed by sections 441 and 7701 and can be changed only with the IRS's consent under section 442. The foreign corporation's annual accounting period is a fact about that corporation and, for a corporation the filer controls, is compelled by section 898 to equal the U.S. shareholder's year—so that, in the controlled case, the two periods collapse into one.

VI. Statutory and Regulatory Framework

A. A taxpayer has one tax year, and it is not freely chosen.

Under section 7701(a)(23), a "taxable year" is "the calendar year or the fiscal year … upon the basis of which the taxable income is computed under subtitle A."[7] Section 441 makes that single year the mandatory measuring stick: "Taxable income shall be computed on the basis of the taxpayer's taxable year," and the taxable year is "the taxpayer's annual accounting period," meaning "the annual period on the basis of which the taxpayer regularly computes his income in keeping his books."[8]

[7] I.R.C. § 7701(a)(23); see id. § 7701(a)(24) (a "fiscal year" is "an accounting period of 12 months ending on the last day of any month other than December").

[8] I.R.C. § 441(a), (b)(1), (c); see id. § 441(g) (the calendar year applies if the taxpayer keeps no books or has no annual accounting period). For an individual who does not keep books on a fiscal year, the taxable year is the calendar year—January 1 through December 31.

A taxpayer therefore has exactly one tax year, and even that is not freely alterable: once adopted, it may be changed only with the Secretary's approval under section 442 and Treasury Regulation § 1.442-1.[9] If a taxpayer cannot even change its *own* year without permission, it plainly cannot invent a separate year to use only on an information return that is attached to that same income tax return.

B. Section 6038 ties Form 5471 to the foreign corporation's year ending with or within the filer's own year.

Section 6038(a)(1) requires that "[e]very United States person shall furnish, with respect to any foreign business entity which such person controls, such information as the Secretary may prescribe," and it fixes the period: the information "shall be furnished … [f]or the annual accounting period of the foreign business entity ending with or within the United States person's taxable year."[10] This single sentence is decisive twice over: it names the foreign corporation's annual accounting period as the reporting period, and it tethers that period to the filer's *own* tax year through the "ending with or within" rule. The statute nowhere permits the U.S. person to nominate a different year.

C. Treasury Regulation § 1.6038-2 states the period-covered rule and the definition.

The regulation is categorical. Treasury Regulation § 1.6038-2(a) requires "[e]very U.S. person … [to] make a separate annual information return with respect to each annual accounting period … of each foreign corporation which that person controls … at any time during such annual accounting period."[11] Paragraph (e), "Period covered by return," supplies both the operative rule and the definition:

> *"The information required … with respect to a foreign corporation shall be furnished for the annual accounting period of the foreign corporation ending with or within the United States person's taxable year. For purposes of this section, the annual accounting period of a foreign corporation is the annual period on the basis of which that corporation regularly computes its income in keeping its books. In the case of a specified foreign corporation (as defined in section 898), the taxable year of such corporation shall be treated as its annual accounting period. … If more than one annual accounting period ends with or within the United States person's taxable year, separate annual information returns shall be submitted for each annual accounting period."*[12]

Three features of this text rule out any filer-chosen year. **First**, the reporting period is defined by reference to the foreign corporation—"the annual period on the basis of which *that corporation* regularly computes its income"—not by any election of the U.S. person. **Second**, for a specified foreign corporation the regulation *deems* the corporation's section 898 tax year to be its annual accounting period, importing the conformity rule (Part VI.D) directly into the reporting requirement. **Third**, the "separate returns" sentence shows that the number and identity of the reporting periods follow mechanically from how the corporation's periods fall against the filer's own year—again a consequence of the filer's year, not a menu of choices. That last sentence also disposes of a change-of-year situation: if a corporation's change in accounting period causes two of its periods to end within a single filer year, the filer submits a separate Form 5471 for each—still, in every case, on its own return for its own year.

D. Section 898 makes a controlled foreign corporation use the U.S. shareholder's year—so the periods are identical.

For the large and common class of foreign corporations that are CFCs with a majority U.S. shareholder, section 898 eliminates even the theoretical possibility of a mismatched year. Section 898(a) is emphatic: "For purposes of this

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[9] I.R.C. § 442 (a changed annual accounting period "shall become the taxpayer's taxable year only if the change is approved by the Secretary"); Treas. Reg. § 1.442-1.

[10] I.R.C. § 6038(a)(1). A related provision, section 6046, requires reporting on the organization or reorganization of a foreign corporation and on certain acquisitions and dispositions of its stock (the basis for Category 2 and Category 3 filings), also made on Form 5471. See I.R.C. § 6046(a).

[11] Treas. Reg. § 1.6038-2(a). "Control" is defined in Treas. Reg. § 1.6038-2(b) (generally, more than 50 percent of vote or value).

[12] Treas. Reg. § 1.6038-2(e) (emphasis added). This is a final regulation, and it supplies the binding link between § 898 and Form 5471.

title, the taxable year of any specified foreign corporation shall be the required year determined under subsection (c).”[13] A “specified foreign corporation” is a foreign corporation that (i) is treated as a CFC for any purpose under subpart F and (ii) has a United States shareholder that owns, on each testing day, more than 50 percent of the voting power or value of its stock.[14]

The “required year” is the “majority U.S. shareholder year”—the tax year that, on each testing day, is the tax year of the majority U.S. shareholder; if there is no single majority U.S. shareholder year, the required year is the year determined under the regulations (which look to the least aggregate deferral of income to the U.S. shareholders).[15]

An important precision. The regulations under section 898—**Prop. Treas. Reg. §§ 1.898-1 to 1.898-4**—were issued only in *proposed* form (in the 1994 notice of proposed rulemaking, REG-208985-89, formerly INTL-848-89) and, notwithstanding a mid-1990s preview of intended final rules, were never finalized. Those proposed regulations supply useful mechanics (for example, the testing days and the treatment of multiple majority U.S. shareholders), and they reflect the Treasury Department’s longstanding interpretation. But the conformity requirement does *not* rest on them. It is imposed directly by the statute—section 898(a) provides that the corporation’s taxable year “shall be” the required year—and it is carried onto Form 5471 by a *final* regulation, Treasury Regulation § 1.6038-2(e), which treats the specified foreign corporation’s section 898 tax year as its annual accounting period. The proposed status of the section 898 regulations therefore does not weaken the conclusion; the operative authorities are binding.[16]

The effect on Form 5471 can be stated as an equation of periods. Because Treasury Regulation § 1.6038-2(e) treats a specified foreign corporation’s section 898 tax year as its annual accounting period, and section 898(a) makes that tax year the shareholder’s *own* required year, the Form 5471 reporting period is **identical to the U.S. shareholder’s own tax year**. For a calendar-year individual, the corporation’s U.S. annual accounting period is January 1 through December 31, and Form 5471 reports the corporation’s results for that same January 1–December 31 period—the very period covered by the individual’s Form 1040. The corporation’s foreign statutory or book year (for example, a 31 March year end) does not enter into the determination of the U.S. reporting period; at most it is a starting point that must be recomputed—“recast”—to the required U.S. year. Every schedule of the form follows suit: the income statement (Schedule C), the balance sheet (Schedule F), the earnings-and-profits schedules (Schedules H and J), and the income-inclusion schedules (for subpart F income and GILTI) are all prepared for that same U.S. period.[17]

The only historical divergence was the one-month deferral election under former section 898(c)(2), which had allowed a specified foreign corporation to elect a tax year beginning one month before the majority U.S. shareholder year. That election is now repealed: section 70352(a) of the 2025 legislation struck it, effective for a

[13] I.R.C. § 898(a).
[14] I.R.C. § 898(b)(1)–(2); id. § 898(b)(2)(B) (ownership determined under the rules of § 958(a) and (b)); see id. §§ 951(b), 957(a) (defining “United States shareholder” and “controlled foreign corporation”).
[15] I.R.C. § 898(c)(1)–(2). A drafting note: the 2025 legislation struck the former one-month deferral paragraph and redesignated former § 898(c)(3) (the majority-U.S.-shareholder-year definition) as § 898(c)(2); citations here are to the current, post-2025 numbering. See Pub. L. No. 119-21, § 70352(a).
[16] Prop. Treas. Reg. §§ 1.898-1 to 1.898-4; REG-208985-89 (formerly INTL-848-89), 1994 (notice of proposed rulemaking); Notice 95-13 (previewing provisions intended for the final regulations); see also REG-106917-99, 66 Fed. Reg. 31,850 (2001) (later proposed accounting-period rules under §§ 441, 442, 706, 898, and 1378; preamble describes conformity of the specified foreign corporation’s taxable year to the required year). The binding authorities are I.R.C. § 898(a) and the final regulation Treas. Reg. § 1.6038-2(e).
[17] I.R.C. § 898(a), (c); Treas. Reg. § 1.6038-2(e); I.R.C. §§ 441(b)(1), (g), 7701(a)(23) (calendar year for the individual shareholder); Instructions for Form 5471 (Rev. Dec. 2025), “Annual Accounting Period.” Thus, where the individual’s Form 1040 period is January 1–December 31, the Form 5471 period and the corporation’s related U.S. annual accounting period are the same January 1–December 31 period, regardless of the corporation’s foreign or local reporting period. Recasting a foreign-functional-currency corporation to the U.S. period also entails translating its results under I.R.C. §§ 985–989; those mechanics are outside the scope of this memorandum.

specified foreign corporation's tax years beginning after November 30, 2025, with a transition rule treating the resulting change of year as initiated by the corporation and made with the Secretary's consent.[18] Even while it existed, that election was a corporate-level choice bounded to a single month and measured off the shareholder's year—never a filer's free choice of an arbitrary Form 5471 year. Its repeal removes the last sliver of permissible divergence, leaving the periods fully identical.

E. The Form 5471 instructions say the same thing.

The current Treasury-issued instructions confirm each step. Under "Annual Accounting Period," they tell the filer to "[e]nter … the annual accounting period of the foreign corporation for which you are furnishing information," and—except for Schedule O—to "report information for the tax year of the foreign corporation that ends with or within *your* tax year."[19] For Schedule O, the filer reports organizational and stock-transaction events "that occurred during *your* tax year"—again keyed to the filer's own year.[20] The instructions add that a section 898 specified foreign corporation's annual accounting period "is generally required to be the tax year of the corporation's majority U.S. shareholder," and, under "When and Where To File," that the filer must "[a]ttach Form 5471 to *your income tax return* … and file both by the due date (including extensions) for that return."[21]

VII. Analysis

The question—may a filer "use a tax year other than their own tax year … for choosing a reporting period"—assumes a power of selection that the law does not grant. The correct framing is that the reporting period is *determined*, not chosen, and it is determined in a way that leaves no room for a self-selected year. Three propositions establish the point.

Proposition 1 — Form 5471 has no tax year of its own; it is anchored to the filer's own return.

Form 5471 is an *information* return, not an income tax return. It has no separate taxpayer, no separate filing date, and no tax year of its own. It exists only as an attachment to the filer's income tax return, and it is due exactly when that return is due.[22] It follows of necessity that the temporal frame is the filer's own tax year: the "ending with or within the United States person's taxable year" rule of section 6038(a)(1) and Treasury Regulation § 1.6038-2(e) can operate only by reference to that year. A filer who tried to use some other "tax year" would have no return to attach the form to and no due date to meet, because Form 5471 supplies neither. The premise of a separate Form 5471 year is thus incoherent within the statutory scheme.

Proposition 2 — The reporting period is a fact (the corporation's annual accounting period), not a choice; for a CFC it is conformed by law to the filer's year.

The data on Form 5471 belong to the foreign corporation's annual accounting period, which the regulation defines objectively as "the annual period on the basis of which *that corporation* regularly computes its income in keeping its books."[23] The U.S. person does not select that period; it is a fact about the corporation and, where section 898 applies, is dictated by statute. For a specified foreign corporation, the regulation treats the corporation's section 898 tax year as its annual accounting period, and section 898(a) makes that tax year the required year—the majority

[18]Pub. L. No. 119-21, tit. VII, § 70352(a)–(c), 139 Stat. 208 (July 4, 2025). Treasury and the IRS have announced proposed regulations and interim reliance guidance implementing the repeal. See Notice 2025-72; Instructions for Form 5471 (Rev. Dec. 2025) ("For a tax year of an SFC beginning after November 30, 2025, the SFC may not have a tax year beginning one month earlier than the majority U.S. shareholder year.").
[19]Instructions for Form 5471 (Rev. Dec. 2025), "Identifying Information — Annual Accounting Period" (emphasis added).
[20]Id.; see I.R.C. § 6046.
[21]Instructions for Form 5471 (Rev. Dec. 2025), "Section 898 specified foreign corporation (SFC)" and "When and Where To File."
[22]Instructions for Form 5471 (Rev. Dec. 2025), "When and Where To File"; Treas. Reg. § 1.6038-2(a); I.R.C. §§ 6072, 6081 (due dates and extensions for the underlying income tax return, to which Form 5471 is attached).
[23]Treas. Reg. § 1.6038-2(e).

U.S. shareholder's own year. The reporting period and the filer's year therefore coincide exactly (for a calendar-year individual, January 1–December 31 in both cases), and no "choice" to the contrary can separate them. With the one-month deferral election repealed, not even a one-month wedge remains.[24]

Proposition 3 — Nothing in the Code, the regulations, the form, or the instructions authorizes a self-selected year.

A full review of the governing materials turns up no election of the kind the question posits. Sections 6038 and 6046 prescribe the reporting duty and its period with no taxpayer election of the annual period. Treasury Regulation § 1.6038-2 defines the period covered and grants no election. Form 5471 itself asks only for the foreign corporation's tax year (its beginning and ending dates) and is filed with the U.S. person's return; it offers no box, field, or statement by which a filer could adopt a different personal year. The instructions repeatedly tie the report to "your tax year."[25] The only elections in this area concern the *taxpayer's* own accounting period (adopted or changed under sections 441 and 442, with the IRS's consent) and the *foreign corporation's* own accounting period (including, until its repeal, the one-month election). None of these permits a filer to use, on Form 5471, a tax year other than its own. Under ordinary principles of tax administration, elective relief from a statutory rule exists only where the Code or regulations affirmatively grant it—and here they do not.

VIII. Application to Every Category of Form 5471 Filer

Because the conclusion should hold for all filers, each category is addressed. The Form 5471 categories (1a–1c, 2, 3, 4, and 5a–5c) turn on the filer's relationship to the foreign corporation; none of them changes the two anchoring rules above.

- **Categories 4 and 5 (control / U.S. shareholders of CFCs).** These filers, by definition, either "control" the corporation (Category 4) or are U.S. shareholders of a CFC (Category 5). The corporation is ordinarily a specified foreign corporation, so section 898 conformity applies with full force and the reporting period equals the filer's required year—the same dates as the filer's Form 1040. This is where the conclusion is strongest, and where affected individual clients most often go astray.[26]
- **Category 1 (U.S. shareholders of § 965 specified foreign corporations).** A Category 1 filer is a U.S. shareholder of a "§ 965 specified foreign corporation." The reporting period is the corporation's tax year ending with or within the shareholder's tax year. Where the corporation is also a section 898 specified foreign corporation (as a controlled foreign corporation typically will be), conformity to the shareholder's year applies as well.[27]
- **Categories 2 and 3 (officers/directors and certain stock transactions).** These event-driven filers report under section 6046 on Schedule O for transactions occurring during "your tax year." Even where the corporation is *not* controlled by the filer and section 898 does not conform its year, the filer still reports on, and files with, its *own* income tax return for its own tax year; it does not—and cannot—adopt a different personal tax year.[28]

The Category 2/3 case also covers the one situation in which the foreign corporation's annual accounting period may legitimately differ from the filer's year—a foreign corporation the filer does *not* control and that is not a specified foreign corporation. Even there, the premise of the question fails: the differing period is the *corporation's*

[24]I.R.C. § 898(a), (c); Treas. Reg. § 1.6038-2(e); Prop. Treas. Reg. §§ 1.898-1, 1.898-3; I.R.C. §§ 441, 7701(a)(23); Pub. L. No. 119-21, § 70352.
[25]Instructions for Form 5471 (Rev. Dec. 2025), "Annual Accounting Period," "When and Where To File"; Treas. Reg. § 1.6038-2(a), (e).
[26]I.R.C. §§ 898, 6038(a); Treas. Reg. § 1.6038-2(b), (e).
[27]Instructions for Form 5471 (Rev. Dec. 2025), "Category 1 Filers"; I.R.C. §§ 6038(a)(1), 965(e) (defining a § 965 specified foreign corporation, which is broader than a § 898 specified foreign corporation).
[28]I.R.C. § 6046; Instructions for Form 5471 (Rev. Dec. 2025), "Annual Accounting Period" (Schedule O keyed to "your tax year").

annual accounting period, fixed by Treasury Regulation § 1.6038-2(e) as a fact about the corporation, not a "tax year" the U.S. person has chosen for itself. The filer still uses only its own tax year for the return, still attaches the form to that return, and still reports the corporation's data for the corporation's period ending with or within that year. Illustration 2 shows how a non-controlled corporation's fiscal year maps onto the filer's calendar year under the "ending with or within" rule.

Illustration 2 — "Ends with or within" for a non-controlled foreign corporation (30 June book year)

Foreign corporation's fiscal year (it does not conform, because you do not control it)	U.S. individual's calendar-year Form 1040 it is reported with
July 1, 2023 – June 30, 2024	2024 Form 1040 (the FC's year ends within calendar 2024)
July 1, 2024 – June 30, 2025	2025 Form 1040 (the FC's year ends within calendar 2025)
July 1, 2025 – June 30, 2026	2026 Form 1040 (the FC's year ends within calendar 2026)

Contrast the controlled case: if you owned more than 50% of this corporation, § 898 would make its U.S. tax year the calendar year, and each Form 5471 would cover January 1–December 31—identical to your Form 1040—rather than the 30 June book year shown above.[29]

IX. The Common Error in Practice: A CFC With a Different Foreign Year

A recurring mistake—especially for individual owners of foreign companies—is to prepare Form 5471 using the foreign corporation's local statutory or book year. That is incorrect whenever the corporation is a CFC that the individual controls, because section 898 overrides the foreign year for U.S. purposes and requires the Form 5471 to be prepared for the same period as the individual's Form 1040.

Worked example.

Ms. A, a U.S. citizen, files Form 1040 on a calendar-year basis (January 1–December 31). She owns 100 percent of F Co., incorporated in Country X, which closes its statutory books on 31 March. Because Ms. A (a U.S. shareholder) owns more than 50 percent, F Co. is a CFC and a specified foreign corporation, and section 898 requires F Co.'s U.S. tax year to be Ms. A's year—the calendar year. It follows that: (i) for U.S. federal income tax and Form 5471 purposes, F Co.'s tax year runs January 1 through December 31, not April 1 through 31 March; (ii) Ms. A recomputes ("recasts") F Co.'s income, earnings and profits, and balance-sheet data to that calendar-year period and completes Form 5471 for it; and (iii) she attaches that Form 5471 to her calendar-year Form 1040. **The result is that F Co.'s Form 5471 covers the identical calendar-year period (January 1–December 31) as Ms. A's Form 1040.**[30]

A concrete way to see the recasting: F Co.'s income earned from January 1 to December 31, 2025 is what appears on the 2025 Form 5471, even though F Co.'s local financial statements cover April 1, 2024–March 31, 2025 and April 1, 2025–March 31, 2026. In practice, that generally means blending portions of two local fiscal years to build the U.S. calendar-year figures. Preparing Form 5471 on the 31 March year instead is wrong: it reports the wrong period, it can render the return incomplete or incorrect for purposes of section 6038, and it tends to distort downstream calculations that depend on the correct U.S. tax year—subpart F income, global intangible low-taxed income (GILTI), previously taxed earnings and profits, and the foreign tax credit.

How to identify and correct the error.

Filers and advisers should take the following steps, tailored to the facts of the engagement:

[29] I.R.C. §§ 898(a), 6038(a)(1); Treas. Reg. § 1.6038-2(e).

[30] I.R.C. § 898(a)–(c); Treas. Reg. § 1.6038-2(e); Prop. Treas. Reg. §§ 1.898-1, 1.898-3; I.R.C. §§ 441(b)(1), (g), 7701(a)(23). If, instead, Ms. A owned a non-controlling interest that nonetheless required a filing and F Co. were not a specified foreign corporation, F Co.'s 31 March annual accounting period would be the reporting period—reported on Ms. A's calendar-year return for the year within which the 31 March period ends. See Treas. Reg. § 1.6038-2(e); Illustration 2 above.

- **Confirm status.** Determine whether the foreign corporation is a CFC and a specified foreign corporation (more than 50 percent owned, applying § 958 attribution). If so, § 898 conformity applies and the U.S. tax year is the majority U.S. shareholder's year—regardless of the foreign book year.
- **Match the period to the Form 1040.** Recompute the corporation's results for the required U.S. tax year—the same period as the shareholder's Form 1040 (for most individuals, January 1–December 31)—rather than the foreign statutory year, before completing Form 5471, and carry that period through every schedule (C, F, H, J, I, and the GILTI schedules).
- **Amend where needed.** For years already filed on the wrong period, consider filing amended income tax returns with corrected Forms 5471, and evaluate reasonable-cause relief—including, where appropriate, the IRS's procedures for delinquent international information returns (as those procedures exist from time to time) and a reasonable-cause statement.
- **Mind the penalties.** An incomplete or incorrect Form 5471 can trigger a US$10,000 penalty per corporation per year under § 6038(b), continuation penalties up to US$50,000, and a reduction of foreign tax credits under § 6038(c).

The correction path is fact-specific and may itself require conforming the corporation's tax year under section 898 (including any short period needed to move to the required year). This memorandum identifies the issue and the governing rules; it is not a substitute for engagement-specific advice on a particular filer's correction, penalty exposure, or relief options.[31]

X. Consequences of Using an Incorrect Period

Using the wrong reporting period is not a harmless formatting choice. Section 6038(b) imposes a US$10,000 penalty for each annual accounting period of each foreign corporation for which the required information is not furnished as prescribed; if the failure continues after IRS notice, additional US$10,000 penalties accrue for each 30-day period, up to US$50,000 per failure.[32] Separately, section 6038(c) reduces the taxpayer's foreign taxes eligible for credit under sections 901 and 960 (a 10 percent reduction, with further reductions if the failure continues after notice).[33] Because the period drives the substantive international-tax computations, an incorrect period can also produce errors in income inclusions and credits that carry their own exposure. These stakes make the conclusion of this memorandum—use the filer's own tax year, with the corporation's year conformed under section 898 to that same period—a matter of compliance, not merely of form.

XI. Scope, Limitations, and Anticipated Counterarguments

Candor requires flagging the one pattern that superficially looks like a different "tax year," and explaining why it is not. Where a U.S. person files Form 5471 for a foreign corporation it does *not* control and that is not a specified foreign corporation, the corporation's annual accounting period may differ from the filer's year (for instance, a 30 June book year while the filer reports on a calendar year, as in Illustration 2). This is not a counterexample. As Part VIII explains, the differing period is the corporation's own accounting period, fixed by Treasury Regulation § 1.6038-2(e), and the filer still uses only its own tax year for the return to which the form attaches. The taxpayer exercises no election and adopts no alternative personal year; it reports the corporation's period, ending with or within the taxpayer's own year, on the taxpayer's own-year return. (By contrast, for a controlled corporation—a specified foreign corporation—section 898 collapses the two periods into one, so the Form 5471 period is the same as the Form 1040 period.)

[31] I.R.C. §§ 6038(b)–(c), 898(c); Pub. L. No. 119-21, § 70352(c) (transition rule treating the conforming change of year as initiated by the corporation and made with the Secretary's consent); Notice 2025-72.
[32] I.R.C. § 6038(b)(1)–(2); Instructions for Form 5471 (Rev. Dec. 2025), "Penalties."
[33] I.R.C. § 6038(c). The IRS treats a Form 5471 that is filed but "substantially incomplete" as a failure to file for these purposes; reporting the wrong period can make the return incomplete or incorrect.

A second possible argument—that the pre-2025 one-month deferral election shows divergence was permitted—also fails. That election belonged to the *corporation*, was limited to a single month measured off the shareholder's year, and has in any event been repealed for a specified foreign corporation's tax years beginning after November 30, 2025. It never let a filer pick an arbitrary Form 5471 year, and it no longer exists.[34]

A third point concerns the status of the section 898 regulations. Because those regulations remain *proposed* (Part VI.D), one might ask whether the conformity rule is truly binding. It is: section 898(a) is a self-executing statute, and the final regulation under section 6038 (Treas. Reg. § 1.6038-2(e)) carries the section 898 year onto Form 5471. The proposed regulations add mechanics and reflect the government's interpretation, but the result does not depend on their being finalized.[35]

This memorandum addresses the reporting period and filing year for Form 5471. It does not address the substantive computation of subpart F income, GILTI, section 965 amounts, the foreign tax credit, or currency translation under sections 985–989, nor the separate question of a taxpayer's adoption or change of its *own* annual accounting period under sections 441 and 442. It reflects the Internal Revenue Code, Treasury Regulations, and IRS guidance in effect on the date above; later guidance—including the proposed regulations announced in Notice 2025-72—should be consulted as issued.

XII. Conclusion

A U.S. person cannot use, for Form 5471, a tax year other than its own tax year—the year on which it files Form 1040 (or another income tax return). The reporting period is not the taxpayer's to choose. It is the foreign corporation's annual accounting period, ending with or within the U.S. person's tax year, reported on and filed with that person's own income tax return; and for a specified foreign corporation that annual accounting period is itself conformed by section 898 to the U.S. shareholder's own required year, with the sole historical exception (the one-month deferral election) now repealed. That conformity rests on binding authority—the statute and the final regulation under section 6038—not on the still-proposed section 898 regulations.

For the individual owner of a foreign company whose books abroad are kept on a different fiscal year, the message is concrete: if you control the company, its foreign book year does not control your U.S. reporting. **The Form 5471 covers the same period as your Form 1040—date for date—so a calendar-year individual reports the corporation on a January 1–December 31 basis.** Recast the results to that period, complete Form 5471 for it, and file it with your Form 1040. Because Form 5471 has no tax year of its own, and because no provision of the Code, the regulations, the form, or the instructions lets a filer elect a self-selected year, the answer to the question presented is, definitively, no—and filing on any other period risks penalties under section 6038.

[34]Pub. L. No. 119-21, § 70352; Notice 2025-72.
[35]I.R.C. § 898(a); Treas. Reg. § 1.6038-2(e); Prop. Treas. Reg. §§ 1.898-1 to 1.898-4.

Appendix — Table of Authorities

Category	Authority	Point established
Statute	I.R.C. §§ 441, 442, 7701(a)(23)–(24)	A taxpayer has one tax year, fixed and changeable only with the IRS's consent; an individual's year is the calendar year.
Statute	I.R.C. § 6038(a)(1)	Form 5471 information is furnished for the corporation's annual accounting period ending with or within the U.S. person's tax year.
Statute	I.R.C. § 6038(b)–(c)	Penalties (US$10,000, up to US$50,000) and foreign-tax-credit reduction for an incomplete or incorrect Form 5471.
Statute	I.R.C. § 6046	Category 2/3 organization and stock-transaction reporting (Schedule O), keyed to the filer's own year.
Statute (self-executing)	I.R.C. § 898(a)–(c)	A specified foreign corporation's tax year must be the required year (the majority U.S. shareholder's year)—so the Form 5471 period equals the shareholder's year.
Statute	I.R.C. §§ 951(b), 957(a), 958, 965(e)	Defines U.S. shareholder, CFC, ownership/attribution, and the § 965 specified foreign corporation.
Statute (amend.)	Pub. L. No. 119-21, § 70352 (2025)	Repeals the one-month deferral election of former § 898(c)(2); effective for SFC tax years beginning after Nov. 30, 2025.
Final regulation	Treas. Reg. § 1.6038-2(a), (b), (e)	Return required for each annual accounting period; control; period-covered rule; SFC § 898 year treated as the annual accounting period (binding link to Form 5471).
Final regulation	Treas. Reg. §§ 1.441-1, 1.442-1	Define the taxpayer's tax year and govern changes to it.
Proposed regulation	Prop. Treas. Reg. §§ 1.898-1 to 1.898-4	Proposed—never finalized—rules supplying § 898 mechanics (testing days; multiple majority shareholders). Conformity itself is statutory.
Proposed reg. + prior guidance	REG-208985-89 (formerly INTL-848-89) (1994); Notice 95-13; REG-106917-99, 66 Fed. Reg. 31,850 (2001)	NPRM proposing the § 898 rules; preview of intended final rules; later accounting-period NPRM touching § 898.
Administrative	Notice 2025-72	Interim guidance and announced proposed regulations implementing the § 898(c)(2) repeal; transition to conformity.
Administrative	Instructions for Form 5471 (Rev. Dec. 2025)	"Report information for the tax year of the foreign corporation that ends with or within your tax year"; "Attach Form 5471 to your income tax return."

Note: This memorandum is provided for internal tax-analysis purposes and to inform affected filers. It may not be relied upon to avoid penalties. It reflects authorities in effect as of July 14, 2026. Version 2.1.