

Excise Tax on Structured Settlement Factoring Transactions

OMB No. 1545-1826

► Information about Form 8876 and its instructions is at www.irs.gov/form8876.

Date of receipt of structured settlement payment rights ►

Please Type or Print	Name	Identifying number
	Number, street, and room or suite no. (If a P.O. box, see instructions.)	
	City or town, state or province, country, and ZIP or foreign postal code	

1	Total undiscounted amount of structured settlement payments being acquired	1		
2	Total amount paid for the above structured settlement payment rights	2		
3	Factoring discount. Subtract line 2 from line 1	3		
4	Tax. Multiply line 3 by 40% (.40)	4		
5	Less: Tax paid with Form 7004	5		
6	Tax due. Subtract line 5 from line 4. If zero or less, enter -0-	6		
7	Overpayment. If line 5 is greater than line 4, subtract line 4 from line 5	7		

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.				
	Signature		Date	Title (if any)	
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature		Date
	Check <input type="checkbox"/> if self-employed				PTIN
	Firm's name ►				Firm's EIN ►
	Firm's address ►				Phone no.

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 8876 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/form8876.

General Instructions

Purpose of Form

Use Form 8876 to report and pay the 40% excise tax imposed under section 5891 on the factoring discount of a structured settlement factoring transaction. File a separate Form 8876 for each date on which you received structured settlement payment rights in one or more structured settlement factoring transactions.

Definitions

Structured settlement. A structured settlement is an arrangement:

- Established **(a)** by suit or agreement for the periodic payment of damages excludable from the gross income of the recipient under section 104(a)(2) or **(b)** by agreement for the periodic payment of compensation under any workers' compensation law excludable from the gross income of the recipient under section 104(a)(1); and

- Under which the periodic payments are **(a)** of the character described in section 130(c)(2) (A) and (B) and **(b)** payable by a person who is a party to the suit or agreement or to the workers' compensation claim or by a person who has assumed the liability for such periodic payments under a qualified assignment in accordance with section 130.

Structured settlement factoring transaction. A structured settlement factoring transaction is a transfer of structured settlement payment rights (including portions of structured settlement payments) made for consideration by means of sale, assignment, pledge, or other form of encumbrance or alienation for consideration.

The following are not structured settlement factoring transactions.

- The creation or perfection of a security interest in structured settlement payment rights under a blanket security agreement entered into with an insured depository institution in the absence of any action to redirect the structured settlement payments to that institution (or agent or successor thereof) or otherwise to enforce such blanket security interest as against the structured settlement payment rights.

- A subsequent transfer of structured settlement payment rights acquired in a structured settlement factoring transaction.

Structured settlement payment rights. Structured settlement payment rights are rights to receive payments under a structured settlement.

Factoring discount. The factoring discount is the difference between the total undiscounted amount of structured settlement payments being acquired (line 1) and the total amount paid by the acquirer to the person(s) from whom the structured settlement payment rights are acquired (line 2).

Qualified order. A qualified order is a final order, judgment, or decree that: