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Form **8697**  
(Rev. December 2025)  
Department of the Treasury  
Internal Revenue Service

# Interest Computation Under the Look-Back Method for Completed Long-Term Contracts

Go to [www.irs.gov/Form8697](http://www.irs.gov/Form8697) for instructions and the latest information.

OMB No. 1545-0074

Attachment  
Sequence No. **97**

For the filing year beginning \_\_\_\_\_, and ending \_\_\_\_\_ . See instructions.

|  |                         |                                  |   |  |
|--|-------------------------|----------------------------------|---|--|
| Name _____   |                         |                                  | <b>A</b> Identifying number _____   |  |
| Number, street, and apt., room, or suite no. If a P.O. box, see instructions. _____  |                         |                                  | <b>B</b> Check applicable box to show type of taxpayer:                     |  |
| City or town _____   | State or province _____ | ZIP or foreign postal code _____ | <input type="checkbox"/> Corporation <input type="checkbox"/> S corporation |  |
|  |                         |                                  | <input type="checkbox"/> Individual <input type="checkbox"/> Partnership    |  |
|  |                         |                                  | <input type="checkbox"/> Estate or trust                                    |  |
| <b>C</b> If you were an owner of an interest in a pass-through entity (such as a partnership or an S corporation) that holds one or more long-term contracts to which this interest computation relates, enter the name and employer identification number of the entity. Attach a schedule if there is more than one such entity. |                         |                                  |   |  |
| Name of entity _____   |                         |                                  | Employer identification number _____  |  |

## Part I Regular Method (see instructions)

|  | Filing year | Redetermination years |                   | (c)<br>Totals<br>(Add columns (a)<br>and (b).) |
|--|-------------|-----------------------|-------------------|--|
|  | Year ended  | (a)<br>Year ended     | (b)<br>Year ended |  |
|  | mo. yr.     | mo. yr.               | mo. yr.           |  |
| <b>1</b> Taxable income or loss for the prior years shown on tax return (or as previously adjusted) before net operating loss or capital loss carrybacks (other than carrybacks that must be taken into account to properly compute interest under section 460) (see instructions). If you were required to file Form 8697 for an earlier year, enter adjusted taxable income for the prior years from line 3, Form 8697, for the most recent filing year that affects the prior years . . . . .   |             |                       |                   |  |
| <b>2</b> Adjustment to income to reflect the difference between: (a) the amount of income required to be allocated for post-February 1986 contracts completed or adjusted during the tax year based on the <b>actual</b> contract price and costs, and (b) the amount of income reported for such contracts based on <b>estimated</b> contract price and costs. See instructions and attach a schedule listing each separate contract, unless you were an owner of an interest in a pass-through entity reporting this amount from Schedule K-1 or a similar statement . . . . . |             |                       |                   |  |
| <b>3</b> Adjusted taxable income for look-back purposes. Combine lines 1 and 2. If line 3 is a negative amount, see instructions . . . . .   |             |                       |                   |  |
| <b>4</b> Income tax liability on line 3 amount using tax rates in effect for the prior years (see instructions) . . . . .  |             |                       |                   |  |
| <b>5</b> Income tax liability shown on return (or as previously adjusted) for the prior years (see instructions). If you were required to file Form 8697 for an earlier year, enter the amount required to be reported on line 4, Form 8697, for the most recent filing year that affects the prior years . . . . .  |             |                       |                   |  |
| <b>6</b> Increase or decrease in tax for the prior years on which interest is due (or is to be refunded). Subtract line 5 from line 4 . . . . .  |             |                       |                   |  |
| <b>7</b> Interest due on increase, if any, shown on line 6 (see instructions) . . . . .  |             |                       |                   |  |
| <b>8</b> Interest to be refunded on decrease, if any, shown on line 6 (see instructions) . . . . .   |             |                       |                   |  |
| <b>9a</b> Net <b>interest to be refunded to you</b> . If line 8, column (c), is greater than line 7, column (c), enter the excess. File Form 8697 separately. <b>Do not</b> attach it to your tax return (see instructions) . . . . .  |             |                       |                   |  |
| <b>b</b> Routing number _____ <b>c</b> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings  |             |                       |                   |  |
| <b>d</b> Account number _____  |             |                       |                   |  |
| <b>10</b> Net <b>interest you owe</b> . If line 7, column (c), is greater than line 8, column (c), enter the excess. File Form 8697 with your tax return. See instructions for where to include this amount on your return . . . . .   |             |                       |                   |  |

**Part II Simplified Marginal Impact Method (SMIM)** (see instructions)

|  | Date of each prior year to which interest computation relates |     |                   |     |                   |     | (d)<br>Totals<br>(Add columns (a), (b), and (c).) |
|--|---|-----|-------------------|-----|-------------------|-----|---|
|  | (a)<br>Year ended   |     | (b)<br>Year ended |     | (c)<br>Year ended |     |   |
|  | mo.   | yr. | mo.               | yr. | mo.               | yr. |   |
| <b>1</b> Adjustment to regular taxable income to reflect the difference between: (a) the amount of such income required to be allocated for post-February 1986 contracts completed or adjusted during the tax year based on <b>actual</b> contract price and costs, and (b) the amount of such income reported for such contracts based on <b>estimated</b> contract price and costs. See instructions and attach a schedule listing each separate contract, unless you were an owner of an interest in a pass-through entity reporting this amount from Schedule K-1 or a similar statement . . . . . |   |     |                   |     |                   |     |   |
| <b>2</b> Regular tax increase or decrease for prior years. Multiply line 1 in each column by the applicable regular tax rate (see instructions) . . . . .  |   |     |                   |     |                   |     |   |
| <b>3</b> Adjustment to alternative minimum taxable income (AMTI) to reflect the difference between: (a) AMTI required to be allocated for post-February 1986 contracts completed or adjusted during the tax year based on <b>actual</b> contract price and costs, and (b) AMTI reported for such contracts based on <b>estimated</b> contract price and costs. See instructions and attach a schedule listing each separate contract, unless you were an owner of an interest in a pass-through entity reporting this amount from Schedule K-1 or a similar statement . . . . .                        |   |     |                   |     |                   |     |   |
| <b>4</b> Alternative minimum tax (AMT) increase or decrease for prior years. Multiply line 3 in each column by the applicable AMT rate (see instructions) . . . . .  |   |     |                   |     |                   |     |   |
| <b>5</b> Enter the <b>larger</b> of line 2 or line 4. See instructions if either amount is negative . . . . .<br><b>Pass-through entities:</b> Skip line 6 and enter on line 7 the amount from line 5.   |   |     |                   |     |                   |     |   |
| <b>6</b> Overpayment ceiling. For each column in which line 5 is a negative number, enter your total tax liability for the prior year, as adjusted for past applications of the look-back method and after net operating loss, capital loss, net section 1256 contracts loss, and credit carryovers and carrybacks to that year. For each column in which line 5 is a positive number, leave line 6 blank and enter on line 7 the amount from line 5   |   |     |                   |     |                   |     |   |
| <b>7</b> Increase or decrease in tax for the prior years on which interest is due (or is to be refunded). Enter the smaller of line 5 or line 6. Treat both numbers as positive when making this comparison, but enter the amount as a negative number   |   |     |                   |     |                   |     |   |
| <b>8</b> Interest due on increase, if any, shown on line 7 (see instructions) . . . . .  |   |     |                   |     |                   |     |   |
| <b>9</b> Interest to be refunded on decrease, if any, shown on line 7 (see instructions) . . . . .   |   |     |                   |     |                   |     |   |
| <b>10a</b> Net <b>interest to be refunded to you</b> . If line 9, column (d), is greater than line 8, column (d), enter the excess. File Form 8697 separately. <b>Do not</b> attach it to your tax return (see instructions) . . . . .   |   |     |                   |     |                   |     |   |
| <b>b</b> Routing number <table border="1" style="display: inline-table; width: 150px; height: 15px;"></table> <b>c</b> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings  |   |     |                   |     |                   |     |   |
| <b>d</b> Account number <table border="1" style="display: inline-table; width: 200px; height: 15px;"></table>  |   |     |                   |     |                   |     |   |
| <b>11</b> Net <b>interest you owe</b> . If line 8, column (d), exceeds line 9, column (d), enter the excess. File Form 8697 with your tax return. See instructions for where to include this amount on your return . . . . .   |   |     |                   |     |                   |     |   |

**Signature(s).** Complete this section **only** if you are filing this form by itself and not with your tax return.

|                               |  |  |      |
|-------------------------------|--|--|------|
| <b>Sign Here</b>              | Under penalties of perjury, I declare that I have examined this form, 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. |  |      |
|                               | Your signature   |  | Date |
|                               | Spouse's signature. If a joint return, both must sign  |  | Date |
| <b>Paid Preparer Use Only</b> | Preparer's name  | Preparer's signature                                 | Date |
|                               | Firm's name  | Check <input type="checkbox"/> if self-employed PTIN |      |
|                               | Firm's address   | Firm's EIN<br>Phone no.                              |      |