

**Report of Organizational Actions  
 Affecting Basis of Securities**

OMB No. 1545-0123

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name CARROLS RESTAURANT GROUP, INC		<b>2</b> Issuer's employer identification number (EIN) 83-3804854	
<b>3</b> Name of contact for additional information ANTHONY HULL	<b>4</b> Telephone No. of contact 315-424-0513	<b>5</b> Email address of contact THULL@CARROLS.COM	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact 888 JAMES STREET		<b>7</b> City, town, or post office, state, and ZIP code of contact SYRACUSE, NEW YORK 13203	
<b>8</b> Date of action 10/8/2021		<b>9</b> Classification and description DISTRIBUTION IN EXCESS OF EARNINGS AND PROFITS	
<b>10</b> CUSIP number 14574X104	<b>11</b> Serial number(s) N/A	<b>12</b> Ticker symbol TAST	<b>13</b> Account number(s) N/A

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ ON OCTOBER 5, 2021, CARROLS RESTAURANT GROUP, INC. MADE A CASH DISTRIBUTION TO ITS SHAREHOLDERS IN ACCORDANCE WITH THEIR RESPECTIVE OWNERSHIP PERCENTAGES. THE TOTAL DISTRIBUTION IS ESTIMATED TO EXCEED THE CORPORATION'S CURRENT AND ACCUMULATED EARNINGS & PROFITS AS OF THE END OF THE 2021 TAX YEAR. AT THE TIME OF THE DISTRIBUTION ON OCTOBER 5, 2021, THE CORPORATION HAD 60,888,118 SHARES ISSUED AND OUTSTANDING.

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ THE TOTAL AMOUNT OF THE DISTRIBUTION MADE ON OCTOBER 5, 2021 WAS \$24,882,128. THIS DISTRIBUTION WILL BE PRIMARILY A NONDIVIDED DISTRIBUTION, WHICH FIRST REDUCES THE SHAREHOLDER'S ADJUSTED BASIS AND THEN GIVES RISE TO GAIN FROM THE SALE OR EXCHANGE OF THE PROPERTY TO THE EXTENT SUCH DISTRIBUTION EXCEEDS THE SHAREHOLDER'S BASIS. THE DISTRIBUTION IS ESTIMATED TO RESULT IN A NONDIVIDED DISTRIBUTION OF \$24,330,288 AND A DIVIDEND DISTRIBUTION OF \$551,842

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ THE CORPORATION'S EARNINGS AND PROFITS WAS CALCULATED EACH YEAR. THE CUMULATIVE EARNINGS AND PROFITS FOR ALL YEARS WAS COMPARED TO THE TOTAL DISTRIBUTION MADE ON OCTOBER 5, 2021. THE DIFFERENCE BETWEEN THE CUMULATIVE EARNINGS AND PROFITS AND THE DISTRIBUTION IS CONSIDERED A NONDIVIDEND DISTRIBUTION, WHICH FIRST REDUCES BASIS AND THEN GIVES PRODUCES GAIN FROM THE SALE OR EXCHANGE OF PROPERTY.

**Part II** Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ THE CORPORATION'S CUMULATIVE EARNINGS AND PROFITS WERE CALCULATED IN ACCORDANCE WITH IRC SECTION 312. THE DISTRIBUTION THAT IS CONSIDERED A RETURN OF BASIS AND THEN GAIN FROM THE SALE OR EXCHANGE OF PROPERTY WAS CALCULATED IN ACCORDANCE WITH IRC SECTION 301(C)

18 Can any resulting loss be recognized? ▶ THERE WILL BE NO LOSS RECOGNIZED AS PART OF THE CASH DISTRIBUTION.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ THE NONDIVIDEND DISTRIBUTION WILL BE REPORTED ON FORM 5452, WHICH WILL BE INCLUDED IN CARROLS RESTAURANT GROUP, INC'S FORM 1120 FOR THE 2021 TAX YEAR.

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 officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ 

Date ▶ 11/12/21

Print your name ▶ ANTHONY HULL

Title ▶ CFO

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.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054