

Instructions for Form 5471

(Rev. January 2024)

Information Return of U.S. Persons With Respect to Certain Foreign Corporations

Volume 2 of 4



Department of the Treasury
Internal Revenue Service

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The reference ID number must meet the requirements set forth below.

Note. Because reference ID numbers are established by or on behalf of the U.S. person filing Form 5471, there is no need to apply to the IRS to request a reference ID number or for permission to use these numbers.

Note. The reference ID number assigned to a foreign corporation on Form 5471 generally has relevance only on Form 5471, its schedules, and any other form that is attached to or associated with Form 5471, and generally should not be used with respect to that foreign corporation on any other IRS forms. However, the foreign corporation's reference ID number should also be entered on Form 8858 if the foreign corporation is listed as a tax owner of an FDE or FB on Form 8858. See the instructions for Form 8858, line 3c(2), for more information. Also, if a U.S. shareholder is required to file Schedule A (Form 8992) or Schedule B (Form 8992) with

respect to the CFC, the reference ID number on Form 5471 and the reference ID number used on Schedule A (Form 8992) or Schedule B (Form 8992) for that CFC must be the same.

Requirements. The reference ID number that is entered in item 1b(2) must be alphanumeric (defined below) and no special characters or spaces are permitted. The length of a given reference ID number is limited to 50 characters.

The same reference ID number must be used consistently from tax year to tax year with respect to a given foreign corporation. If for any reason a reference ID number falls out of use (for example, the foreign corporation no longer exists due to disposition or liquidation), the reference ID number used for that foreign corporation cannot be used again for another foreign corporation for purposes of Form 5471 reporting.

For these purposes, the term “alphanumeric” means the entry can be alphabetical, numeric, or any combination of the two.

Taxpayers no longer have the option of entering “FOREIGNUS” or “APPLIED FOR” in a column that requests an EIN or reference ID number with respect to a foreign entity.

Instead, if the foreign entity does not have an EIN, the taxpayer must enter a reference ID number that uniquely identifies the foreign entity.

Correlation issues. There are some situations that warrant correlation of a new reference ID number with a previous reference ID number when assigning a new reference ID number to a foreign corporation. For example:

- In the case of a merger or acquisition, a Form 5471 filer must use a reference ID number that correlates the previous reference ID number with the new

reference ID number assigned to the foreign corporation; or

- In the case of an entity classification election that is made on behalf of a foreign corporation on Form 8832, Regulations section 301.6109-1(b)(2)(v) requires the foreign corporation to have an EIN for this election. For the first year that Form 5471 is filed after an entity classification election is made on behalf of the foreign corporation on Form 8832, the new EIN must be entered in item 1b(1) of Form 5471 and the old reference ID number must be entered in item 1b(2). In subsequent years, the Form 5471 filer may continue to enter both the EIN in item 1b(1) and the reference ID number in item 1b(2), but must enter at least the EIN in item 1b(1).

You must correlate the reference ID numbers as follows: Enter the new reference ID number in item 1b(2) and enter the previous

reference ID number(s) in item 1b(3). If there is more than one old reference ID number, you must enter a space between each such number. As indicated above, the length of a given reference ID number is limited to 50 characters and each number must be alphanumeric and no special characters are permitted.

Note. This correlation requirement applies only to the first year the new reference ID number is used and it applies only on Form 5471, page 1, items 1b(2) and 1b(3). On all separate schedules for Form 5471, please enter only the current reference ID number in the applicable entry space.

Item 1b(3)—Previous Reference ID Number(s), if Any

See Correlation issues, earlier.

Items 1f and 1g—Principal Business Activity

Enter the principal business activity code number and the description of the activity from the list at the end of these instructions.



Effective beginning with tax year 2022, several changes were made to the principal business activities and codes listed at the end of these instructions. See the revised list before entering a six-digit code and the description of the activity on page 1, items 1f and 1g.

Item 1h—Functional Currency

The foreign corporation's functional currency is determined under section 985. Enter the applicable three-character alphabet code for the foreign corporation's functional currency using the ISO 4217 standard. These codes are available at [six-group.com/en/products/services/financial-](https://www.iso.org/en/products/services/financial/)

<information/datastandards.html#scrollTo=currencycodes>. Click on List One (XLS).

Regulations sections 1.6038-2(h) and 1.6046-1(g) require that certain amounts be reported in U.S. dollars and/or in the foreign corporation's functional currency. The specific instructions for the affected schedules state these requirements.

Special rules apply for foreign corporations that use the U.S. dollar approximate separate transactions method of accounting (DASTM) under Regulations section 1.985-3. See Schedule C, Schedule F, and Schedule H, later.

Schedule B

Note. If any person (including the filer) is both a U.S. shareholder and a direct shareholder of the foreign corporation, that person's information should be provided in both Schedule B, Part I and Part II.

Part I

Category 3 and 4 filers must complete Schedule B, Part I, for U.S. persons that owned (at any time during the annual accounting period), directly or indirectly through foreign entities, 10% or more of the total combined voting power of all classes of stock entitled to vote of the foreign corporation, or 10% or more of the total value of shares of all classes of stock of the foreign corporation.

A person that is both a category 3 and category 5 filer because it is treated as a U.S. shareholder under section 953(c)(1)(A) with respect to the foreign corporation must complete Schedule B, Part I, for U.S. persons that owned (on the last day of the foreign corporation's tax year), directly or indirectly through foreign entities, any of the foreign corporation's outstanding stock.

Column (e). Enter each shareholder's allocable percentage of the foreign corporation's subpart F income.

Part II

Category 1a, 1c, 3, 4, 5a, and 5c filers must complete Part II.

Report the direct shareholders of the foreign corporation. In the case of a CFC owned by an FDE, please include the information of the FDE and the regarded entity owner. Indicate the regarded entity owner's name in parentheses after the FDE's name. If there is more than one regarded entity owner, use separate lines for each, listing each regarded entity owner in column (a) and reporting the information requested in columns (b), (c), and (d) for each such regarded entity owner.

Category 4 filers should list all direct owners of the CFC. Category 1a, 3, and 5a filers should list all direct owners of the SFC or CFC through which such filer indirectly owns the

SFC or CFC as described in section 958(a)(2). Category 1c and 5c filers should list all direct owners of the SFC or CFC from which such filer is attributed ownership in the SFC or CFC as described in section 958(b). If the filer is a direct owner, include the filer's direct ownership.

Schedule C

Report all information in the foreign corporation's functional currency in accordance with U.S. GAAP and translate using U.S. GAAP translation principles.

If the foreign corporation uses the DASTM under Regulations section 1.985-3, the functional currency column should reflect local hyperinflationary currency amounts computed in accordance with U.S. GAAP. The U.S. dollar column should reflect such amounts translated into dollars under U.S. GAAP translation rules. Differences between this U.S. dollar GAAP column and the U.S. dollar

income or loss figured for tax purposes under Regulations section 1.985-3(c) should be accounted for on Schedule H. See Schedule H, Special rules for DASTM, later.

Line 8. Enter foreign currency transaction gain or loss reported on the income statement. For amounts included in Other Comprehensive Income (OCI), see Lines 23 and 24, later. Enter unrealized gain or loss on line 8a and realized gain or loss on line 8b.

Line 16. Enter transactional taxes excluding items reportable in income tax expense (benefit). Report income taxes on line 21.

Line 20. The term “unusual or infrequently occurring items” is defined by U.S. GAAP (see FASB Accounting Standards Codification (ASC) Topic 220 (Income Statement), Subtopic 220-20 (Unusual or Infrequently Occurring Items) or subsequent guidance). If “prior period adjustments” are not reported separately on the income statement, do not report such amounts on this line item (see

ASC 250 (Accounting Changes and Error Corrections) or subsequent guidance).

Line 21. Enter income tax expense (benefit) reported in accordance with U.S. GAAP (ASC 740 (Income Taxes)). Income tax expense (benefit) includes current and deferred income tax expense (benefit). It may also reflect uncertain tax positions (ASC 740-10) and would not include taxes paid in respect of uncertain tax positions recorded in prior years. Enter the current income tax expense (benefit) on line 21a and deferred income tax expense (benefit) on line 21b.

Note. If there is an income tax expense amount on line 21a or 21b, subtract that amount from the line 19 net income or (loss) amount in arriving at line 22 current year net income or (loss) per the books. If there is an income tax benefit amount on line 21a or 21b, add that amount to the line 19

net income or (loss) amount in arriving at line 22 current year net income or (loss) per the books.

Lines 23 and 24. Enter amounts defined in ASC 220 (Income Statement—Reporting Comprehensive Income).

Line 23a. Enter foreign currency translation adjustments before the income tax expense (benefit) is allocated.

Line 23b. Enter other comprehensive income such as foreign currency gains or losses on certain hedging transactions, pensions and other post-retirement benefits, and certain investments available-for-sale.

Line 23c. Enter the income tax expense (benefit) allocated to OCI items in the intraperiod allocation.

Important. Differences between the functional currency amount of income tax expense (benefit) reported on line 21 and the amount of taxes that reduce or increase U.S.

E&P should be accounted for on line 2g of Schedule H.

Schedule F

Report all information in U.S. dollars.

Generally, the foreign corporation's balance sheet is prepared in functional currency and translated to U.S. dollars using U.S. GAAP translation rules. If the foreign corporation uses DASTM, the tax balance sheet on Schedule F should be prepared and translated into U.S. dollars according to Regulations section 1.985-3(d), rather than U.S. GAAP.

Lines 3 and 17. Enter the total asset amount of derivatives on line 3 and total amount of liability on line 17 reported in accordance with ASC 815 (Derivatives and Hedging). Do not net positions.

Include all derivatives, both short-term and long-term.

Schedule G

Note. Category 1b and 5b filers are not required to file Schedule G for foreign-controlled section 965 SFCs and foreign-controlled CFCs, respectively.

Question 1

If the foreign corporation owned at least a 10% interest, directly or indirectly, in any foreign partnership, attach a statement listing the following information for each foreign partnership.

1. Name and EIN (if any) of the foreign partnership.
2. Identify which, if any, of the following forms the foreign partnership filed for its tax year ending with or within the corporation's tax year: Form 1042, 1065, or 8804.
3. Name of the partnership representative (if any).

4. Beginning and ending dates of the foreign partnership's tax year.

Question 3

Check the "Yes" box if the foreign corporation is the tax owner of an FDE or FB. The "tax owner" of an FDE is the person that is treated as owning the assets and liabilities of the FDE for purposes of U.S. income tax law.

If the foreign corporation is the tax owner of an FDE or FB and you are a Category 4, 5a, or 5c filer of Form 5471, you are required to attach Form 8858 to Form 5471. If you are required to attach Form 8858 to Form 5471, the amounts reported on certain schedules on Form 8858 must be included in determining the amounts reported on the equivalent schedules as follows.

IF amounts were reported on...	THEN take those amounts into account (converting from GAAP to tax as necessary) when determining the amounts to be reported on...
Form 8858, Schedule C	Form 5471, Schedule C.
Form 8858, Schedule F	Form 5471, Schedule F.
Form 8858, Schedule H	Schedule H (Form 5471).
Form 8858, Schedule J	Schedules E and E-1 (Form 5471).
Schedule M (Form 8858)	Schedule M (Form 5471).

If the foreign corporation is the tax owner of an FDE or FB and you are not a Category 1b, 4, or 5 filer of Form 5471, you must attach the statement described below in lieu of Form 8858.

Statement in lieu of Form 8858. This statement must list the name of the FDE or FB, country under whose laws the FDE or FB was organized, and EIN (if any) of the FDE or FB.

Questions 4b and 4c

Complete lines 4b and 4c if:

1. The foreign corporation is a related party to the U.S. filer within the meaning of section 59A(g); and
2. The U.S. filer made or accrued a base erosion payment to, or has a base erosion tax benefit with respect to, the foreign corporation.

The term “base erosion payment” generally means any amount paid or accrued by the U.S. filer to a foreign corporation that is a related party to the U.S. filer within the meaning of section 59A(g) and with respect to which a U.S. deduction is allowed under chapter 1 of the Code. See section 59A(d)(1). Base erosion payments also include amounts received or accrued by the foreign corporation in connection with the acquisition of depreciable or amortizable property (section 59A(d) (2)), reinsurance payments (section 59A(d)(3)), and certain payments relating to expatriated entities (section 59A(d)(4)).

The term “base erosion tax benefit” generally means any U.S. deduction that is allowed under chapter 1 for the tax year with respect to any base erosion payment. See section 59A(c) (2)(A) and (B) for further details.

Questions 5a and 5b

If the foreign corporation paid or accrued any interest or royalty (including in the case of a

foreign corporation that is a partner in a partnership, the foreign corporation's allocable share of interest or royalty paid by the partnership) for which a deduction is disallowed under section 267A, check "Yes" for question 5a and enter the total amount for which a deduction is not allowed on line 5b. The amount reported on line 5b should not include disallowed deductions attributable to interest or royalty paid or accrued by a U.S. taxable branch of the foreign corporation; such amounts are reported on Form 1120-F.

Interest or royalty paid or accrued by a foreign corporation (including through a partnership) is subject to section 267A, provided in general that the foreign corporation is a CFC (and there are one or more U.S. tax residents that own directly or indirectly at least 10% of the stock of the CFC). Section 267A disallows a deduction for certain interest or royalty paid or accrued pursuant to a hybrid arrangement, to the

extent that, under the foreign tax law, there is not a corresponding income inclusion (including long-term deferral). For more detailed instructions, see the instructions for Form 1120, Schedule K, Question 21.

Question 6

Check the "Yes" box on line 6a if the filer is claiming a deduction under section 250 with respect to foreign-derived intangible income (FDII), and enter the amounts requested on lines 6b, 6c, and 6d. Enter U.S. dollar amounts on lines 6b, 6c, and 6d, translated from functional currency at the average exchange rate for the foreign corporation's tax year (see section 989(b)). See Form 8993 and its instructions for information on the section 250 deduction. If no deduction is being claimed, check the "No" box on line 6a and go to line 7.

Question 9a

Under section 367(d), a U.S. transferor must report an annual income inclusion attributed to the intangible property transferred to a foreign corporation over the useful life of the property. Check "Yes" if the foreign corporation received any intangible property in a prior year or the current tax year in an exchange under section 351 or section 361 from a U.S. transferor that is required to report a section 367(d) annual income inclusion for the tax year. If "Yes," complete line 9b.

Question 9b

Enter in functional currency the amount of the E&P reduction made by the foreign corporation for the current tax year that equals the amount required to be included in the income of the U.S. transferor. See section 367(d). This amount should also be entered on Schedule H (Form 5471), Current Earnings and Profits, as a net subtraction on line 2i.

Question 10

A foreign corporation may qualify as an expatriated foreign subsidiary under Regulations section 1.7874-12(a)(9) if such foreign corporation is a CFC with respect to which an expatriated entity, as defined in Regulations section 1.7874-12(a) (8), is a U.S. shareholder. Certain transactions involving an expatriated foreign subsidiary and/or its U.S. shareholders may be subject to special rules. If the answer to Question 10 is "Yes," attach a statement providing the name and EIN of the domestic corporation or partnership, as defined in Regulations section 1.7874-12(a)(6), and the relationship of the foreign corporation to the domestic corporation or partnership.

Question 14

Check the "Yes" box on line 14 if you answer "Yes" to any of the 22 questions in the Schedule G, Line 14 table below. If "Yes," enter the corresponding code(s) from the

table in the entry space provided on line 14 of the form. Enter the applicable corresponding code in capital letters. Enter a space between each code. Also attach the statement described in the table below.

Form 5471, Schedule G, Line 14

	Question	See Worksheet A in the Schedule I instructions	If “Yes,” corresponding code to enter on Schedule G, line 14	Code description	If “Yes,” content of statement to be attached to Form 5471
1	During the tax year, was the sum of the CFC’s foreign base company income (determined without regard to deductions) and gross insurance income less than the lesser of 5% of gross income or \$1 million?	In other words, is line 7 less than line 8 and less than \$1 million?	DM	De minimis	Amount excluded by reason of the de minimis rule (but only to the extent not already included in amounts below)
2	During the tax year, did the CFC receive any item of income that was subject to an effective rate of income tax imposed by a foreign country greater than 90% of the maximum rate of tax specified in section 11?	In other words, is line 13g, 14d, 15d, 16d, 18d, or 19d of Worksheet A greater than zero?	HT	High tax	Sum of the amounts from lines 13g, 14d, 15d, 16d, 18d, and 19d
3	During the tax year, was the CFC’s foreign personal holding company income, foreign base company sales income, or foreign base company services income reduced so as to take into account any deductions (including taxes)?	In other words, is line 13b, 13d, 13e, 14b, 15b, or 16b of Worksheet A greater than zero?	DED	Deductions taken into account	Sum of the amounts from lines 13b, 13d, 13e, 14b, 15b, and 16b
4	During the tax year, did the CFC have any gains or losses that (a) arise out of commodity hedging transactions; (b) are active business gains or losses from the sale of commodities (and substantially all of the corporation’s commodities are property described in section 1221(a)(1), (2), or (8)); or (c) are foreign currency gains or losses (as defined in section 988(b)) attributable to any section 988 transactions?	In other words, are any amounts described in section 954(c)(1)(C)(i), (ii), or (iii) excluded from line 1c of Worksheet A?	AHC	Active/hedging commodities	Sum of the excluded amounts described in section 954(c)(1)(C)(i), (ii), and (iii)
5	During the tax year, did the CFC have excess foreign currency gains over foreign currency losses (as defined in section 988(b)) attributable to any section 988 transaction directly related to the business needs of the foreign corporation?	In other words, are any amounts excluded from line 1d of Worksheet A by reason of being attributable to a transaction(s) directly related to the business needs of the foreign corporation?	BN	Business needs	Amount excluded
6	During the tax year, did the CFC receive, from a person other than a related person within the meaning of section 954(d)(3), rents or royalties that were derived in the active conduct of a trade or business?	In other words, are any amounts described in section 954(c)(2)(A) excluded from line 1a of Worksheet A?	ARR	Active rents/royalties	Amount excluded
7	During the tax year, did the CFC derive, in the conduct of a banking business, interest that is export financing interest?	In other words, are any amounts described in section 954(c)(2)(B) excluded from line 1a of Worksheet A?	EF	Certain export financing	Amount excluded
8	During the tax year, was the CFC a regular dealer in property described in section 954(c)(1)(B), forward contracts, option contracts, or similar financial instruments (including notional principal contracts and all instruments referenced to commodities)? If so, did the foreign corporation derive any item of income, gain, deduction, or loss (other than any item described in section 954(c)(1)(A), (E), or (G)) from any transaction entered into in the ordinary course of its trade or business as a regular dealer?	In other words, are any amounts described in section 954(c)(2)(C)(i) excluded from line 1a of Worksheet A?	RD	Regular dealers	Amount excluded

	Question	See Worksheet A in the Schedule I instructions	If “Yes,” corresponding code to enter on Schedule G, line 14	Code description	If “Yes,” content of statement to be attached to Form 5471
9	During the tax year, was the CFC a securities dealer within the meaning of section 475? If so, did the foreign corporation derive any interest or dividend or equivalent amount described in section 954(c)(1)(E) or (G) from any transaction entered into in the ordinary course of its trade or business as a securities dealer?	In other words, are any amounts described in section 954(c)(2)(C)(ii) excluded from line 1a of Worksheet A?	SD	Securities dealers	Amount excluded
10	During the tax year, did the CFC receive dividends* or interest** from a related person that (a) is a corporation created or organized under the laws of the same country under the laws of which the CFC is created or organized, and (b) has a substantial part of its assets used in its trade or business located in the same foreign country? *Dividends (other than dividends with respect to any stock, which are attributable to E&P of the distributing corporation accumulated during any period during which the person receiving such dividend did not hold such stock directly or indirectly through a chain of one or more subsidiaries each of which meets requirements (a) and (b)). **Interest (other than interest that reduces the payor’s subpart F income or creates or increases a deficit that may reduce the subpart F income of the payor or another CFC).	In other words, are any amounts described in section 954(c)(3)(A)(i) excluded from line 1a of Worksheet A?	SCDI	Same country dividends/ interest	Amount excluded
11	During the tax year, did the CFC receive, from a corporation that is a related person, rents or royalties* for the use of, or privilege of using, property within the country under the laws of which the CFC is created or organized? *Rents or royalties (other than rents or royalties that reduce the payor’s subpart F income or create or increase a deficit that may reduce the subpart F income of the payor or another CFC).	In other words, are any amounts described in section 954(c)(3)(A)(ii) excluded from line 1a of Worksheet A?	SCRR	Same country rents/royalties	Amount excluded
12	During the tax year, did the CFC receive or accrue from a related CFC dividends, interest (including factoring income treated as income equivalent to interest for purposes of section 954(c)(1)(E)), rents, or royalties* attributable or properly allocable to income of the related person which is neither subpart F income nor income treated as effectively connected with the conduct of a trade or business in the United States? *Interest, rents, or royalties (other than interest, rents, or royalties that create or increase a deficit that may reduce the subpart F income of the payor or another CFC).	In other words, are any amounts excluded from line 1a of Worksheet A by reason of the look-through rule described in section 954(c)(6)?	LT	Look through	Amount excluded
13	During the tax year, did the CFC derive income (either directly or through a branch or similar establishment, for example, a disregarded entity) in connection with the purchase or sale from, to, or on behalf of a related person, of agricultural commodities not grown in the United States in commercially marketable quantities?	In other words, are any amounts excluded from line 3 of Worksheet A by reason of the special rule in Regulations section 1.954-3(a)(1)(ii)?	AC	Agricultural commodities	Amount excluded
14	During the tax year, did the CFC derive income (either directly or through a branch or similar establishment, for example, a disregarded entity) in connection with the purchase or sale from, to, or on behalf of a related person, of personal property manufactured in the same country under the laws of which the CFC is created or organized?	In other words, are any amounts that are derived in connection with property that does not satisfy section 954(d)(1)(A) excluded from line 3 of Worksheet A (that is, income excluded by reason of Regulations section 1.954-3(a)(2))?	SCM	Same country manufacturing	Amount excluded

	Question	See Worksheet A in the Schedule I instructions	If “Yes,” corresponding code to enter on Schedule G, line 14	Code description	If “Yes,” content of statement to be attached to Form 5471
15	During the tax year, did the CFC derive income (either directly or through a branch or similar establishment, for example, a disregarded entity) in connection with the purchase or sale from, to, or on behalf of a related person, of personal property purchased or sold for use or consumption in the same country under the laws of which the CFC is created or organized?	In other words, are any amounts that are derived in connection with property that does not satisfy section 954(d)(1)(B) excluded from line 3 of Worksheet A (that is, income excluded by reason of Regulations section 1.954-3(a)(3))?	SCSU	Same country sales/use	Amount excluded
16	During the tax year, did the CFC derive income (either directly or through a branch or similar establishment, for example, a disregarded entity) in connection with the purchase or sale from, to, or on behalf of a related person, of personal property manufactured by the CFC within the meaning of Regulations section 1.954-3(a)(4)(ii) or (iii)?	In other words, are any amounts excluded from line 3 of Worksheet A by reason of Regulations section 1.954-3(a)(4)(ii) or (iii)?	PM	Physical manufacturing	Amount excluded
17	During the tax year, did the CFC derive income (either directly or through a branch or similar establishment, for example, a disregarded entity) in connection with the purchase or sale from, to, or on behalf of a related person, of personal property manufactured by the CFC within the meaning of Regulations section 1.954-3(a)(4)(iv)?	In other words, are any amounts excluded from line 3 of Worksheet A by reason of Regulations section 1.954-3(a)(4)(iv)?	SC	Substantial contribution	Amount excluded
18	During the tax year, did the CFC derive income through the conduct of any manufacturing or sales activities (including mere passage of title) through a branch or similar establishment (such as a disregarded entity of the CFC) that would have been foreign base company sales income described in section 954(d) except that either (a) the branch or other similar establishment was not treated as a wholly owned subsidiary separate from the CFC under section 954(d)(2) and the regulations, or (b) the income is not foreign base company sales income after the application of Regulations section 1.954-3(b)(2)(ii)(e)?	In other words, are any amounts excluded from line 3 of Worksheet A by reason of disregarding a branch or similar establishment (including a disregarded entity) of the CFC as separate from the CFC?	BR	Branch	Amount excluded
19	During the tax year, was the CFC an eligible CFC (as defined in section 954(h)(2)) that derived qualified banking or financing income (as defined in section 954(h)(3))?	In other words, are any amounts excluded from lines 1a–1i of Worksheet A by reason of the special rule described in section 954(h)?	AF	Active financing	Amount excluded
20	During the tax year, was the CFC a qualifying insurance company (as defined in section 953(e)(3)) that derived qualified insurance income (as defined in section 954(i)(2))?	In other words, are any amounts excluded from lines 1a–1i of Worksheet A by reason of the special rule described in section 954(i)?	AI	Active insurance	Amount excluded
21	During the tax year, did the subpart F income of the CFC exceed the earnings and profits of such corporation?	In other words, is line 36 of Worksheet A greater than line 37c?	EP	Earnings & profits limitation	Excess of line 36 over line 37c

	Question	See Worksheet A in the Schedule I instructions	If “Yes,” corresponding code to enter on Schedule G, line 14	Code description	If “Yes,” content of statement to be attached to Form 5471
22	In determining the pro rata share of subpart F income or tested items of the U.S. person filing this return, was the amount of distributions by the CFC during the tax year and described in section 951(a)(2)(B) greater than zero?	In other words, is line 58 of Worksheet A greater than zero?	PRS	Pro Rata Share	The amounts from lines 58 and 59 of Worksheet A
23	Is the U.S. person filing this return relying on any exception(s), exclusion(s), or other provision(s) not listed above to reduce or exclude any amounts reported or reportable as subpart F income (of or with respect to the CFC)?		XX	Other	Amount excluded, reduction amount, or other amount not reported or reportable

Question 15

For the foreign corporation's annual accounting period with respect to which reporting is being made on this Form 5471, if the foreign corporation is required to file a U.S. income tax return (for example, Form 1120-F), check the "Yes" box if the foreign corporation has interest expense disallowed under section 163(j). If "Yes," enter the amount from the current year Form 8990, line 31.

Question 16

For the foreign corporation's annual accounting period with respect to which reporting is being made on this Form 5471, if the foreign corporation is required to file a U.S. income tax return (for example, Form 1120-F), check the "Yes" box if the foreign corporation has previously disallowed interest expense under section 163(j) carried forward to the current tax year. If "Yes," enter the

amount from the prior year Form 8990, line 31.

Question 17a

Check the "Yes" box on line 17a if there was an extraordinary reduction with respect to any controlling section 245A shareholder of the foreign corporation, as defined in Regulations section 1.245A-5(i)(2), during the tax year of the foreign corporation. See Regulations section 1.245A-5(e)(2)(i) for the definition of extraordinary reduction.

Question 17b

If the answer to the question on line 17a was "Yes," complete the question on line 17b.

Check the "Yes" box on line 17b if any controlling section 245A shareholder (as defined in Regulations section 1.245A-5(i)(2)) made an election to close the tax year of the foreign corporation such that no amount is treated as an extraordinary reduction amount or tiered extraordinary reduction amount as

to any U.S. shareholder of the foreign corporation. See Regulations section 1.245A-5(e)(3)(i) for further guidance regarding the election to close the tax year. If the “Yes” box on line 17b has been checked and the U.S. shareholder filing the Form 5471 is a controlling section 245A shareholder of the foreign corporation, the U.S. shareholder filing this Form 5471 must attach an Elective Section 245A Year-Closing Statement pursuant to Regulations section 1.245A-5(e)(3)(i) (C) containing the information required under Regulations section 1.245A-5(e)(3)(i)(D).

Question 18a

Check the “Yes” box if during the tax year the filer had any loans to or from the foreign corporation to which the safe-haven rate rules of Regulations section 1.482-2(a)(2)(iii)(B) are applicable, and for which the filer used a rate of interest within the relevant safe-haven range of Regulations section 1.482-

2(a)(2)(iii)(B)(1) (100% to 130% of the applicable federal rate for the relevant term).

Question 18b

Check the "Yes" box if during the tax year the filer had any loans to or from the foreign corporation to which the safe-haven rate rules of Regulations section 1.482-2(a)(2)(iii)(B) are applicable, and for which the filer used a rate of interest outside the relevant safe-haven range of Regulations section 1.482-2(a)(2)(iii)(B)(1) (100% to 130% of the applicable federal rate for the relevant term).

Questions 19a and 19b

Complete lines 19a and 19b only if the filer is a domestic corporation. In completing these lines, do not account for debt instruments that were issued, or distributions or acquisitions that occurred, before April 5, 2016. See Regulations section 1.385-3(g)(3) and 1.385-3(b)(3)(viii).

Question 19a

Check the "Yes" box if the filer issued a covered debt instrument in any of the transactions described in Regulations section 1.385-3(b)(2) with respect to the foreign corporation during the tax year. Also check the "Yes" box if the filer issued or refinanced indebtedness owed to a foreign corporation during the 36 months before or after the date of a distribution or acquisition described in Regulations section 1.385-3(b)(3)(i) made by the filer, and either the issuance or refinance of indebtedness, or the distribution or acquisition, occurred during the tax year. Otherwise, check "No." Apply Regulations section 1.385-3(b)(3)(iii) (E) to determine when a debt instrument is treated as issued for purposes of Regulations section 1.385-3(b)(3)(iii). Apply Regulations section 1.385-3(f) in the case of a controlled partnership within the meaning of Regulations section 1.385-1(c)(1).

Debt that the filer treats as stock pursuant to Regulations section 1.385-3 should still be included when completing line 19a.

Question 19b

Provide the total amount of the transactions described in Regulations section 1.385-3(b)(2) (as measured by the fair market value (FMV) of the distribution or, as the case may be, the property exchanged for the debt instrument), and of the distributions and/or acquisitions described in Regulations section 1.385-3(b)(3)(i) (as measured by the FMV of the property distributed and/or acquired).

Provide the total amount (as measured by issue price in the case of an instrument treated as stock upon issuance, or adjusted issue price in the case of an instrument deemed exchanged for stock) of the debt instrument issuances addressed by line 19a. See Regulations sections 1.385-1(d)(1) and 1.385-3(d). The adjusted issue price of a debt instrument is the issue price increased by the

amount of original issue discount previously includible in gross income of any holder and decreased by payments other than payments of stated interest. See section 1272(a) (4) and Regulations section 1.1275-1(b)(1).

Schedule I

Use Schedule I to report in U.S. dollars the U.S. shareholder's pro rata share of income from the foreign corporation reportable under subpart F and other income realized from a corporate distribution.

Certain filers may be able to use alternative information (as defined in section 3.01 of Rev. Proc. 2019-40) to determine certain amounts in this schedule. See *Item F—Alternative Information Under Rev. Proc. 2019-40*, earlier, for more details.

Note. A separate Schedule I must be filed by or for each Category 4, 5a, or 5b U.S. shareholder of the foreign corporation with

respect to which reporting is furnished on this Form 5471.

Line 1

Subpart F income. U.S. shareholders of CFCs with subpart F income must report that income on their tax returns. For more information, see sections 245A, 951, 952, and 964(e).

Note. Certain current year deficits of a member of the same chain of corporations may be considered in determining subpart F income. See section 952(c)(1)(C).

Line 1a

Corporate U.S. shareholders should enter the foreign-source portion of any subpart F income inclusions attributable to the sale or exchange by a CFC of stock of another foreign corporation that is eligible for the section 245A dividends received deduction pursuant to section 964(e)(4). Include the amount, if any, that is not eligible for the section 245A

dividends received deduction pursuant to section 964(e)(4) on line 1e. Noncorporate U.S. shareholders should leave line 1a blank.

Line 1b

Enter the amount of the U.S. shareholder's subpart F income inclusion attributable to tiered hybrid dividends received by the CFC. In general, a dividend received by a CFC from another CFC is a tiered hybrid dividend to the extent of the sum of the receiving CFC's hybrid deduction accounts with respect to shares of stock of the CFC that pays the dividend. As to a domestic corporation that is a U.S. shareholder with respect to both CFCs, the tiered hybrid dividend is treated as subpart F income of the receiving CFC, and the U.S. shareholder must include in its gross income its pro rata share of the tiered hybrid dividend. See section 245A(e)(2) and Regulations section 1.245A(e)-1(c) for additional information about tiered hybrid dividends.

Line 1c

Enter the U.S. shareholder's subpart F income inclusion attributable to tiered extraordinary disposition amounts resulting from distributions from an extraordinary disposition account of the shareholder filing this Form 5471 and received by the foreign corporation. See Regulations section 1.245A-5(d) for further guidance on tiered extraordinary disposition amounts.

Line 1d

Enter the U.S. shareholder's subpart F income inclusion attributable to tiered extraordinary reduction amounts resulting from extraordinary reductions. See Regulations section 1.245A-5(f) for further guidance on tiered extraordinary reduction amounts.

Lines 1e Through 1h

Enter on lines 1e through 1h the amounts from Worksheet A, lines 63, 65, 67, and 69, respectively. However, corporate U.S.

shareholders should report on line 1e the amount from Worksheet A, line 63, less the amount, if any, reported on line 1a.

Use Worksheet A to compute the U.S. shareholder's pro rata share of subpart F income of the CFC, which is reportable on lines 1e through 1h. Do not include any income includible on Form 5471, Schedule I, lines 1a through 1d, or any income includible under section 951A (Schedule I-1 is used to provide information relating to section 951A). Subpart F income reportable on lines 1e through 1h includes the following.

- Adjusted net foreign base company income (Worksheet A, lines 1 through 17).
- Adjusted net insurance income (Worksheet A, line 18).
- Adjusted net related person insurance income (Worksheet A, line 19).
- International boycott income (Worksheet A, line 20).

- Illegal bribes, kickbacks, and other payments (Worksheet A, line 21).
- Income described in section 952(a)(5) (Worksheet A, line 22).

Important. If the subpart F income of a CFC for any tax year was reduced because of the current E&P limitation, any excess of the E&P of the CFC for any subsequent tax year over the subpart F income of the CFC for the tax year must be recharacterized as subpart F income. As a result, if the foreign corporation has E&P for the tax period covered by this return that is subject to recapture as a result of a prior-year E&P limitation, add the U.S. shareholder's pro rata share of such recapture amount to the result from Worksheet A, line 69, and include the combined amount on line 1h (Other subpart F income). See Line 37. Current E&P limitation, later, for a discussion of the current year E&P limitation. See also Regulations section 1.952-1(f) for further

guidance on recharacterization of E&P as subpart F income.

Line 2

Report on line 2 the section 956 amount with respect to the U.S. shareholder. See Worksheet B, line 19.

Line 3

Reserved for future use.

Line 4

Enter the U.S. shareholder's pro rata share of the factoring income (as defined in section 864(d)(1)) if no subpart F income is reported on line 1a of Worksheet A, because of the operation of the de minimis rule (see lines 1a and 10 of Worksheet A and the related instructions under Line 1a and Line 10. De minimis rule, later).

Reporting Amounts on Lines 1 Through 4 on Your Income Tax Return

For a corporate shareholder, enter the result from line 1a on Form 1120, Schedule C, line 16a; enter the result from line 1b on Form 1120, Schedule C, line 16b; and enter the remaining lines 1c through 1h, 2, and 4 on Form 1120, Schedule C, line 16c; or on the comparable line of other corporate tax returns. For a noncorporate U.S. shareholder, enter the results on Schedule 1 (Form 1040), line 8n (other income - section 951(a) inclusion), or on the comparable line of other noncorporate tax returns.

Line 5a

Enter the amount of dividends received by the shareholder from the foreign corporation that is eligible for a deduction under section 245A. This amount does not include the amount of dividends that are not eligible for a deduction under section 245A and are instead entered on lines 5b, 5c, and 5d. See section 245A for

guidance on computing the amount of a dividend eligible for a deduction.

Note. The corporate U.S. shareholder should include the line 5a amount on Form 1120, Schedule C, line 13, column (a), or the comparable line of other corporate income tax returns. In doing so, the corporate U.S. shareholder must determine whether it meets the statutory and regulatory requirements for the section 245A dividends received deduction.

Line 5b

Enter the amount of the dividends received by the shareholder from the foreign corporation that is an extraordinary disposition amount. See Regulations section 1.245A-5(c) for rules for calculating an extraordinary disposition amount.

Note. The corporate U.S. shareholder should include the line 5b amount on Form 1120, Schedule C, line 14, column (a), or the

comparable line of other corporate income tax returns.

Line 5c

Enter the amount of the dividends received by the shareholder from the foreign corporation that is an extraordinary reduction amount. See Regulations section 1.245A-5(e) for rules for calculating an extraordinary reduction amount.

Note. The corporate U.S. shareholder should include the line 5c amount on Form 1120, Schedule C, line 14, column (a), or the comparable line of other corporate income tax returns.

Line 5d

Enter the amount of hybrid dividends received by the U.S. shareholder from the foreign corporation. In general, in the case of a domestic corporation that is a U.S. shareholder with respect to a CFC, a dividend received by the domestic corporation from the

CFC is a hybrid dividend to the extent of the sum of the U.S. shareholder's hybrid deduction accounts with respect to shares of stock of the CFC. See section 245A(e) and Regulations section 1.245A(e)-1(b) for additional information about hybrid dividends.

Note. The corporate U.S. shareholder should include the line 5d amount on Form 1120, Schedule C, line 14, column (a), or the comparable line of other corporate income tax returns.

Line 5e

Enter on line 5e dividends not reported on line 5a, 5b, 5c, or 5d.

Note. The corporate U.S. shareholder should include the line 5e amount on Form 1120, Schedule C, line 14, column (a), or the comparable line of other corporate income tax returns.

Line 6

If previously taxed E&P (PTEP) were distributed, enter the amount of foreign currency gain or (loss) recognized on the distribution, computed under section 986(c). See Notice 88-71, 1988-2 C.B. 374, for rules for computing section 986(c) gain or (loss), and Regulations section 1.986(c)-1(a) and (b) for rules for computing section 986(c) gain or (loss) recognized with respect to distributions of PTEP within the reclassified section 965(a) PTEP group and the section 965(a) PTEP group. Do not include any foreign currency gain or loss with respect to PTEP within the reclassified section 965(b) PTEP group or the section 965(b) PTEP group. See Regulations section 1.986(c)-1(c).

For a corporate U.S. shareholder, include the gain or (loss) as "Other income" on Form 1120, line 10, or on the comparable line of other corporate tax returns. For a noncorporate U.S. shareholder, include the

result as “other income” on Schedule 1 (Form 1040), line 8z (other income), or on the comparable line of other noncorporate tax returns.

Line 8a

Check the “Yes” box on line 8a if the U.S. shareholder completing this form had an extraordinary disposition account with respect to the foreign corporation having a balance greater than zero at any time during the tax year of the foreign corporation. See Regulations section 1.245A-5(c) for rules regarding an extraordinary disposition account.

Line 8b

If “Yes” is checked on line 8a, enter on line 8b the U.S. shareholder’s extraordinary disposition account balance at the beginning and end of the foreign corporation’s tax year. Attach a statement detailing any differences between the starting and ending balance of

the extraordinary disposition account reported on line 8b.

Line 8c

Enter on line 8c the CFC's total extraordinary disposition account balance with respect to all U.S. shareholders of the CFC at the beginning of the CFC year and at the end of the CFC tax year. Attach a statement detailing any differences between the starting and ending balances reported on line 8c.

Line 9

If the foreign corporation is a CFC and the filer is a domestic corporation, enter on line 9 the sum of the hybrid deduction accounts with respect to each share of stock of the CFC that the domestic corporation owns directly or indirectly (within the meaning of section 958(a)(2), and determined by treating a domestic partnership as foreign). The reported amount should reflect the balance of the hybrid deduction accounts as of the close

of the tax year of the CFC, and after all adjustments to the hybrid deduction accounts for the tax year (for example, to reflect hybrid deductions of the CFC, or hybrid dividends paid by the CFC). For example, if the CFC is an upper-tier CFC all the stock of which is owned by the filer, then line 9 must reflect the sum of the filer's hybrid deduction accounts with respect to shares of stock of the upper-tier CFC; if instead the CFC is a lower-tier CFC all the stock of which is owned by the filer through an upper-tier CFC, then line 9 must reflect the sum of the upper-tier CFC's hybrid deduction accounts with respect to shares of stock of the lower-tier CFC.

A hybrid deduction account with respect to a share of stock of a CFC reflects the amount of hybrid deductions of the CFC that has been allocated to the share. In general, a hybrid deduction is a deduction or other tax benefit allowed to the CFC (or a related person) under a foreign tax law for an amount paid,

accrued, or distributed with respect to an instrument of the CFC that is stock for U.S. tax purposes. A hybrid deduction includes a deduction allowed to the CFC under a foreign tax law with respect to equity (such as a notional interest deduction). See Regulations section 1.245A(e)-1(d) for additional information about hybrid deduction accounts.

A domestic corporation that is a U.S. shareholder with respect to a CFC must maintain a hybrid deduction account with respect to each share of stock of the CFC that the domestic corporation owns directly or indirectly through a partnership, trust, or estate. In addition, certain upper-tier CFCs must maintain a hybrid deduction account with respect to each share of the stock of a lower-tier CFC that the upper-tier CFC owns directly or indirectly through a partnership, trust, or estate. See Regulations section 1.245A(e)-1(d) for more on maintenance of hybrid deduction accounts.

Worksheet A

Summary of U.S. Shareholder's Pro Rata Share of Subpart F Income of a CFC (See the Worksheet A instructions, later.) Enter the amounts on lines 1a through 62, 64, 66, and 68 in functional currency.				
1 Gross foreign personal holding company income:				
a Dividends, interest, royalties, rents, and annuities (section 954(c)(1)(A) (excluding amounts described in sections 954(c)(2), (3), and (6))	1a			
b Excess of gains over losses from certain property transactions (section 954(c)(1)(B)).	1b			
c Excess of gains over losses from commodity transactions (section 954(c)(1)(C))	1c			
d Excess of foreign currency gains over foreign currency losses (section 954(c)(1)(D))	1d			
e Income equivalent to interest (section 954(c)(1)(E)).	1e			
f Net income from a notional principal contract (section 954(c)(1)(F))	1f			
g Payments in lieu of dividends (section 954(c)(1)(G))	1g			
h Certain amounts received for services under personal service contracts (see section 954(c)(1)(H))	1h			
i Certain amounts from sales of partnership interests to which the look-through rule of section 954(c)(4) applies	1i			
2 Gross foreign personal holding company income. Add lines 1a through 1i.			2	
3 Gross foreign base company sales income (see section 954(d))			3	
4 Gross foreign base company services income (see section 954(e))			4	
5 Gross foreign base company income. Add lines 2 through 4			5	
6 Gross insurance income (see sections 953 and 954(b)(3)(C) and the instructions for lines 18 and 19)			6	
7 Gross foreign base company income and gross insurance income. Add lines 5 and 6			7	
8 Enter 5% of total gross income (as computed for income tax purposes)			8	
9 Enter 70% of total gross income (as computed for income tax purposes)			9	
10 If line 7 is less than line 8 and less than \$1 million, enter -0- on this line and skip lines 11 through 19			10	
11 If line 7 is more than line 9, enter total gross income (as computed for income tax purposes)			11	
12 Total adjusted gross foreign base company income and insurance income (enter the greater of line 7 or line 11)			12	
13 Adjusted net foreign personal holding company income:				
a Enter amount from line 2	13a			
b Expenses directly related to amount on line 2	13b			
c Subtract line 13b from line 13a	13c			
d Related person interest expense (see section 954(b)(5))	13d			
e Other expenses allocated and apportioned to the amount on line 2 under section 954(b)(5)	13e			
f Net foreign personal holding company income. Subtract the sum of lines 13d and 13e from line 13c	13f			
g Net foreign personal holding company income excluded under high-tax exception	13g			
h Subtract line 13g from line 13f			13h	
14 Adjusted net foreign base company sales income:				
a Enter amount from line 3	14a			
b Expenses allocated and apportioned to the amount on line 3 under section 954(b)(5)	14b			
c Net foreign base company sales income. Subtract line 14b from line 14a	14c			
d Net foreign base company sales income excluded under high-tax exception.	14d			
e Subtract line 14d from line 14c			14e	
15 Adjusted net foreign base company services income:				
a Enter amount from line 4	15a			
b Expenses allocated and apportioned to line 4 under section 954(b)(5)	15b			
c Net foreign base company services income. Subtract line 15b from line 15a.	15c			
d Net foreign base company services income excluded under high-tax exception	15d			
e Subtract line 15d from line 15c			15e	
16 Adjusted net full inclusion foreign base company income:				
a Enter the excess, if any, of line 11 over line 7.	16a			
b Expenses allocated and apportioned under section 954(b)(5)	16b			
c Net full inclusion foreign base company income. Subtract line 16b from line 16a	16c			
d Net full inclusion foreign base company income excluded under high-tax exception	16d			
e Subtract line 16d from line 16c			16e	

Worksheet A (continued) (See instructions.)

17	Adjusted net foreign base company income. Add lines 13h, 14e, 15e, and 16e	17	
18	Adjusted net insurance income (other than related person insurance income):		
a	Enter amount from line 6 (other than related person insurance income)	18a	
b	Expenses allocated and apportioned to the amount on line 18a under section 953	18b	
c	Net insurance income. Subtract line 18b from line 18a	18c	
d	Net insurance income excluded under high-tax exception	18d	
e	Subtract line 18d from line 18c	18e	
19	Adjusted net related person insurance income:		
a	Enter amount from line 6 that is related person insurance income	19a	
b	Expenses allocated and apportioned to the amount on line 19a under section 953	19b	
c	Net related person insurance income. Subtract line 19b from line 19a	19c	
d	Net related person insurance income excluded under high-tax exception	19d	
e	Subtract line 19d from line 19c	19e	
20	International boycott income (section 952(a)(3))	20	
21	Illegal bribes, kickbacks, and other payments (section 952(a)(4))	21	
22	Income described in section 952(a)(5) (see instructions)	22	
23	Subpart F income before application of section 952(b) and (c), section 959(b), and section 961(c). Add lines 17, 18e, 19e, and 20 through 22	23	
24	Enter the portion of line 13h that is U.S. source income effectively connected with a U.S. trade or business (section 952(b))	24	
25	Exclusions under section 959(b) and section 961(c) basis that apply to line 13h amount	25	
26	Section 954(c) subpart F Foreign Personal Holding Company Income. Subtract the sum of lines 24 and 25 from line 13h	26	
27	Enter the portion of line 14e that is U.S. source income effectively connected with a U.S. trade or business (section 952(b))	27	
28	Exclusions under section 959(b) that apply to line 14e amount	28	-0-
29	Section 954(d) subpart F Foreign Base Company Sales Income. Subtract the sum of lines 27 and 28 from line 14e	29	
30	Enter the portion of line 15e that is U.S. source income effectively connected with a U.S. trade or business (section 952(b))	30	
31	Exclusions under section 959(b) that apply to line 15e amount	31	-0-
32	Section 954(e) subpart F Foreign Base Company Services Income. Subtract the sum of lines 30 and 31 from line 15e	32	
33	Enter the sum of the portion of lines 16e, 18e, 19e, 20, 21, and 22 that is U.S. source income effectively connected with a U.S. trade or business (section 952(b))	33	
34	Exclusions under section 959(b) that apply to line 16e, 18e, 19e, 20, 21, and 22 amounts	34	
35	Other subpart F income. Subtract the sum of lines 33 and 34 from the sum of lines 16e, 18e, 19e, 20, 21, and 22	35	
36	Total subpart F income. Add lines 26, 29, 32, and 35	36	
37	Current E&P limitation computation:		
a	Current E&P	37a	
b	Tested loss (enter as a positive number—see instructions)	37b	
c	Total of line 37a and line 37b	37c	
38	Enter the smaller of line 36 or line 37c	38	

Worksheet A (continued) (See instructions.)

39	If the amount on line 37c is less than the amount on line 36, allocate the subpart F income remaining (after having been limited) to lines 40, 41, 42, and 43 below in the manner prescribed by Regulations section 1.952-1(e). If the amount on line 37c is greater than or equal to the amount on line 36, enter the amount from line 26 onto line 40, enter the amount from line 29 onto line 41, enter the amount from line 32 onto line 42, and enter the amount from line 35 onto line 43.			
40	Section 954(c) subpart F Foreign Personal Holding Company Income subtotal	40		
41	Section 954(d) subpart F Foreign Base Company Sales Income subtotal	41		
42	Section 954(e) subpart F Foreign Base Company Services Income subtotal	42		
43	Other subpart F income subtotal	43		
44	Shareholder's pro rata share of line 40	44		
45	Shareholder's pro rata share of export trade income that applies to line 44 amount (see section 970(a))	45		
46	Section 954(c) subpart F Foreign Personal Holding Company Income subtotal. Subtract line 45 from line 44	46		
47	Shareholder's pro rata share of line 41	47		
48	Shareholder's pro rata share of export trade income that applies to line 47 amount (see section 970(a))	48		
49	Section 954(d) subpart F Foreign Base Company Sales Income subtotal. Subtract line 48 from line 47	49		
50	Shareholder's pro rata share of line 42	50		
51	Shareholder's pro rata share of export trade income that applies to line 50 amount (see section 970(a))	51		
52	Section 954(e) subpart F Foreign Base Company Services Income subtotal. Subtract line 51 from line 50	52		
53	Shareholder's pro rata share of line 43	53		
54	Shareholder's pro rata share of export trade income that applies to line 53 amount (see section 970(a))	54		
55	Other subpart F income subtotal. Subtract line 54 from line 53	55		
56	Add lines 46, 49, 52, and 55	56		
57	Divide the number of days in the tax year that the corporation was a CFC by the number of days in the tax year and multiply the result by line 56	57		
58	The amount of dividends received by any other person with respect to your stock multiplied by a fraction, the numerator of which is the CFC's subpart F income for the tax year and the denominator of which is the sum of the CFC's subpart F income and tested income (section 951A(c)(2)(A) and Regulations section 1.951A-2(b)(1)) for the tax year	58		
59	Divide the number of days in the tax year you did not own such stock by the number of days in the tax year and multiply the result by line 56	59		
60	Enter the smaller of line 58 or line 59	60		
61	Shareholder's pro rata share of subpart F income. Subtract line 60 from line 57	61		
62	Amount of line 61 that applies to section 954(c) subpart F Foreign Personal Holding Company Income	62		
63	Translate the amount on line 62 from functional currency to U.S. dollars at the average exchange rate. See section 989(b). Enter the result here and on Form 5471, Schedule I, line 1e	63		
64	Amount of line 61 that applies to section 954(d) subpart F Foreign Base Company Sales Income	64		
65	Translate the amount on line 64 from functional currency to U.S. dollars at the average exchange rate. See section 989(b). Enter the result here and on Form 5471, Schedule I, line 1f	65		
66	Amount of line 61 that applies to section 954(e) subpart F Foreign Base Company Services Income	66		
67	Translate the amount on line 66 from functional currency to U.S. dollars at the average exchange rate. See section 989(b). Enter the result here and on Form 5471, Schedule I, line 1g	67		
68	Amount of line 61 that applies to other subpart F income	68		
69	Translate the amount on line 68 from functional currency to U.S. dollars at the average exchange rate. See section 989(b). Enter the result here and on Form 5471, Schedule I, line 1h	69		

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Worksheet A Instructions

Foreign base company income. Foreign base company income generally does not include the following.

- Foreign base company shipping income as defined in former section 954(f).
- Foreign personal holding company income derived in the active conduct of a banking, finance, or similar business (section 954(h)).
- Exempt insurance income under section 953(e) and certain investment income of a qualifying insurance company or a qualifying insurance branch (sections 953(a)(2) and 954(i)).
- Certain income derived in the ordinary course of business of a securities dealer (section 954(c)(2)(C)(i)).

Line 1a. Do not include:

- Interest from conducting a banking business that is “export financing interest” (section 904(d)(2)(G));
- Rents and royalties from actively conducting a trade or business received from a person other than a “related person” (as defined in section 954(d)(3)); and
- Dividends, interest, rent, or royalty income from related corporate payors described in section 954(c)(3) or (6). However, see section 964(e) for an exception to section 954(c)(3), and see section 964(e)(4) and Regulations section 1.245A-5 for an exception to, and limitation on, section 954(c)(6), respectively.

Interest income includes factoring income arising when a person acquires a trade or service receivable (directly or indirectly) from

a related person. The income is treated as interest on a loan to the obligor under section 864(d)(1) and is generally not eligible for the de minimis, export financing, and related party exceptions to the inclusion of subpart F income. Also, a trade or service receivable acquired or treated as acquired by a CFC from a related U.S. person is considered an investment in U.S. property for purposes of section 956 (Worksheet B) if the obligor is a U.S. person.

Note. Section 111 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 extended the look-through rule of section 954(c)(6). The rule now applies to tax years of foreign corporations beginning after December 31, 2005, and before

January 1, 2026, and to tax years of U.S. shareholders with or within which such tax years of the foreign corporations end. Continue to exclude the applicable types of income specified in section 954(c)(6) from

Worksheet A, line 1a, for the period specified in the previous sentence.

Line 1b. Enter the excess of gains over losses from the sale or exchange of:

- Property that produces the type of income reportable on line 1a;
- An interest in a trust, partnership, or REMIC; however, see Line 1i, later, for an exception that provides for look-through treatment for certain sales of partnership interests; or
- Property that does not produce any income. **Do not** include the following.
- Income, gain, deduction, or loss from any transaction (including a hedging transaction) and transactions involving physical settlement of a regular dealer in property, forward contracts, option contracts, and similar financial instruments (section 954(c)(2)(C)).

- Gains and losses from the sale or exchange of any property that, in the hands of the CFC, is property described in section 1221(a)(1).

Line 1c. Enter the excess of gains over losses from transactions (including futures, forward, and similar transactions) in any commodities. See section 954(c)(1)(C) for exceptions. See section 954(c)(5) for a definition and special rules relating to commodity transactions.

Line 1d. Enter the excess of foreign currency gains over foreign currency losses from section 988 transactions. An exception applies to transactions directly related to the business needs of a CFC.

Line 1e. Enter any income equivalent to interest, including income from commitment fees (or similar amounts) for loans actually made.

Line 1f. Include net income from notional principal contracts (except a contract entered into to hedge inventory property).

Line 1g. Include payments in lieu of dividends that are made as required under section 1058. **Line 1h.** Enter amounts received:

- Under a contract under which the corporation is to furnish personal services if (a) some person other than the corporation has a right to designate (by name or by description) the individual who is to perform the services, or (b) the individual who is to perform the services is designated (by name or by description) in the contract; and
- From the sale or other disposition of such a contract.

Note. The above rules apply with respect to amounts received for services under a particular contract only if at some time during

the tax year 25% or more in value of the outstanding stock of the corporation is owned, directly or indirectly, by or for the individual who has performed, is to perform, or may be designated (by name or by description) as the one to perform, such services.

Line 1i. For tax years beginning after December 31, 2004, in the case of any sale by a CFC of an interest in a partnership with respect to which the CFC is a 25% owner (defined below), such CFC is treated for purposes of computing its foreign personal holding company income as selling the proportionate share of the assets of the partnership attributable to such interest. Thus, the sale of a partnership interest by a CFC that meets the ownership threshold constitutes subpart F income only to the extent that a proportionate sale of the underlying partnership assets attributable to the partnership interest would constitute

subpart F income. Do not report these amounts on line 1b. Instead, report them on line 1i.

25% owner. For purposes of these rules, a 25% shareholder is a CFC that owns directly 25% or more of the capital or profits interest in a partnership. For purposes of the preceding sentence, if a CFC is a shareholder or partner of a corporation or partnership, the CFC is treated as owning directly its proportionate share of any such capital or profits interest held directly or indirectly by such corporation or partnership. If a CFC is treated as owning a capital or profits interest in a partnership under constructive ownership rules similar to the rules of section 958(b), the CFC shall be treated as owning such interest directly or indirectly for purposes of this definition.

Line 10. De minimis rule. If the sum of foreign base company income (determined without regard to section 954(b)(5)) and

gross insurance income (as defined in section 954(b) (3)(C)) for the tax year is **less than** the lesser of 5% of gross income for income tax purposes, or \$1 million, then no portion of the gross income for the tax year is treated as foreign base company income or insurance income. In this case, enter zero on line 10 and skip lines 11 through 19. Otherwise, go to line 11.

Line 11. Full inclusion rule. If the sum of foreign base company income (determined without regard to section 954(b)(5)) and gross insurance income for the tax year exceeds 70% of gross income for income tax purposes, the entire gross income for the tax year must (subject to the high-tax exception described below, the section 952(b) exclusion, and the deductions to be taken into account under section 954(b)(5)) be treated as foreign base company income or insurance income, whichever is appropriate. In this

case, enter total gross income (for income tax purposes) on line 11. Otherwise, enter zero.

Lines 13b, 13d, 13e, 14b, 15b, and 16b.

Expenses. Adjusted net foreign base company income is calculated by first determining the gross amount of each item of income and then allocating and apportioning expenses to such items of income. For more information, see section 954(b)(5) and Regulations section 1.954-1(c)(1)(i).

Expenses allocated and apportioned to an item of income may reduce the item of income below zero, and any item of income that is less than zero generally cannot offset other items of income. For more information, see Regulations section 1.954-1(c)(1)(ii). Do not enter expenses on these lines of Worksheet A to the extent that their allocation and apportionment reduces an item of income below zero.

Note. In determining the amount of a net item of foreign base company income, deductions or loss attributable to disqualified basis and deductions attributable to disqualified payments (Regulations section 1.951A-2(c)(5) or (6)) are not allocated and apportioned to gross foreign base company income.

Lines 13g, 14d, 15d, 16d, 18d, and 19d. Exception for certain income subject to high foreign taxes. Foreign base company income and insurance income do not include any item of income received by a CFC if the taxpayer establishes that such income was subject to an effective rate of income tax imposed by a foreign country that is greater than 90% of the maximum rate of tax specified in section 11. For more information, see section 954(b)(4) and Regulations section 1.954-1(d)(1).

Line 18. Adjusted net insurance income.

Insurance income is any income attributable to the issuing (or reinsuring) of any insurance or annuity contract that would (subject to the modifications provided in section 953(b)) be taxed under subchapter L (insurance company tax) if such income were income of a domestic insurance company. However, insurance income does not include exempt insurance income (as defined in section 953(e)).

Line 18b. Expenses. Do not enter expenses on this line to the extent that their allocation and apportionment reduces an item of insurance income below zero.

Note. In determining the amount of a net item of insurance income, deductions or loss attributable to disqualified basis and deductions attributable to disqualified payments (Regulations section 1.951A-2(c)(5) or (6)) are not allocated and apportioned to gross insurance income.

Line 19. Adjusted net related person insurance income. Related person insurance income is any insurance income (within the meaning of section 953(a)) attributable to a policy of insurance or reinsurance for which the person insured (directly or indirectly) is a U.S. shareholder (as defined in section 953(c)(1)(A)) in a CFC (as defined in section 953(c)(1) (B)), or a related person (as defined in section 953(c)(6)) to such a shareholder. If a CFC has related person insurance income, the U.S. shareholder's pro rata share is to be determined under the rules of section 953(c)(5).

Exceptions. The above definition does not apply to any foreign corporation if:

- At all times during the foreign corporation's tax year, less than 20% of the total combined voting power of all classes of stock of the corporation entitled to vote, and less than 20% of the total value of the corporation, is owned

(directly or indirectly under the principles of section 883(c)(4)) by persons who are (directly or indirectly) insured under any policy of insurance or reinsurance issued by the corporation or who are related persons to any such person;

- The related person insurance income (determined on a gross basis) of the corporation for the tax year is less than 20% of its insurance income for the tax year; or
- The corporation:
 1. Elects to treat its related person insurance income for the tax year as income effectively connected with the conduct of a trade or business in the United States,
 2. Elects to waive all treaty benefits (other than from section 884) for related person insurance income, and

3. Meets any requirement the IRS may prescribe to ensure that any tax on such income is paid.

This election will not be effective if the corporation was a disqualified corporation (as defined in section 953(c)(3)(E)) for the tax year for which the election was made or for any prior tax year beginning after 1986. See section 953(c)(3)(D) for special rules for this election.

Mutual life insurance companies. The related person insurance income rules also apply to mutual life insurance companies under regulations prescribed by the Secretary. For these purposes, policyholders must be treated as shareholders.

Line 19b. Expenses. Do not enter expenses on this line to the extent that their allocation and apportionment reduces an item of insurance income below zero.

Note. In determining the amount of a net item of insurance income, deductions or loss attributable to disqualified basis and deductions attributable to disqualified payments (Regulations section 1.951A-2(c)(5) or (6)) are not allocated and apportioned to gross insurance income.

Line 20. International boycott income. If a CFC or a member of a controlled group (within the meaning of section 993(a)(3)) that includes the CFC has operations in, or related to, a country (or with the government, a company, or a national of a country) that requires participation in or cooperation with an international boycott as a condition of doing business within such country or with the government, company, or national of that country, a portion of the CFC's income is included in subpart F income. The amount included is determined by multiplying the CFC's income (other than income included under section 951 and U.S.

source effectively connected business income described in section 952(b)) by the international boycott factor. This factor is a fraction determined on Schedule A (Form 5713).

Special rule. If the shareholder of a CFC can clearly demonstrate that the income earned for the tax year is from specific operations, then, instead of applying the international boycott factor, the addition to subpart F income is the amount specifically from the operations in which there was participation in or cooperation with an international boycott. See Schedule B (Form 5713).

Line 21. Illegal bribes, kickbacks, and other payments. Enter the total of any illegal bribes, kickbacks, or other payments (within the meaning of section 162(c)) paid by or on behalf of the corporation, directly or indirectly, to an official, employee, or agent of a government.

Line 22. Income described in section 952(a)(5). The income of a CFC derived from any foreign country during any period during which section 901(j) applies to such foreign country will be deemed to be income to the U.S. shareholders of such CFC. As of the date these instructions were revised, section 901(j) applied to Iran, North Korea, Sudan, and Syria.

Lines 24, 27, 30, and 33. Exclusion of U.S. income. Subpart F income does not include any U.S. source income (which, for these purposes, includes all carrying charges and all interest, dividends, royalties, and other investment income received or accrued by an FSC) that is effectively connected with a CFC's conduct of a trade or business in the United States unless that item is exempt from taxation (or is subject to a reduced rate of tax) pursuant to a treaty obligation of the United States or the Code.

Line 37. Current E&P limitation. A CFC's subpart F income is limited to the sum of the following.

- Its current year E&P, computed under the special rule of section 952(c)(1). Enter this amount on line 37a.
- Any tested loss under section 951A(c)(2)(B)(ii). If the total of all lines 6 of all separate Schedules I-1 (Form 5471) for the CFC is a negative number, enter the amount as a positive number on line 37b. If the total of all lines 6 is a positive number or zero, enter -0- on line 37b.

The amount included in the gross income of a U.S. shareholder of a CFC under section 951(a)(1)(A) for any tax year and attributable to a qualified activity must be reduced by the shareholder's pro rata share of any qualified deficit (see section 952(c)(1)(B)).

Lines 39 through 43. If Worksheet A, line 37c, is less than the amount on Worksheet A, line 36, allocate the subpart F income remaining (after having been limited) (that is, the line 38 amount) to the four categories of subpart F income listed on Worksheet A, lines 40 through 43, using the rules of Regulations section 1.952-1(e).

Worksheet B

U.S. Shareholder's Pro Rata Share of Earnings of a CFC Invested in U.S. Property				
Enter the amounts on lines 1 through 18 in functional currency.				
1	Amount of U.S. property (as defined in section 956(c) and (d)) held (directly or indirectly) by the CFC as of the close of:			
a	The first quarter of the tax year	1a		
b	The second quarter of the tax year	1b		
c	The third quarter of the tax year	1c		
d	The fourth quarter of the tax year	1d		
2	Number of quarter-ends the foreign corporation was a CFC during the tax year		2	
3	Average amount of U.S. property held (directly or indirectly) by the CFC as of the close of each quarter of the tax year. (Add lines 1a through 1d. Divide this amount by the number on line 2.) . . .		3	
4	U.S. shareholder's pro rata share of the amount on line 3		4	
5	Earnings and profits described in section 959(c)(1)(A) with respect to the U.S. shareholder after reductions (if any) for current year distributions		5	
6	Section 956(a)(1) amount. Subtract line 5 from line 4		6	
7	Applicable earnings:			
a	Current year earnings and profits	7a		
b	Line 7a plus accumulated earnings and profits	7b		
8	Enter the greater of line 7a or line 7b		8	
9	Distributions made by the CFC during the tax year		9	
10	Subtract line 9 from line 8		10	
11	Earnings and profits described in section 959(c)(1) after reductions (if any) for current year distributions		11	
12	Applicable earnings. Subtract line 11 from line 10		12	
13	Section 956(a)(2) amount. U.S. shareholder's pro rata share of the amount on line 12		13	
14	Section 956(a) amount. Enter the smaller of line 6 or line 13		14	
15	Amount of E&P described in section 959(a)(2) with respect to the U.S. shareholder		15	
16	Tentative section 956 amount. Subtract line 15 from line 14		16	
17	Amount of deduction under section 245A, if any, that the shareholder would be allowed if the shareholder received a hypothetical distribution within the meaning of Regulations section 1.956-1(a)(2). If the shareholder is not a U.S. corporation, this amount is zero		17	
18	Section 956 amount. Subtract line 17 from line 16		18	
19	Translate the amount on line 18 from functional currency to U.S. dollars at the year-end spot rate (as provided in section 989(b)). Enter the result here and on line 2 of Schedule I		19	

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Worksheet B Instructions

Use Worksheet B to determine a U.S. shareholder's pro rata share of earnings of a CFC invested in U.S. property that is subject to tax. Only earnings of a CFC not distributed or otherwise previously taxed are subject to these rules. Thus, the amount of previously **untaxed** earnings limits the section 956 inclusion. A CFC's investment in U.S. property in excess of this limit will not be included in the taxable income of the CFC's U.S. shareholders. PTEP related to prior-year section 956 inclusions (see section 959(c)(1)(A)) and current-year or prior-year subpart F inclusions (see section 959(c)(2)) reduce what would otherwise be the current year section 956 inclusion.

Note. PTEP resulting from subpart F inclusions (that is, section 959(c)(2) PTEP) that reduced prior-year section 956 or 956A inclusions (see section 959(a) and (c)(1), and

Schedule J) should be reclassified as section 959(c)(1) PTEP.

Distributions are also taken into account before the section 956 inclusion is determined. Distributions are generally treated as coming first from (and thus reducing the balances of) the PTEP accounts. Thus, the U.S. shareholders must:

1. Compute the current year subpart F income inclusion (potentially increasing the section 959(c)(2) PTEP within the PTEP accounts),
2. Take into account current distributions (potentially reducing the PTEP accounts and untaxed earnings and profits), and
3. Compute the current section 956 inclusion (increasing section 959(c)(1) PTEP and potentially decreasing section 959(c)(2) PTEP in the PTEP accounts).

U.S. property is measured on a quarterly average basis. For purposes of Worksheet B, the amount taken into account with respect to U.S. property is generally its adjusted basis for E&P purposes, reduced by any liability to which the property is subject. See section 956(c) and (d) and the regulations under section 956 to determine whether the CFC is treated as holding U.S. property. The amount of U.S. property held (directly or indirectly) by the CFC that was acquired by the foreign corporation before it became a CFC is disregarded (that is, not included), but not in excess of the amount of applicable earnings (as defined in section 956(b)) accumulated during periods before it became a CFC.

If the foreign corporation **ceases to be a CFC** during the tax year:

- The determination of the U.S. shareholder's pro rata share will be made based upon the stock owned (within the meaning of section 958(a)) by the U.S.

shareholder on the last day during the tax year in which the foreign corporation was a CFC;

- The CFC's U.S. property for the tax year will be determined only by taking into account quarters ending on or before such last day (and investments in U.S. property as of the close of subsequent quarters should be recorded as zero on line 1); and
- In determining applicable earnings, current year E&P will include only E&P that are allocable (on a pro rata basis) to the part of the year during which the foreign corporation was a CFC.