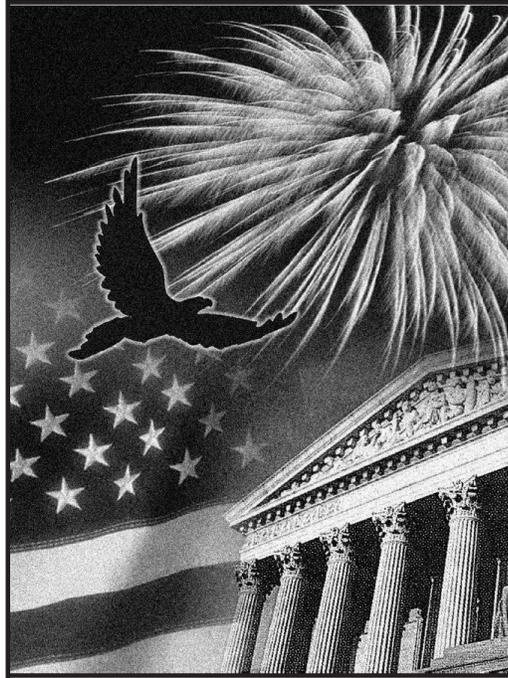


Instructions for Form 1120

U.S. Corporation Income Tax Return

2023

Volume 1 of 3



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Department of the Treasury
Internal Revenue Service

Instructions for Form 1120 (Rev. 2023) Catalog Number 47764D
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Section references are to the Internal Revenue Code unless otherwise noted.

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Future Developments

For the latest information about developments related to Form 1120 and its instructions, such as legislation enacted after they were published, go to

[IRS.gov/Form1120](https://www.irs.gov/Form1120).

What's New

Increase in penalty for failure to file. For tax returns required to be filed in 2024, the minimum penalty for failure to file a return that is more than 60 days late has increased to the smaller of the tax due or \$485. See *Late filing of return*, later.

Electronically filed returns. The electronic-filing threshold for corporate returns required to be filed on or after January 1, 2024, has decreased to 10 or more returns. See *Electronic Filing*, later.

Deduction for certain energy efficient commercial building property. For tax years beginning in 2023, corporations filing Form 1120 and claiming the energy efficient commercial buildings deduction should report the deduction on line 25. See the instructions for line 25.

Expiration of 100% business meal expense deduction. The temporary 100%

business meal expenses deduction for food and beverages provided by a restaurant does not apply to amounts paid or incurred after 2022.

Corporate alternative minimum tax (CAMT). For tax years beginning after 2022, certain corporations must determine whether they are subject to the new CAMT and calculate CAMT if applicable. See the instructions for Schedule J, line 3. Also, see new Schedule K, Question 29.

Elective payment election. Applicable entities and electing taxpayers can elect to treat certain credits as elective payments. Resulting overpayment may result in refunds. See the instructions for Schedule J, Part II, line 22. Also, see the Instructions for Form 3800.

Relief from additions to tax for underpayments applicable to the new corporate alternative minimum tax. For tax year 2023, the IRS will waive the penalty

for failure to make estimated tax payments for taxes attributable to a CAMT liability. Affected corporations must still file the 2023 Form 2220, even if they owe no estimated tax penalty. However, affected corporations may exclude the CAMT tax liability when calculating the required annual payment on Form 2220. Affected corporations must also include an amount of estimated tax penalty on line 34 of Form 1120 (or other appropriate line of the corporation's income tax return), even if that amount is zero. Failure to follow these instructions could result in affected corporations receiving a penalty notice that will require an abatement request to apply the relief provided by Notice 2023-42. See Notice 2023-42, 2023-26

I.R.B. 1085, available at [IRS.gov/irb/2023-26 IRB#NOT-2023-42](https://www.irs.gov/irb/2023-26_IRB#NOT-2023-42). Also, see the instructions for line 34.

Photographs of Missing Children

The Internal Revenue Service is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](#).

Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

The Taxpayer Advocate Service

The Taxpayer Advocate Service (TAS) is an **independent** organization within the IRS that helps taxpayers and protects taxpayer rights. TAS's job is to ensure that every taxpayer is treated fairly and knows and understands their rights under the [Taxpayer Bill of Rights](#).

As a taxpayer, the corporation has rights that the IRS must abide by in its dealings with the corporation. TAS can help the corporation if:

- A problem is causing financial difficulty for the business;
- The business is facing an immediate threat of adverse action; or
- The corporation has tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

TAS has offices in every state, the District of Columbia, and Puerto Rico. Local advocates' numbers are in their local directories and at TaxpayerAdvocate.IRS.gov. The corporation can also call TAS at 877-777-4778.

TAS also works to resolve large-scale or systemic problems that affect many taxpayers. If the corporation knows of one of these broad issues, please report it to TAS

through the Systemic Advocacy Management System at [IRS.gov/SAMS](https://www.irs.gov/SAMS).

For more information, go to [IRS.gov/Advocate](https://www.irs.gov/Advocate).

Direct Deposit of Refund

To request a direct deposit of the corporation's income tax refund into an account at a U.S. bank or other financial institution, attach Form 8050, Direct Deposit of Corporate Tax Refund. See the instructions for line 37.

How To Make a Contribution To Reduce Debt Held by the Public

To help reduce debt held by the public, make a check payable to "Bureau of the Fiscal Service." Send it to:

Bureau of the Fiscal Service
Attn: Dept G
P.O. Box 2188
Parkersburg, WV 26106-2188

Or, enclose the check with the corporation's income tax return. In the memo section of the check, make a note that it is a gift to reduce the debt held by the public. For information on how to make this type of contribution online, go to www.treasurydirect.gov and click on "How to Make a Contribution to Reduce the Debt."

Do not add the contributions to any tax the corporation may owe. See the instructions for line 35 for details on how to pay any tax the corporation owes. Contributions to reduce debt held by the public are deductible subject to the rules and limitations for charitable contributions.

How To Get Forms and Publications

Internet. You can access the IRS website 24 hours a day, 7 days a week, at IRS.gov to:

- Download forms, instructions, and publications;

- Order IRS products online;
- Research your tax questions online;
- Search publications online by topic or keyword;
- View Internal Revenue Bulletins (IRBs) published in recent years; and
- Sign up to receive local and national tax news by email.

Tax forms and publications. The corporation can view, print, or download all of the forms and publications it may need on [IRS.gov/FormsPubs](https://www.irs.gov/forms-pubs). Otherwise, the corporation can go to [IRS.gov/OrderForms](https://www.irs.gov/orderforms) to place an order and have forms mailed to it.

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General Instructions

Purpose of Form

Use Form 1120, U.S. Corporation Income Tax Return, to report the income, gains, losses, deductions, credits, and to figure the income tax liability of a corporation.

Who Must File

Unless exempt under section 501, all domestic corporations (including corporations in bankruptcy) must file an income tax return whether or not they have taxable income.

Domestic corporations must file Form 1120, unless they are required, or elect to file a special return. See *Special Returns for Certain Organizations*, later.

Entities electing to be taxed as

corporations. A domestic entity electing to be classified as an association taxable as a corporation must file Form 1120, unless it is required to or elects to file a special return

listed under *Special Returns for Certain Organizations*. The entity must also file Form 8832, Entity Classification Election, and attach a copy of Form 8832 to Form 1120 (or the applicable return) for the year of the election. For more information, see Form 8832 and its instructions.

Limited liability companies (LLC). If an entity with more than one owner was formed as an LLC under state law, it is generally treated as a partnership for federal income tax purposes and files Form 1065, U.S. Return of Partnership Income. Generally, a single-member LLC is disregarded as an entity separate from its owner and reports its income and deductions on its owner's federal income tax return. The LLC can file a Form 1120 only if it has filed Form 8832 to elect to be treated as an association taxable as a corporation. For more information about LLCs, see Pub. 3402, Taxation of Limited Liability Companies.

Corporations engaged in farming. A corporation (other than a corporation that is a subchapter T cooperative) that engages in farming should use Form 1120 to report the income (loss) from such activities. Enter the income and deductions of the corporation according to the instructions for lines 1 through 10 and 12 through 29.

Ownership interest in a Financial Asset Securitization Investment Trust (FASIT).

Special rules apply to a FASIT in existence on October 22, 2004, to the extent that regular interests issued by the FASIT before October 22, 2004, continue to remain outstanding in accordance with their original terms.

If a corporation holds an ownership interest in a FASIT to which these special rules apply, it must report all items of income, gain, deductions, losses, and credits on the corporation's income tax return (except as provided in section 860H). Show a breakdown of the items on an attached statement. For

more information, see sections 860H and 860L (repealed with certain exceptions).

Foreign-owned domestic disregarded entities. If a foreign person, including a foreign corporation, wholly owns a domestic disregarded entity (DE), the domestic DE is treated as a domestic corporation separate from its owner (the foreign corporation) for the limited purposes of the requirements under section 6038A that apply to 25% foreign-owned domestic corporations. While a DE is not required to file a U.S. income tax return, a DE covered by these rules is required to file a pro forma Form 1120 with Form 5472 attached by the due date (including extensions) of the return. See the Instructions for Form 5472 for additional information and coordination with Form 5472 reporting by the domestic DE.

Qualified opportunity fund. To certify as a qualified opportunity fund (QOF), the corporation must file Form 1120 and attach

Form 8996, even if the corporation had no income or expenses to report. See Schedule K, Question 25, later. Also, see the Instructions for Form 8996.

Qualified opportunity investment. If the corporation held a qualified investment in a QOF at any time during the year, the corporation must file its return with Form 8997 attached. See the instructions for Form 8997.

Special Returns for Certain Organizations

Instead of filing Form 1120, certain organizations, as shown below, file special returns.

If the organization is a:	File Form
▼ Exempt organization with unrelated trade or business income	▼ 990-T
Religious or apostolic organization exempt under section 501(d)	1065

<p>Entity formed as a limited liability company under state law and treated as a partnership for federal income tax purposes</p>	<p>1065</p>
<p>Subchapter T cooperative association (including a farmers' cooperative)</p>	<p>1120-C</p>
<p>Entity that elects to be treated as a real estate mortgage investment conduit (REMIC) under section 860D</p>	<p>1066</p>
<p>Interest charge domestic international sales corporation (section 992)</p>	<p>1120-IC-DISC</p>

Foreign corporation (other than life or property and casualty insurance company filing Form 1120-L or Form 1120-PC)	1120-F
Foreign sales corporation (section 922)	1120-FSC
Condominium management, residential real estate management, or timeshare association that elects to be treated as a homeowners association under section 528	1120-H
Life insurance company (section 801)	1120-L

Fund set up to pay for nuclear decommissioning costs (section 468A)	1120-ND
Property and casualty insurance company (section 831)	1120-PC
Political organization (section 527)	1120-POL
Real estate investment trust (section 856)	1120-REIT

Regulated investment company (section 851)	1120-RIC
S corporation (section 1361)	1120-S
Settlement fund (section 468B)	1120-SF

Electronic Filing

Corporations can generally electronically file (*e-file*) Form 1120, related forms, schedules, and attachments; Form 7004 (automatic extension of time to file); and Forms 940, 941, and 944 (employment tax returns). If there is a balance due, the corporation can authorize an electronic funds withdrawal while *e-filing*. Form 1099 and other information returns can also be electronically filed. The option to *e-file* does not, however, apply to certain returns.

For returns filed on or after January 1, 2024, corporations that file 10 or more returns are required to *e-file* Form 1120. See Regulations section 301.6011-5. However, these corporations can request a waiver of the electronic filing requirements.

For more information on e-filing, see [*E-file for Business and Self-employed Taxpayers*](#) on IRS.gov.

Exclusions From Electronic Filing

Waivers. The IRS may waive the electronic filing rules if the corporation demonstrates that a hardship would result if it were required to file its return electronically. A corporation interested in requesting a waiver of the mandatory electronic filing requirement must file a written request, and request one in the manner prescribed by the IRS. All written requests for waivers should be mailed to:

Internal Revenue Service
Ogden Submission Processing Center
Attn: Form 1120 *e-file* Waiver Request
Mail Stop 1057
Ogden, UT 84201

If using a delivery service, requests for waivers should be mailed to:

Internal Revenue Service
Ogden Submission Processing Center
Attn: Form 1120 *e-file* Waiver Request

Mail Stop 1057 1973
N. Rulon White Blvd.
Ogden, UT 84404

Waiver requests can also be faxed to 877-477-0575. Contact the e-Help Desk at 866-255-0654 for questions regarding the waiver procedures or process.

Exemptions. The IRS may provide exemptions from the requirements to electronically file. If using the technology required to electronically file conflicts with religious beliefs, the corporation is exempt from the requirement. Clearly indicate the exemption on the corporation's return. Write "Religious Exemption" at the top of Form 1120. File the corporation's return at the applicable IRS address. See *Where To File*, later. For more information see [Notice 2024-18](#).

When To File

Generally, a corporation must file its income tax return by the 15th day of the 4th month after the end of its tax year. A new corporation filing a short-period return must generally file by the 15th day of the 4th month after the short period ends. A

Where To File

File the corporation's return at the applicable IRS address listed below.

If the corporation's principal business, office, or agency is located in:	And the total assets at the end of the tax year are:	Use the following address:
Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	Less than \$10 million and Schedule M-3 is not filed	Department of the Treasury Internal Revenue Service Center Kansas City, MO 64999-0012
	\$10 million or more, or less than \$10 million and Schedule M-3 is filed	Department of the Treasury Internal Revenue Service Center Ogden, UT 84201-0012
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming	Any amount	Department of the Treasury Internal Revenue Service Center Ogden, UT 84201-0012
A foreign country or U.S. territory	Any amount	Internal Revenue Service Center P.O. Box 409101 Ogden, UT 84409
A group of corporations with members located in more than one service center area will often keep all the books and records at the principal office of the managing corporation. In this case, the tax returns of the corporations may be filed with the service center for the area in which the principal office of the managing corporation is located.		

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corporation that has dissolved must generally file by the 15th day of the 4th month after the date it dissolved.

However, a corporation with a fiscal tax year ending June 30 must file by the 15th day of the 3rd month after the end of its tax year. A corporation with a short tax year ending anytime in June will be treated as if the short year ended on June 30, and must file by the 15th day of the 3rd month after the end of its tax year.

If the due date falls on a Saturday, Sunday, or legal holiday, the corporation can file on the next business day.

Private Delivery Services

Corporations can use certain private delivery services (PDS) designated by the IRS to meet the “timely mailing as timely filing” rule for tax returns. Go to [IRS.gov/PDS](https://www.irs.gov/PDS).

The PDS can tell you how to get written proof of the mailing date.

For the IRS mailing address to use if you're using a PDS, go to

[IRS.gov/PDSstreetAddresses](https://www.irs.gov/PDSstreetAddresses).



Private delivery services can't deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any **CAUTION**
item to an IRS P.O. box address.

Extension of Time To File

File Form 7004, Application for Automatic Extension of Time To

File Certain Business Income Tax, Information, and Other Returns, to request an extension of time to file. Generally, the corporation must file Form 7004 by the regular due date of the return. See the Instructions for Form 7004.

Who Must Sign

The return must be signed and dated by:

- The president, vice president, treasurer, assistant treasurer, chief accounting officer; or
- Any other corporate officer (such as tax officer) authorized to sign.

If a return is filed on behalf of a corporation by a receiver, trustee, or assignee, the fiduciary must sign the return, instead of the corporate officer. Returns and forms signed by a receiver or trustee in bankruptcy on behalf of a corporation must be accompanied by a copy of the order or instructions of the court authorizing signing of the return or form.

Paid Preparer Use Only section. If an employee of the corporation completes Form 1120, the paid preparer section should remain blank. Anyone who prepares Form

1120 but does not charge the corporation should not complete that section. Generally, anyone who is paid to prepare the return must sign and complete the section.

The paid preparer must complete the required preparer information and:

- Sign the return in the space provided for the preparer's signature,
- Include their Preparer Tax Identification Number (PTIN), and
- Give a copy of the return to the taxpayer.



A paid preparer may sign original or amended returns by rubber stamp, mechanical device, or computer software program.

Paid Preparer Authorization

If the corporation wants to allow the IRS to discuss its 2023 tax return with the paid preparer who signed it, check the “Yes” box in the signature area of the return. This authorization applies only to the individual whose signature appears in the “Paid Preparer Use Only” section of the return. It does not apply to the firm, if any, shown in that section.

If the “Yes” box is checked, the corporation is authorizing the IRS to call the paid preparer to answer any questions that may arise during the processing of its return. The corporation is also authorizing the paid preparer to:

- Give the IRS any information that is missing from the return;
- Call the IRS for information about the processing of the return or the status

of any related refund or payment(s);
and

- Respond to certain IRS notices about math errors, offsets, and return preparation.

The corporation is not authorizing the paid preparer to receive any refund check, bind the corporation to anything (including any additional tax liability), or otherwise represent the corporation before the IRS.

The authorization will automatically end no later than the due date (excluding extensions) for filing the corporation's 2024 tax return. If the corporation wants to expand the paid preparer's authorization or revoke the authorization before it ends, see Pub. 947, Practice Before the IRS and Power of Attorney.

Assembling the Return

To ensure that the corporation's tax return is correctly processed, attach all schedules and other forms after page 6 of Form 1120 in the following order.

1. Schedule N (Form 1120).
2. Schedule D (Form 1120).
3. Form 4797.
4. Form 8949.
5. Form 8996.
6. Form 4626.
7. Form 8050.
8. Form 1125-A.
9. Form 4136. 10.
10. Form 8978.
11. Form 965-B.
12. Form 8941.

13. Form 3800.
14. Form 8997.
15. Form 6252.
16. Form 8936, Schedule A.
17. Additional schedules in alphabetical order.
18. Additional forms in numerical order.
19. Supporting statements and attachments.

Complete every applicable entry space on Form 1120. Do not enter "See Attached" or "Available Upon Request" instead of completing the entry spaces. If more space is needed on the forms or schedules, attach separate sheets using the same size and format as the printed forms.

If there are supporting statements and attachments, arrange them in the same order as the schedules or forms they support and

attach them last. Show the totals on the printed forms. Enter the corporation's name and EIN on each supporting statement or attachment.

Note. If the corporation had tax withheld under Chapter 3 or 4 of the Internal Revenue Code and received a Form 1042-S, Form 8805, or Form 8288-A showing the amount of income tax withheld, attach such form(s) to the corporation's income tax return to claim a withholding credit. The corporation should report the tax withheld on Schedule J, Part II, line 20z. See the instructions for Schedule J, Part II, Line 20z.

Tax Payments

Generally, the corporation must pay any tax due in full no later than the due date for filing its tax return (not including extensions). See the instructions for line 35. If the due date falls on a Saturday, Sunday, or legal holiday, the payment is due on the next day that isn't a Saturday, Sunday, or legal holiday.

Electronic Deposit Requirement

Corporations must use electronic funds transfer to make all federal tax deposits (such as deposits of employment, excise, and corporate income tax). Generally, electronic funds transfers are made using the Electronic Federal Tax Payment System (EFTPS).

However, if the corporation does not want to use EFTPS, it can arrange for its tax professional, financial institution, payroll service, or other trusted third party to make deposits on its behalf. Also, it may arrange for its financial institution to submit a same-

day payment (discussed below) on its behalf. EFTPS is a free service provided by the Department of the Treasury. Services provided by a tax professional, financial institution, payroll service, or other third party may have a fee.

To get more information about EFTPS or to enroll in EFTPS, visit [EFTPS.gov](https://www.eftps.gov) or call 800-555-4477. To contact EFTPS using the Telecommunications Relay Services (TRS), for people who are deaf, hard of hearing, or have a speech disability, dial 711 and provide the TRS assistant the 800-555-4477 number above or 800-733-4829.

Depositing on time. For any deposit made by EFTPS to be on time, the corporation must submit the deposit by 8 p.m. Eastern time the day before the date the deposit is due. If the corporation uses a third party to make deposits on its behalf, they may have different cutoff times.

Same-day wire payment option. If the corporation fails to submit a deposit transaction on EFTPS by 8 p.m. Eastern time the day before the date a deposit is due, it can still make its deposit on time by using the Federal Tax Collection Service (FTCS). To use the same-day wire payment method, the corporation will need to make arrangements with its financial institution ahead of time regarding availability, deadlines, and costs. Financial institutions may charge a fee for payments made this way. To learn more about the information the corporation will need to provide to its financial institution to make a same-day wire payment, go to [IRS.gov/SameDayWire](https://www.irs.gov/SameDayWire).

Estimated Tax Payments

Generally, the following rules apply to the corporation's payments of estimated tax.

- The corporation must make installment payments of estimated tax if it expects its total tax for the year

(less applicable credits) to be \$500 or more.

- The installments are due by the 15th day of the 4th, 6th, 9th, and 12th months of the tax year. If any date falls on a Saturday, Sunday, or legal holiday, the installment is due on the next regular business day.
- The corporation must use electronic funds transfer to make installment payments of estimated tax.
- If, after the corporation figures and deposits estimated tax, it finds that its tax liability for the year will be more or less than originally estimated, it may have to refigure its required installments. If earlier installments were underpaid, the corporation may owe a penalty. See *Estimated tax penalty* below.

- If the corporation overpaid estimated tax, it may be able to get a quick refund by filing Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax. See the instructions for Schedule J, Part II, line 15.

See section 6655 and Pub. 542, Corporations, for more information on how to figure estimated taxes.

Estimated tax penalty. A corporation that does not make estimated tax payments when due may be subject to an underpayment penalty for the period of underpayment.

Generally, a corporation is subject to the penalty if its tax liability is \$500 or more and it did not timely pay at least the smaller of:

- Its tax liability for the current year, or
- Its prior year's tax.

Use Form 2220, Underpayment of Estimated Tax by Corporations, to see if the corporation owes a penalty and to figure the amount of the penalty. If Form 2220 is completed, enter the penalty on line 34. See the instructions for line 34. Also see Relief from additions to tax for underpayments applicable to the new corporate alternative minimum tax (CAMT), earlier.

Interest and Penalties



*If the corporation receives a notice about penalties after it files its return, send the IRS an explanation and we will determine if the corporation meets reasonable-cause criteria. **Do not** attach an explanation when the corporation's return is filed.*

Interest. Interest is charged on taxes paid late even if an extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, negligence, fraud, substantial valuation misstatements,

substantial understatements of tax, and reportable transaction understatements from the due date (including extensions) to the date of payment. The interest charge is figured at a rate determined under section 6621.

Late filing of return. A corporation that does not file its tax return by the due date, including extensions, may be penalized 5% of the unpaid tax for each month or part of a month the return is late, up to a maximum of 25% of the unpaid tax. The minimum penalty for a tax return required to be filed in 2024 that is more than 60 days late is the smaller of the tax due or \$485. The penalty will not be imposed if the corporation can show that the failure to file on time was due to reasonable cause. See Caution, earlier.

Late payment of tax. A corporation that does not pay the tax when due may generally be penalized $\frac{1}{2}$ of 1% of the unpaid tax for each month or part of a month the tax is not

paid, up to a maximum of 25% of the unpaid tax. See Caution, earlier.

Trust fund recovery penalty. This penalty may apply if certain excise, income, social security, and Medicare taxes that must be collected or withheld are not collected or withheld, or these taxes are not paid. These taxes are generally reported on:

- Form 720, Quarterly Federal Excise Tax Return;
- Form 941, Employer's QUARTERLY Federal Tax Return;
- Form 943, Employer's Annual Federal Tax Return for Agricultural Employees;
- Form 944, Employer's ANNUAL Federal Tax Return; or
- Form 945, Annual Return of Withheld Federal Income Tax.

The trust fund recovery penalty may be imposed on all persons who are determined

by the IRS to have been responsible for collecting, accounting for, or paying over these taxes, and who acted willfully in not doing so. The penalty is equal to the full amount of the unpaid trust fund tax. See the Instructions for Form 720, Pub. 15 (Circular E), Employer's Tax Guide, or Pub. 51 (Circular A), Agricultural Employer's Tax Guide, for details, including the definition of responsible persons.

Note. The trust fund recovery penalty will not apply to any amount of trust fund taxes an employer holds back in anticipation of the credit for qualified sick and family leave wages or the employee retention credit that they are entitled to. See Pub. 15 or Pub. 51 for more information.

Other penalties. Other penalties can be imposed for negligence, substantial understatement of tax, reportable transaction understatements, and fraud. See sections 6662, 6662A, and 6663.

Accounting Methods

Figure taxable income using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method used must clearly show taxable income. Permissible methods include cash, accrual, or any other method authorized by the Internal Revenue Code.

Generally, the following rules apply. For more information, see Pub. 538, Accounting Periods and Methods.

- A corporation, or a partnership that has a corporation as a partner, cannot use the cash method of accounting unless it is a small business taxpayer (defined later). A tax shelter (defined in section 448(d)(3)) may never use the cash method. See sections 448(a)(1) through (a)(3). However, see *Nonaccrual experience method for*

service providers in the instructions for line 1a.

- Unless it is a small business taxpayer (defined below), a corporation must use an accrual method for sales and purchases of inventory items. See the instructions for Form 1125-A.
- A corporation engaged in farming must use an accrual method. For exceptions, see section 447 and Pub. 225.
- Special rules apply to long-term contracts. See section 460.
- Dealers in securities must use the mark-to-market accounting method. Dealers in commodities and traders in securities and commodities can elect to use the mark-to-market accounting method. See section 475.

Small business taxpayer. For tax years beginning in 2023, a corporation qualifies as a

small business taxpayer if (a) it has average annual gross receipts of \$29 million or less for the 3 prior tax years, and (b) it is not a tax shelter (as defined in section 448(d)(3)).

A small business taxpayer can account for inventory by (a) treating the inventory as non-incidental materials and supplies, or (b) conforming to its treatment of inventory in an applicable financial statement (as defined in section 451(b)(3)). If it does not have an applicable financial statement, it can use the method of accounting used in its books and records prepared according to its accounting procedures.

Change in accounting method. Generally, the corporation must get IRS consent to change either an overall method of accounting or the accounting treatment of any material item for income tax purposes. To obtain consent, the corporation must generally file Form 3115, Application for Change in Accounting Method, during the tax

year for which the change is requested. See the Instructions for Form 3115 and Pub. 538 for more information and exceptions. Also see the Instructions for Form 3115 for procedures that may apply for obtaining automatic consent to change certain methods of accounting, non-automatic change procedures, and reduced Form 3115 filing requirements.

Section 481(a) adjustment. If the corporation's taxable income for the current tax year is figured under a method of accounting different from the method used in the preceding tax year, the corporation may have to make an adjustment under section 481(a) to prevent amounts of income or expense from being duplicated or omitted. The section 481(a) adjustment period is generally 1 year for a net negative adjustment and 4 years for a net positive adjustment. For an eligible terminated S corporation, the section 481(a) adjustment

period is generally 6 years for a negative or positive adjustment that is attributable to the S corporation's revocation of its election under section 1362(a) after December 21, 2017, and before December 22, 2019. See section 481(d). Also, see the Instructions for Form 3115.

Exceptions to the general section 481(a) adjustment period may apply. Also, in some cases, a corporation can elect to modify the section 481(a) adjustment period. The corporation may have to complete the appropriate lines of Form 3115 to make an election. See the Instructions for Form 3115 for more information and exceptions.

If the net section 481(a) adjustment is positive, report the ratable portion on Form 1120, line 10, as other income. If the net section 481(a) adjustment is negative, report the ratable portion on line 26 as a deduction.

Accounting Period

A corporation must figure its taxable income on the basis of a tax year. A tax year is the annual accounting period a corporation uses to keep its records and report its income and expenses. Generally, corporations can use a calendar year or a fiscal year. Personal service corporations, however, must use a calendar year unless they meet one of the exceptions discussed later under *Personal Service Corporation*.

Change of tax year. Generally, a corporation, including a personal service corporation, must get the consent of the IRS before changing its tax year by filing Form 1128, Application To Adopt, Change, or Retain a Tax Year. However, exceptions may apply. See the Instructions for Form 1128 and Pub. 538 for more information.

Rounding Off to Whole Dollars

The corporation may enter decimal points and cents when completing its return. However, the corporation should round off cents to whole dollars on its return, forms, and schedules to make completing its return easier. The corporation must either round off all amounts on its return to whole dollars, or use cents for all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$8.40 rounds to \$8 and \$8.50 rounds to \$9.

If two or more amounts must be added to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

Recordkeeping

Keep the corporation's records for as long as they may be needed for the administration of any provision of the Internal Revenue Code. Usually, records that support an item of income, deduction, or credit on the return must be kept for 3 years from the date the return is due or filed, whichever is later. Keep records that verify the corporation's basis in property for as long as they are needed to figure the basis of the original or replacement property.

The corporation should keep copies of all filed returns. They help in preparing future and amended returns and in the calculation of earnings and profits.

Other Forms and Statements That May Be Required

Amended return. Use Form 1120-X, Amended U.S. Corporation Income Tax Return, to correct a previously filed Form 1120.

Reportable transaction disclosure statement. Disclose information for each reportable transaction in which the corporation participated. Form 8886, Reportable Transaction Disclosure Statement, must be filed for each tax year that the federal income tax liability of the corporation is affected by its participation in the transaction. The following are reportable transactions.

1. Any listed transaction, which is a transaction that is the same as or substantially similar to one of the types of transactions that the IRS has determined to be a tax avoidance

transaction and identified by notice, regulation, or other published guidance as a listed transaction.

2. Any transaction offered under conditions of confidentiality for which the corporation (or a related party) paid an advisor a fee of at least \$250,000.
3. Certain transactions for which the corporation (or a related party) has contractual protection against disallowance of the tax benefits.
4. Certain transactions resulting in a loss of at least \$10 million in any single year or \$20 million in any combination of years.
5. Any transaction identified by the IRS by notice, regulation, or other published guidance as a “transaction of interest.”

For more information, see Regulations section 1.6011-4. Also, see the Instructions for Form 8886.

Penalties. The corporation may have to pay a penalty if it is required to disclose a reportable transaction under section 6011 and fails to properly complete and file Form 8886. Penalties may also apply under section 6707A if the corporation fails to file Form 8886 with its corporate return, fails to provide a copy of Form 8886 to the Office of Tax Shelter Analysis (OTSA), or files a form that fails to include all the information required (or includes incorrect information). Other penalties, such as an accuracy-related penalty under section 6662A, may also apply. See the Instructions for Form 8886 for details on these and other penalties.

Reportable transactions by material advisors. Material advisors to any reportable transaction must disclose certain information about the reportable transaction by filing

Form 8918 with the IRS. For details, see the Instructions for Form 8918.

Transfers to a corporation controlled by the transferor. Every significant transferor (as defined in Regulations section 1.351-3(d)(1)) that receives stock of a corporation in exchange for property in a nonrecognition event must include the statement required by Regulations section 1.351-3(a) on or with the transferor's tax return for the tax year of the exchange. The transferee corporation must include the statement required by Regulations section 1.351-3(b) on or with its return for the tax year of the exchange, unless all the required information is included in any statement(s) provided by a significant transferor that is attached to the same return for the same section 351 exchange. If the transferor or transferee corporation is a controlled foreign corporation (CFC), each U.S. shareholder (within the meaning of

section 951(b)) must include the required statement on or with its return.

Distributions under section 355. Every corporation that makes a distribution of stock or securities of a controlled corporation, as described in section 355 (or so much of section 356 as it relates to section 355), must include the statement required by Regulations section 1.355-5(a) on or with its return for the year of the distribution. A significant distributee (as defined in Regulations section 1.355-5(c)) that receives stock or securities of a controlled corporation must include the statement required by Regulations section 1.355-5(b) on or with its return for the year of receipt. If the distributing or distributee corporation is a CFC, each U.S. shareholder (within the meaning of section 951(b)) must include the statement on or with its return.

Dual consolidated losses. If a domestic corporation incurs a dual consolidated loss (as defined in Regulations section 1.1503(d))-

1(b)(5)), the corporation (or consolidated group) may need to attach a domestic use agreement and/or an annual certification, as provided in Regulations section 1.1503(d)-6(d) and (g).

Election to reduce basis under section 362(e)(2)(C). If property is transferred to a corporation subject to section 362(e) (2), the transferor and the transferee corporation may elect, under section 362(e)(2)(C), to reduce the transferor's basis in the stock received instead of reducing the transferee corporation's basis in the property transferred. Once made, the election is irrevocable. For more information, see section 362(e) (2) and Regulations section 1.362-4. If an election is made, a statement must be filed in accordance with Regulations section 1.362-4(d)(3).

Annual information reporting by specified domestic entities under section 6038D. Certain domestic corporations that

are formed or availed of to hold specified foreign financial assets (“specified domestic entities”) must file Form 8938. Form 8938 must be filed each year the value of the corporation's specified foreign financial assets is more than \$50,000 on the last day of the tax year or more than \$75,000 at any time during the tax year. For more information on domestic corporations that are specified domestic entities and the types of foreign financial assets that must be reported, see the Instructions for Form 8938, generally, and in particular, *Who Must File, Specified Domestic Entity, Specified Foreign Financial Assets, Interests in Specified Foreign Financial Assets, Assets Not Required To Be Reported, and Exceptions to Reporting*.

In addition, a domestic corporation required to file Form 8938 with its Form 1120 for the tax year should check “Yes” to Schedule N (Form 1120), Question 8, and also include that schedule with its Form 1120.

Form 8975. Certain U.S. persons that are the ultimate parent entity of a U.S. multinational enterprise group with annual revenue for the preceding reporting period of \$850 million or more are required to file Form 8975, Country-by-Country Report. Form 8975 and Schedule A (Form 8975) must be filed with the income tax return of the ultimate parent entity of a U.S. multinational enterprise group for the tax year in or within which the reporting period covered by Form 8975 ends. For more information, see Form 8975, Schedule A (Form 8975) and the Instructions for Form 8975, and Schedule A (Form 8975).

Paycheck Protection Program (PPP) loans. A corporation that had tax-exempt income resulting from the forgiveness of a PPP loan should attach a statement to its return reporting each tax year for which the corporation is applying Rev. Proc. 2021-48, sections 3.01(1), (2), or (3). Any statement

for the current tax year should include the following information, for each PPP loan:

1. The corporation's name, address, and EIN;
2. A statement that the corporation is applying or applied section 3.01(1), (2), or (3) of Rev. Proc. 2021-48, and for what tax year, as applicable;
3. The amount of tax-exempt income from forgiveness of the PPP loan that the corporation is treating as received or accrued and for which tax year; and
4. Whether forgiveness of the PPP loan has been granted as of the date the return is filed.

A corporation that reported tax-exempt income from the forgiveness of a PPP loan on its 2020 return, the timing of which corresponds to one of the options presented in Rev. Proc. 2021-48, need not file an amended return solely to attach the

statement that is described in these instructions.

If a corporation treats tax-exempt income resulting from a PPP loan as received or accrued prior to when forgiveness of the PPP loan is granted and the amount of forgiveness granted is less than the amount of tax-exempt income that was previously treated as received or accrued, the corporation should make a prior-period adjustment on Schedule M-2 for the tax year in which the corporation receives notice that the PPP loan was not fully forgiven. See the instructions for Schedule M-2 for more details.

Other forms and statements. See Pub. 542, Corporations, for a list of other forms and statements a corporation may need to file in addition to the forms and statements discussed throughout these instructions.

Specific Instructions

Period Covered

File the 2023 return for calendar year 2023 and fiscal years that begin in 2023 and end in 2024. For a fiscal or short tax year return, fill in the tax year space at the top of the form.

The 2023 Form 1120 can also be used if:

- The corporation has a tax year of less than 12 months that begins and ends in 2024, and
- The 2024 Form 1120 is not available at the time the corporation is required to file its return.

The corporation must show its 2024 tax year on the 2023 Form 1120 and take into account any tax law changes that are effective for tax years beginning after December 31, 2023.

Name and Address

Enter the corporation's true name (as set forth in the charter or other legal document creating it), address, and EIN on the appropriate lines. Enter the address of the corporation's principal office or place of business. Include the suite, room, or other unit number after the street address. If the post office does not deliver mail to the street address and the corporation has a P.O. box, show the box number instead.

Note. Do not use the address of the registered agent for the state in which the corporation is incorporated. For example, if a business is incorporated in Delaware or Nevada and the corporation's principal office is located in Little Rock, Arkansas, the corporation should enter the Little Rock address.

If the corporation receives its mail in care of a third party (such as an accountant or an

attorney), enter on the street address line "C/O" followed by the third party's name and street address or P.O. box.

If the corporation has a foreign address, include the city or town, state or province, country, and foreign postal code. Do not abbreviate the country name. Follow the country's practice for entering the name of the state or province and postal code.

Item A. Identifying Information

Consolidated Return

Corporations filing a consolidated return must check Item A, box 1a, and attach Form 851, Affiliations Schedule, and other supporting statements to the return. Also, for the first year a subsidiary corporation is being included in a consolidated return, attach Form 1122 to the parent's consolidated return. Attach a separate Form 1122 for each new subsidiary being included in the consolidated return.

File supporting statements for each corporation included in the consolidated return. Do not use Form 1120 as a supporting statement. On the supporting statement, use columns to show the following, both before and after adjustments.

1. Items of gross income and deductions.
2. A computation of taxable income.

3. Balance sheets, as of the beginning and end of the tax year.
4. A reconciliation of income per books with income per return.
5. A reconciliation of retained earnings.

Enter on Form 1120 the totals for each item of income, gain, loss, expense, or deduction, net of eliminating entries for intercompany transactions between corporations within the consolidated group. Attach consolidated balance sheets and a reconciliation of consolidated retained earnings.



*The corporation does not have to provide the information requested in (3), (4), and (5), above, if its total receipts (line 1a plus lines 4 through 10 on page 1 of the return) **and** its total assets at the end of the tax year (Schedule L, line 15(d)) are less than \$250,000. See Schedule K, Question 13.*

For more information on consolidated returns, see the regulations under section 1502.

Life-Nonlife Consolidated Return

If Item A, box 1a, is checked and the corporation is the common parent of a consolidated group that includes a life insurance company, also check box 1b. See Regulations section 1.1502-47(m) for the requirements for filing a consolidated tax return for a life-nonlife consolidated group.

Personal Holding Company

A personal holding company must check Item A, box 2, and attach Schedule PH (Form 1120), U.S. Personal Holding Company (PHC) Tax. See the Instructions for Schedule PH (Form 1120) for details.

Personal Service Corporation

If the corporation is a personal service corporation, check Item A, box 3. A personal service corporation is a corporation whose

principal activity for the testing period is the performance of personal services. The testing period for a tax year is generally the prior tax year unless the corporation has just been formed. Personal services include any activity performed in the fields of accounting, actuarial science, architecture, consulting, engineering, health, law, and the performing arts. The services must be substantially performed by employee-owners.

A personal service corporation must use a calendar tax year unless:

- It elects to use a 52-53-week tax year that ends with reference to the calendar year or tax year elected under section 444;
- It can establish a business purpose for a different tax year and obtains the approval of the IRS (see the Instructions for Form 1128 and Pub. 538); or

- It elects under section 444 to have a tax year other than a calendar year. To make the election, use Form 8716, Election To Have a Tax Year Other Than a Required Tax Year.

If a corporation makes the section 444 election, its deduction for certain amounts paid to employee-owners may be limited. See Schedule H (Form 1120), Section 280H Limitations for a Personal Service Corporation (PSC), to figure the maximum deduction.

If a section 444 election is terminated and the termination results in a short tax year, type or print at the top of the first page of Form 1120 for the short tax year "SECTION 444 ELECTION TERMINATED."

Schedule M-3 (Form 1120)

A corporation with total assets (nonconsolidated or consolidated for all corporations included within a consolidated tax group) of \$10 million or more on the last

day of the tax year must file Schedule M-3 (Form 1120) instead of Schedule M-1. A corporation filing Form 1120 that is not required to file Schedule M-3 may voluntarily file Schedule M-3 instead of Schedule M-1.

Corporations that (a) are required to file Schedule M-3 (Form 1120) and have less than \$50 million total assets at the end of the tax year, or (b) are not required to file Schedule M-3 (Form 1120) and voluntarily file Schedule M-3 (Form 1120), must either (i) complete Schedule M-3 (Form 1120) entirely, or (ii) complete Schedule M-3 (Form 1120) through Part I, and complete Form 1120, Schedule M-1, instead of completing Parts II and III of Schedule M-3 (Form 1120). If the corporation chooses to complete Schedule M-1 instead of completing Parts II and III of Schedule M-3, the amount on Schedule M-1, line 1, must equal the amount on Schedule M-3, Part I, line 11. See the Instructions for Schedule M-3 (Form 1120) for more details.

Also, see the instructions for Schedule M-1, later.

If you are filing Schedule M-3, check Item A, box 4, to indicate that Schedule M-3 is attached.

Item B. Employer Identification Number (EIN)

Enter the corporation's EIN. If the corporation does not have an EIN, it must apply for one.

An EIN can be applied for:

- Online—Go to [IRS.gov/EIN](https://www.irs.gov/ein). The EIN is issued immediately once the application information is validated.
- By faxing or mailing Form SS-4, Application for Employer Identification Number.



Corporations located in the United States or U.S. territories can use the online application. Foreign corporations should call 267-941-1099 (not a toll free number) for more information on obtaining an EIN. See the Instructions for Form SS-4.

EIN applied for, but not received. If the corporation has not received its EIN by the

time the return is due, enter "Applied For" and the date the corporation applied in the space for the EIN. However, if the corporation is filing its return electronically, an EIN is required at the time the return is filed. An exception applies to subsidiaries of corporations whose returns are filed with the parent's electronically filed consolidated Form 1120. These subsidiaries should enter "Applied For" in the space for the EIN on their returns. The subsidiaries' returns are identified under the parent corporation's EIN. For more information, see the Instructions for Form SS-4.

Item D. Total Assets

Enter the corporation's total assets (as determined by the accounting method regularly used in keeping the corporation's books and records) at the end of the tax year. If there are no assets at the end of the tax year, enter -0-.

If the corporation is required to complete Schedule L, enter the total assets from Schedule L, line 15, column (d), on page 1, Item D. If filing a consolidated return, report total consolidated assets for all corporations joining in the return.

Item E. Initial Return, Final Return, Name Change, or Address Change

- If this is the corporation's first return, check the "Initial return" box.
- If this is the corporation's final return and it will no longer exist, check the "Final return" box.
- If the corporation changed its name since it last filed a return, check the "Name change" box. Generally, a corporation must also have amended its articles of incorporation and filed the amendment with the state in which it was incorporated.
- If the corporation has changed its address since it last filed a return (including a change to an "in care of" address), check the "Address change" box.

Note. If a change in address or responsible party occurs after the return is filed, use Form 8822-B, Change of Address or Responsible Party— Business, to notify the IRS. See the instructions for Form 8822-B for details.

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Income

Except as otherwise provided in the Internal Revenue Code, gross income includes all income from whatever source derived.

Exception for income from qualifying shipping activities. Gross income does not include income from qualifying shipping activities if the corporation makes an election under section 1354 to be taxed on its notional shipping income (as defined in section 1353) at the highest corporate tax rate. If the election is made, the corporation generally may not claim any loss, deduction, or credit with respect to qualifying shipping activities. A corporation making this election may also elect to defer gain on the disposition of a qualifying vessel.

Use Form 8902, *Alternative Tax on Qualifying Shipping Activities*, to figure the tax. Include the alternative tax on Schedule J, Part I, line 9e.

Line 1. Gross Receipts or Sales

Line 1a. Gross receipts or sales. Enter on line 1a gross receipts or sales from all business operations, except for amounts that must be reported on lines 4 through 10.

Special rules apply to certain income, as discussed below.

Advance payments. In general, advance payments must be included in income in the year of receipt. For exceptions to this general rule for corporations that use the accrual method of accounting, see the following.

- To report income from long-term contracts, see section 460.
- For rules that allow a limited deferral of advance payments beyond the current tax year, see section 451(c). Also, see Regulations sections 1.451-8(c), (d), and (e). For applicability

dates, see Regulations section 1.451-8(h).

- For information on adopting or changing to a permissible method for reporting advance payments for services and certain goods by an accrual method corporation, see the Instructions for Form 3115.

Installment sales. Generally, the installment method cannot be used for dealer dispositions of property. A “dealer disposition” is any disposition of (a) personal property by a person who regularly sells or otherwise disposes of personal property of the same type on the installment plan, or (b) real property held for sale to customers in the ordinary course of the taxpayer's trade or business.

The restrictions on using the installment method do not apply to the following.

- Dispositions of property used or produced in the trade or business of farming.
- Certain dispositions of timeshares and residential lots reported under the installment method for which the corporation elects to pay interest under section 453(I)(3).

Enter on line 1a (and carry to line 3) the gross profit on collections from these installment sales. Attach a statement showing the following information for the current and the 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profits, (d) percentage of gross profits to gross sales, (e) amount collected, and (f) gross profit on the amount collected.

For sales of timeshares and residential lots reported under the installment method, if the corporation elects to pay interest under section 453(I)(3), the corporation's income tax is increased by the interest payable under

section 453(l)(3). Report this addition to the tax on Schedule J, Part I, line 9g.

Nonaccrual experience method for service providers. Accrual method corporations are not required to accrue certain amounts to be received from the performance of services that, based on their experience, will not be collected, if:

- The services are in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting; or
- The corporation meets the section 448(c) gross receipts test for all prior years.

This provision does not apply to any amount if interest is required to be paid on the amount or if there is any penalty for failure to timely pay the amount. See Regulations section 1.448-3 for more information on the nonaccrual experience method, including information on safe harbor methods.

For information on a book safe harbor method of accounting for corporations that use the nonaccrual experience method of accounting, see Rev. Proc. 2011-46, 2011-42 I.R.B. 518 available at [IRS.gov/irb/2011-42_IRB#RP-2011-46](https://www.irs.gov/irb/2011-42_IRB#RP-2011-46), or any successor. Also, see the Instructions for Form 3115 for procedures to obtain automatic consent to change to this method or make certain changes within this method.

Corporations that qualify to use the nonaccrual experience method should attach a statement to its return showing total gross receipts, the amount not accrued because of the application of section 448(d)(5), and the net amount accrued. Enter the net amount on line 1a.

Line 1b. Returns and allowances. Enter cash and credit refunds the corporation made to customers for returned merchandise, rebates, and other allowances made on gross receipts or sales.

Line 2. Cost of Goods Sold

Complete and attach Form 1125-A, Cost of Goods Sold, if applicable. Enter on Form 1120, line 2, the amount from Form 1125-A, line 8. See Form 1125-A and its instructions.

Line 4. Dividends and Inclusions

See the instructions for Schedule C, later. Complete Schedule C and enter on line 4 the amount from Schedule C, line 23, column (a).

Line 5. Interest

Enter taxable interest on U.S. obligations and on loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc. Do not offset interest expense against interest income. Special rules apply to interest income from certain below-market-rate loans. See section 7872 for details.

Note. Report tax-exempt interest on Schedule K, item 9. Also, if required, include the same amount on Schedule M-1, line 7, or Schedule M-3 (Form 1120), Part II, line 13, if applicable.

Line 6. Gross Rents

Enter the gross amount received for the rental of property. Deduct expenses such as repairs, interest, taxes, and depreciation on the proper lines for deductions. A rental activity held by a closely held corporation or a personal service corporation may be subject to the passive activity loss rules. See *Passive activity limitations*, later.

Line 10. Other Income

Enter any other taxable income not reported on lines 1 through 9. List the type and amount of income on an attached statement. If the corporation has only one item of other income, describe it in parentheses on line 10.

Examples of other income to report on line 10 include the following.

- Recoveries of bad debts deducted in prior years under the specific charge-off method.
- Any amount includible in income from Form 6478, Biofuel Producer Credit.
- Any amount includible in income from Form 8864, Biodiesel, Renewable Diesel, or Sustainable Aviation Fuels Credit.
- Refunds of taxes deducted in prior years to the extent they reduced the amount of tax imposed. See section

111 and the related regulations. Do not offset current-year taxes against tax refunds.

- Ordinary income from trade or business activities of a partnership (from Schedule K-1 (Form 1065)). Do not offset ordinary losses against ordinary income. Instead, include the losses on line 26. Show the partnership's name, address, and EIN on a separate statement attached to this return. If the amount entered is from more than one partnership, identify the amount from each partnership.
- The transferred loss amount identified as "Section 91 Transferred Loss Amount," which is required to be recognized when substantially all the assets of a foreign branch are transferred to a specified 10% owned foreign corporation (as defined in

section 245A(b)) with respect to which the corporation was a U.S. shareholder immediately after the transfer. See section 91.

- Any LIFO recapture amount under section 1363(d). The corporation may have to include a LIFO recapture amount in income if it:
 1. Used the LIFO inventory method for its last tax year before the first tax year for which it elected to become an S corporation, or
 2. Transferred LIFO inventory assets to an S corporation in a nonrecognition transaction in which those assets were transferred basis property.

The LIFO recapture amount is the amount by which the C corporation's inventory under the FIFO method exceeds the inventory amount under the LIFO method at the close of the corporation's last tax year as a C corporation

(or for the year of the transfer, if (2) above applies). Also, see the instructions for Schedule J, Part I, line 11.

- The ratable portion of any net positive section 481(a) adjustment. See Section 481(a) adjustment, earlier.
- Part or all of the proceeds received from certain corporate-owned life insurance contracts issued after August 17, 2006. Corporations that own one or more employer-owned life insurance contracts issued after this date must file Form 8925, Report of Employer-Owned Life Insurance Contracts. See Form 8925.
- Income from cancellation of debt (COD) from the repurchase of a debt instrument for less than its adjusted issue price.
- The corporation's share of the following income from Form 8621,

Information Return by a Shareholder
of a Passive Foreign Investment
Company or Qualified Electing Fund.

1. Ordinary earnings of a qualified electing fund.
2. Gain or loss from marking passive foreign investment company (PFIC) stock to market.
3. Gain or loss from sale or other disposition of section 1296 stock.
4. Excess distributions from a section 1291 fund allocated to the current year and pre-PFIC years, if any.