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If you have any comments on this draft, you can submit them to us on our IRS.gov page titled Comment on Forms and Publications, where you may make comments anonymously if you wish. You can also email us at taxforms@irs.gov. Please include the form or publication number in the subject. We cannot respond to all comments due to the high volume we receive, but we will carefully consider each suggestion. Please note that we may not be able to consider many suggestions until the subsequent revision of the product.

Form **8916-A**

Department of the Treasury
Internal Revenue Service

Supplemental Attachment to Schedule M-3

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.
▶ Information about Form 8916-A and its instructions is at *www.irs.gov/form1120*.

OMB No. 1545-2061

2012

Name of common parent | **Employer identification number**

Name of subsidiary | **Employer identification number**

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Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions				
2 Amounts attributable to:				
a Stock option expense				
b Other equity based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Section 198 environmental remediation costs				
j Amortization				
k Depletion				
l Depreciation				
m Corporate owned life insurance premiums				
n Other section 263A costs				
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach schedule)				
7 Other items with no differences				
8 **Total cost of goods sold.** Add lines 1 through 7, in columns a, b, c, and d				

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income				
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4a	Intercompany interest income — From outside tax affiliated group				
4b	Intercompany interest income — From tax affiliated group				
5	Other interest income				
6	Total interest income. Add lines 1 through 5. Enter total on Schedule M-3 (Forms 1120, 1120-PC, and 1120-L), Part II, line 13 or Schedule M-3 (Forms 1065 and 1120S) Part II, line 11.				

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Part III Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3a	Intercompany interest expense — Paid to outside tax affiliated group				
3b	Intercompany interest expense — Paid to tax affiliated group				
4	Other interest expense				
5	Total interest expense. Add lines 1 through 4. Enter total on Schedule M-3 (Form 1120) Part III, line 8; Schedule M-3 (Forms 1120-PC and 1120-L), Part III, line 36; Schedule M-3 (Form 1065) Part III, line 27; or Schedule M-3 (Form 1120S) Part III, line 26.				

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

Future Developments

For the latest information about developments related to Form 8916-A and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/form1120*.

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General Instructions

Purpose of Form

Use Form 8916-A to provide a detailed schedule of the amounts reported on the applicable Schedule M-3 for cost of goods sold, interest income and interest expense.

Who Must File

Form 8916-A must be filed for each separate entity required to file a Schedule M-3 for Form 1065, Form 1065-B, Form 1120, Form 1120-C, Form 1120-L, Form 1120-PC, or Form 1120S.

Consolidated groups. In the case of a consolidated tax group, a Form 8916-A must be filed as part of the Schedules M-3 prepared for the parent company, each subsidiary, the eliminations Schedule M-3, and the consolidated Schedule M-3. It is not required that the supporting detail for Form 8916-A, Part I, line 6, be presented for the eliminations Schedule M-3 or the consolidated Schedule M-3.

Mixed groups. In the case of a mixed group (as described in the instructions for Schedule M-3 for Form 1120, Form 1120-L, and 1120-PC), a Form 8916-A, if applicable, is required at the sub-consolidated level and the sub-consolidated elimination level.

How To File

Attach Form 8916-A to each applicable separate Schedule M-3.

Specific Instructions

A corporation is not required to complete columns (a) and (d) if the corporation is not required to complete these columns on Schedule M-3. See the instructions for Parts II and III of the applicable Schedule M-3.

Columns (b) and (c) must be completed for any tax year for which the corporation files Form 8916-A.

Part I. Cost of Goods Sold

Line 1

Report differences attributable to cost flow assumptions, for example, differences between book and tax LIFO computations. Generally, differences in the LIFO reserves for book and tax purposes should be reported on this line.

Line 2n

Report differences attributable to section 263A. For example, if book inventory costs do not equal section 471 inventory costs, report differences between section 471 inventory costs and section 263A inventory costs. This includes all cost of goods sold differences, not just differences attributable to additional section 263A cost adjustments to ending inventory. LIFO taxpayers using the simplified production method or the simplified resale method should report the amount of additional section 263A costs computed after LIFO computations. LIFO taxpayers not using a simplified section 263A method should report costs attributable to additional section 263A prior to performing LIFO computation. Differences due to purchasing, and storage and handling costs, should generally be reported on line 2n (to the extent not already included in lines 2a through 2m). Report the additional section 263A cost adjustments to ending inventory on line 2n (and the reversal of the prior year ending inventory, if applicable).

Lines 4 and 5

If the taxpayer does not distinguish between obsolescence and excess inventory reserves and lower of cost or market write-downs in its general ledger, report all amounts relating to these reserves on line 4 for excess inventory and obsolescence reserves.

Line 6

Attach a schedule that separately states and adequately discloses the nature and amount of each expense reported on this line. See the instructions for the applicable Schedule M-3 for a definition of "separately stated and adequately disclosed." It is not required that the supporting detail for Form 8916-A, Part I, line 6, be presented for the eliminations Schedule M-3 or the consolidated Schedule M-3. Report differences between book inventory costs and section 471 inventory costs on this line.

Line 7

Report all other items with no differences on this line. For example, if book inventory costs equal section 471 inventory costs, this line should report total book inventory and section 471 inventory costs without regard to amounts reported on lines 1 through 5.

Line 8

Line 8 should equal the amount reported on the applicable Schedule M-3 (Form 1120), Part II, line 17; Schedule M-3 (Form 1120S), Part II, line 15; or Schedule M-3 (Form 1065), Part II, line 15.

Part II. Interest Income

Line 1

Report on line 1, column (a), tax-exempt interest income defined under section 103. Complete columns (b) and (c), as applicable.

Line 2

Report on line 2, column (a), the total amount of interest income included on Schedule M-3, Part I, line 11, from hybrid securities characterized as debt for financial accounting and as equity for tax purposes. Report on line 2, column (d), the total amount of interest income from hybrid securities characterized as equity for financial accounting and as debt for tax purposes. Complete columns (b) and (c), as applicable. Report interest income from a debt that is both a hybrid debt and a related party debt on line 2 and not on line 4a or 4b.

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Line 3

Report on line 3, column (a), the total interest income from periodic payments from transactions characterized as a lease for financial accounting and as a sale for tax purposes. Report on line 3, column (d), the total interest income from periodic payments from transactions characterized as a sale for financial accounting and as a lease for tax purposes. Complete columns (b) and (c), as applicable. See the instructions for sale versus lease for Schedule M-3, Part II, line 18 (Forms 1120 and 1120-L), line 17 (Form 1120-PC), or line 16 (Forms 1120S and 1065).

Line 4a

Report on line 4a total intercompany interest income from an entity included on Schedule M-3, Part I, line 4 but not included on Schedule M-3, Part I, line 11. Report hybrid security interest income on line 2 and sale/lease interest income on line 3 and not on line 4a.

Line 4b

Report on line 4b total intercompany interest income from an entity within the tax affiliated group. Report hybrid security interest income on line 2 and sale/lease interest income on line 3 and not on line 4b.

Note. Report interest income from a debt that is both a hybrid debt and a related party debt on line 2 and not on line 4a or 4b.

Line 5

Report on line 5 total interest income not required to be reported on lines 1 through 4b.

Line 6

Line 6 must equal the amount for all columns reported on the applicable Schedule M-3, Part II, line 13 (Forms 1120, 1120-L, and 1120-PC) or line 11 (Forms 1120S and 1065).

Part III. Interest Expense

Line 1

Report on line 1, column (a), total interest expense from hybrid securities characterized as debt for financial accounting and as equity for tax purposes. Report on line 1, column (d), total interest expense from hybrid securities characterized as equity for financial accounting and as debt for tax purposes. Complete columns (b) and (c), as applicable. Report interest expense from a debt that is both a hybrid debt and a related party debt on line 1 and not on line 3a or 3b.

Line 2

Report on line 2, column (a), total interest expense from periodic payments from transactions characterized as a lease for financial accounting and as a purchase for tax purposes. Report on line 2, column (d), total interest expense from periodic payments from transactions characterized as a purchase for financial accounting and as a lease for tax purposes. Complete columns (b) and (c), as applicable. See the instructions for Schedule M-3, Part III, line 34 (Form 1120), line 35 (Forms 1120-L and 1120-PC), or line 28 (Forms 1120S and 1065).

Line 3a

Report on line 3a total intercompany interest expense included on Schedule M-3, Part I, line 4 but not included on Schedule M-3, Part I, line 11. Report hybrid security interest expense or deduction on line 1 and purchase/lease interest expense or deduction on line 2 and not on line 3a.

Line 3b

Report on line 3b total intercompany interest expense to an entity within the tax affiliated group. Report hybrid security interest expense or deduction on line 1 and purchase/lease interest expense or deduction on line 2 and not on line 3b.

Note. Report interest expense from a debt that is both a hybrid debt and a related party debt on line 1 and not on line 3a or 3b.

Line 4

Report on line 4 total interest expense not required to be reported on lines 1 through 3b.

Line 5

Line 5 must equal the amounts for all columns reported on the applicable Schedule M-3 (Form 1120), Part III, line 8; Schedule M-3 (Forms 1120-PC and 1120-L), Part III, line 36; Schedule M-3 (Form 1065), Part III, line 27; or Schedule M-3 (Form 1120S), Part III, line 26.

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You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping . . . . . 30 hr., 51 min.

Learning about the law or the form . . . . . 30 min.

Preparing, copying, assembling, and sending the form to the IRS . . . . . 1 hr., 1 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.