

Step 3 (cont.) Adjusted U.S. Booked Liabilities Method: Regulations Section 1.882-5(d)

If line 7c is greater than line 8, column (c), complete lines 10 through 13 below and skip lines 14a and 14b.
 If line 7c is less than or equal to line 8, column (c), skip lines 10 through 13 and complete lines 14a and 14b.

10	If the corporation is a foreign bank which is making a current-year election to use the published average 30-day LIBOR (see instructions), check the box on this line, skip lines 10a through 10c, and enter the rate on line 10d <input type="checkbox"/>				
a	Total interest paid or accrued during the tax year on U.S. dollar liabilities that are not U.S. booked liabilities included on line 8	10a			
b	Average U.S. dollar denominated liabilities that are not U.S. booked liabilities included on line 8	10b			
c	Divide line 10a by line 10b	10c		%	
d	Enter the 30-day LIBOR rate, if elected under Temp. Regs. sec. 1.882-5T(d)(5)(ii)(B)	10d		%	
e	Enter the rate from line 10c or, if elected, the 30-day LIBOR rate on line 10d	10e		%	
11	Excess U.S.-connected liabilities. Subtract line 8 from line 7c	11			
12	Excess interest. Multiply line 10e by line 11	12			
13	Add lines 9, column (c) and 12	13			
14a	Scaling ratio. Divide line 7c by line 8, column (c)	14a		%	
b	Multiply line 9, column (c) by line 14a. See instructions for hedging amounts	14b			
15	Interest expense allocable to ECI under the adjusted U.S. booked liabilities method. Enter the result from line 13 or line 14b here and on line 21	15			

Step 3 (cont.) Separate Currency Pools Method: Regulations Section 1.882-5(e)

	(a) U.S. Dollar Denominated	(b) Home Country Currency. Specify:	(c) Other Currency. Specify:	(d) Other Currency. Specify:
16a	U.S. assets. Enter the corporation's U.S. assets, using the methodology in Regs. sec. 1.882-5(e)(1)(i). If more columns are needed, attach schedule (see instructions)			
b	Check here if a less than 3% currency election was made <input type="checkbox"/>			
17a	Enter the percentage from line 6e	%	%	%
b	U.S.-connected liabilities. Multiply line 16a by line 17a, or, if a liability reduction election is made, see instructions			
18a	Enter the total interest expense paid or accrued for the tax year with respect to the foreign corporation's worldwide liabilities denominated in that foreign currency (enter in functional currency)			
b	Enter the corporation's average worldwide liabilities (whether interest bearing or not) denominated in that foreign currency (enter in functional currency)			
c	Borrowing rate: Divide line 18a by line 18b	%	%	%
19	Interest expense allocation by separate currency pool. Multiply line 17b by line 18c			
20	Interest expense allocable to ECI under the separate currency pools method. Total the amounts on line 19, columns (a) through (d), and amounts from attached schedule, if any, and enter the result here and on line 21			

SUMMARY—Interest Expense Allocation and Deduction under Regulations Section 1.882-5

21	Amount from line 15 or line 20, as applicable	21			
22	Enter the corporation's interest expense directly allocable under Temp. Regs. sec. 1.882-5T(a)(1)(ii). (Include total from Schedule P, line 14b.)	22			
23	Interest expense allocable to ECI under Regs. sec. 1.882-5. Add lines 21 and 22	23			
24a	Amount of line 23 that is disallowed as a deduction under section 265 or under an income tax treaty (attach schedule—see instructions)	24a	()	
b	Deferred interest expense under section 163(e)(3), 163(j), or 267(a)(3) (attach schedule—see instructions)	24b			
c	Amount of line 23 that is capitalized under section 263A (attach schedule—see instructions)	24c	()	
d	Combine lines 24a through 24c	24d			
25	Total interest expense deduction under Regs. sec. 1.882-5. Combine lines 23 and 24d and enter here and on Form 1120F, Section II, line 18. The amount entered on line 25 may not exceed the total interest expense paid or accrued by the foreign corporation	25			