Part III Changes in Stock Holdings During the Tax Year

Corp. No.	Name of corporation	Share-holder of Corpora-tion No.	Date of transaction	(a) Changes		(b) Shares held after changes described in column (a)	
				Number of shares acquired	Number of shares disposed of	Percent of voting power	Percent of value
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%

(c) If any transaction listed above caused a transfer of a share of subsidiary stock (defined to include dispositions and deconsolidations), did the share's basis exceed its value at the time of the transfer? See instructions . . . . . ☐ Yes ☐ No

(d) Did any share of subsidiary stock become worthless within the meaning of section 165 (taking into account the provisions of Regulations section 1.1502-80(c)) during the taxable year? See instructions . . . . ☐ Yes ☐ No

(e) If the equitable owners of any capital stock shown above were other than the holders of record, provide details of the changes.

(f) If additional stock was issued, or if any stock was retired during the year, list the dates and amounts of these transactions.

Part IV Additional Stock Information (see instructions)

1 During the tax year, did the corporation have more than one class of stock outstanding? . . . . . ☐ Yes ☐ No

If "Yes," enter the name of the corporation and list and describe each class of stock.

Corp. No.	Name of corporation	Class of stock

2 During the tax year, was there any member of the consolidated group that reaffiliated within 60 months of disaffiliation? . . . . . ☐ Yes ☐ No

If "Yes," enter the name of the corporation(s) and explain the circumstances.

Corp. No.	Name of corporation	Explanation

3 During the tax year, was there any arrangement in existence by which one or more persons that were not members of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation, other than a de minimis amount, from the corporation or another member of the affiliated group? . . . . . ☐ Yes ☐ No

If "Yes," enter the name of the corporation and see the instructions for the percentages to enter in columns (a), (b), and (c).

Corp. No.	Name of corporation	(a) Percent of value	(b) Percent of outstanding voting stock	(c) Percent of voting power
		%	%	%
		%	%	%
		%	%	%
		%	%	%

Corp. No.	(d) Provide a description of any arrangement.

Instructions

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

Purpose of Form

Use Form 851 to:

1. Identify the common parent corporation and each member of the affiliated group;
2. Report the amount of overpayment credits, estimated tax payments, and tax deposits attributable to each corporation; and
3. Determine that each subsidiary corporation qualifies as a member of the affiliated group.

Who Must File

The parent corporation must file Form 851 for itself and for corporations in the affiliated group. File Form 851 by attaching it to the consolidated tax return for the group.

Affiliated Group

An affiliated group is one or more chains of includible corporations connected through stock ownership with a common parent corporation. See sections 1504(a) and (b). The common parent must be an includible corporation and the following requirements must be met.

1. The common parent must own directly stock that represents at least 80% of the total voting power and at least 80% of the total value of the stock of at least one of the other includible corporations.

2. Stock that represents at least 80% of the total voting power, and at least 80% of the total value of the stock of each of the other corporations (except for the common parent) must be owned directly by one or more of the other includible corporations.

For this purpose, the term “stock” generally does not include any stock that:

1. Is nonvoting,
2. Is nonconvertible,
3. Is limited and preferred as to dividends and does not participate significantly in corporate growth, and
4. Has redemption and liquidation rights that do not exceed the issue price of the stock (except for a reasonable redemption or liquidation premium).

Address

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.

Corporation Numbers

When listing information in Parts II, III, and IV, use the same number for the common parent corporation and for each subsidiary corporation as the number listed in Part I.

Part I

Portion of overpayment credits and estimated tax payments. Enter for the common parent corporation and for each subsidiary corporation the amount of:

- Overpayments of tax from the prior tax year that each corporation elected to credit to the current year’s tax, and
- Estimated tax payments made by each corporation.

The total must be the same as the amounts entered on the lines for overpayments and estimated tax payments on the consolidated income tax return.

Tax deposited with Form 7004. Enter for the common parent the tax deposited with Form 7004, Application for Automatic 6-Month Extension of Time To File Certain Business, Income Tax, Information, and other Returns, that is attributable to each corporation. The total must be the same as the amount entered on the “Tax deposited with Form 7004” line on the consolidated income tax return.

Part II

Principal Business Activity (PBA) and PBA Code No. Enter the PBA and the PBA code number for the common parent corporation and for each subsidiary corporation. Use the activity for the specific industry group from which the largest percentage of each corporation’s total receipts is based.

A list of the PBAs and code numbers is located in the Instructions for Form 1120.

Nondividend distributions. Nondividend distributions are any distributions (other than stock dividends and distributions in exchange for stock) made to shareholders during the tax year for which the consolidated tax return is filed that were in excess of the corporation’s current and accumulated earnings and profits. See sections 301 and 316 and Form 5452, Corporate Report of Nondividend Distributions.

Part III

Question (c). For this purpose, the term “transfer” includes transactions in which (1) a shareholder-member ceases to own a share of subsidiary stock in a transaction in which the shareholder-member recognizes income, gain, deduction, or loss on the stock; (2) a shareholder-member and the subsidiary cease to be members of the same consolidated group; and (3) a non-member acquires the share from a member. If any type of transfer occurs and the share's basis would otherwise exceed its value at the time of the transfer, certain adjustments to members' bases in shares of the subsidiary's stock and to the subsidiary's attributes may be required. See Regulations section 1.1502-36.

Question (d). If a share of subsidiary stock becomes worthless within the meaning of section 165 (taking into account the provisions of Regulations section 1.1502-80(c)) during the group's taxable year, certain adjustments to shareholder-members' bases in shares of the subsidiary's stock and/or to the subsidiary's attributes may be required. See Regulations sections 1.1502-19 (b)(1)(iv) (if the basis of the share is equal to or less than zero) and 1.1502-36 (if the basis of the share is greater than zero).

Item (e). The term “equitable owners” of stock means those that essentially have all the rights to enjoy the benefits of stock ownership without actually holding the stock, e.g., beneficiary of a trust.

Part IV

Question 1. For purposes of question 1 only, disregard certain preferred stock as described in section 1504(a)(4).

Question 3. The term “arrangement” includes, but is not limited to, phantom stock, stock appreciation rights, an option, warrant, conversion feature, or similar arrangements.

Item 3a. Show the percentage of the value of the outstanding stock that the person(s) could acquire.

Item 3b. If the arrangement was associated with voting stock, show the percentage of outstanding voting stock that the person(s) could acquire.

Item 3c. If the arrangement was associated with the acquisition of voting power without the acquisition of the related stock, show the percentage of voting power that the person(s) could acquire.

Item 3d. Give a brief description of any arrangement (defined above) by which a person that is not a member of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation.

Paperwork Reduction

Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

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	10 hr., 45 min.
Learning about the law or the form	53 min.
Preparing and sending the form to the IRS	1 hr., 6 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.