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Early releases of draft forms and instructions are at IRS.gov/draftforms. Please note that drafts may remain on IRS.gov even after the final release is posted at IRS.gov/downloadforms, and thus may not be removed until there is a new draft for the subsequent revision. All information about all revisions of all forms, instructions, and publications is at IRS.gov/formspubs.

Almost every form and publication also has its own easily accessible information page on IRS.gov. For example, the Form 1040 page is at IRS.gov/form1040; the Form W-2 page is at IRS.gov/w2; the Publication 17 page is at IRS.gov/pub17; the Form W-4 page is at IRS.gov/w4; the Form 8863 page is at IRS.gov/form8863; and the Schedule A (Form 1040) page is at IRS.gov/schedulea. If typing in the links above instead of clicking on them: type the link into the address bar of your browser, not in a Search box; the text after the slash must be lowercase; and your browser may require the link to begin with “www.”. Note that these are shortcut links that will automatically go to the actual link for the page.

If you wish, you can submit comments about draft or final forms, instructions, or publications on the Comment on Tax Forms and Publications page on IRS.gov. We cannot respond to all comments due to the high volume we receive, but we will carefully consider each one. Please note that we may not be able to consider many suggestions until the subsequent revision of the product.

Instructions for Form 5472

(Rev. December 2014)

Department of the Treasury
Internal Revenue Service

Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business

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

Future Developments

For the latest information about developments related to Form 5472 and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/form5472*.

General Instructions

Purpose of Form

Use Form 5472 to provide information required under sections 6038A and 6038C when reportable transactions occur during the tax year of a reporting corporation with a foreign or domestic related party.

Definitions

Reporting corporation. A reporting corporation is either:

- A 25% foreign-owned U.S. corporation, or
- A foreign corporation engaged in a trade or business within the United States.

25% foreign owned. A corporation is 25% foreign owned if it has at least one direct or indirect 25% foreign shareholder at any time during the tax year.

25% foreign shareholder. Generally, a foreign person (defined later) is a 25% foreign shareholder if the person owns, directly or indirectly, at least 25% of either:

- The total voting power of all classes of stock entitled to vote, or
- The total value of all classes of stock of the corporation.

The constructive ownership rules of section 318 apply with the following modifications to determine if a corporation is 25% foreign owned. Substitute "10%" for "50%" in section 318(a)(2)(C). Do not apply sections 318(a)(3)(A), (B), and (C) so as to consider a U.S. person as owning stock that is owned by a foreign person.

Related party. A related party is:

- Any direct or indirect 25% foreign shareholder of the reporting corporation,
- Any person who is related (within the meaning of section 267(b) or 707(b)(1)) to the reporting corporation,
- Any person who is related (within the meaning of section 267(b) or 707(b)(1)) to a 25% foreign shareholder of the reporting corporation, or
- Any other person who is related to the reporting corporation within the meaning of section 482 and the related regulations.

"Related party" does not include any corporation filing a consolidated Federal income tax return with the reporting corporation.

The rules in section 318 apply to the definition of related party with the modifications listed under the definition of *25% foreign shareholder*, above.

Reportable transaction. A reportable transaction is:

- Any type of transaction listed in Part IV (e.g., sales, rents, etc.) for which monetary consideration (including U.S. and foreign currency) was the sole consideration paid or received during the reporting corporation's tax year, or
- Any transaction or group of transactions listed in Part IV, if:

1. Any part of the consideration paid or received was not monetary consideration, or
2. Less than full consideration was paid or received.

Transactions with a U.S. related party, however, are not required to be specifically identified in Parts IV and V.

Direct 25% foreign shareholder. A foreign person is a direct 25% foreign shareholder if it owns directly at least 25% of the stock of the reporting corporation by vote or value.

Ultimate indirect 25% foreign shareholder. An ultimate indirect 25% foreign shareholder is a 25% foreign shareholder whose ownership of stock of the reporting corporation is not attributed (under the principles of section 958(a)(1) and (2)) to any other 25% foreign shareholder. See Rev. Proc. 91-55, 1991-2 C.B. 784.

Foreign person. A foreign person is:

- An individual who is not a citizen or resident of the United States,
- An individual who is a citizen or resident of a U.S. possession who is not otherwise a citizen or resident of the United States,
- Any partnership, association, company, or corporation that is not created or organized in the United States,
- Any foreign estate or foreign trust described in section 7701(a)(31), or
- Any foreign government (or agency or instrumentality thereof) to the extent that the foreign government is engaged in the conduct of a commercial activity as defined in section 892.

However, the term "foreign person" does not include any foreign person who consents to the filing of a joint income tax return.

Who Must File

Generally, a reporting corporation must file Form 5472 if it had a reportable transaction with a foreign or domestic related party.

Exceptions from filing. A reporting corporation is not required to file Form 5472 if any of the following apply:

1. It had no reportable transactions of the types listed in Parts IV and V of the form.
2. A U.S. person that controls the foreign related corporation files Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, for the tax year to report information under section 6038. To qualify for this exception, the U.S. person must complete Schedule M (Form 5471) showing all reportable transactions between the reporting corporation and the related party for the tax year.
3. The related corporation qualifies as a foreign sales corporation for the tax year and files Form 1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation.
4. It is a foreign corporation that does not have a permanent establishment in the United States under an applicable income tax treaty and timely files Form 8833, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b).
5. It is a foreign corporation all of whose gross income is exempt from taxation under section 883 and it timely and fully complies with the reporting requirements of sections 883 and 887.
6. Both the reporting corporation and the related party are not U.S. persons as defined in section 7701(a)(30) and the transactions will not generate in any tax year:

- Gross income from sources within the United States or income effectively connected, or treated as effectively connected, with the conduct of a trade or business within the United States, or

- Any expense, loss, or other deduction that is allocable or apportionable to such income.

Consolidated returns. If a reporting corporation is a member of an affiliated group filing a consolidated income tax return, Regulations section 1.6038A-2 may be satisfied by filing a U.S. consolidated Form 5472. The common parent must attach to Form 5472 a schedule stating which members of the U.S. affiliated group are reporting corporations under section 6038A, and which of those members are joining in the consolidated filing of Form 5472. The schedule must show the name, address, and employer identification number of each member who is including transactions on the consolidated Form 5472.

Note. A member is not required to join in filing a consolidated Form 5472 just because the other members of the group choose to file one or more Forms 5472 on a consolidated basis.

When and Where To File

Attach Form 5472 to the reporting corporation's income tax return. If the reporting corporation's income tax return is not filed when due, file a timely Form 5472 separately with the service center where the reporting corporation's income tax return is due. When the reporting corporation's tax return is filed, attach a copy of the previously filed Form 5472.

Note. A separate Form 5472 must be filed for each foreign or domestic related party with which the reporting corporation had a reportable transaction during the tax year.

Electronic Filing of Form 5472

If you file your income tax return electronically, see the instructions for your income tax return for general information about electronic filing.

Accrued Payments and Receipts

A reporting corporation that uses an accrual method of accounting must use accrued payments and accrued receipts for purposes of computing the total amount to enter on each line of the Form 5472. See Regulations section 1.6038A-2(b)(8).

Penalties

Penalties for failure to file Form 5472. A penalty of $10,000 will be assessed on any reporting corporation that fails to file Form 5472 when due and in the manner prescribed. The penalty also applies for failure to maintain records as required by Regulations section 1.6038A-3.

Note. Filing a substantially incomplete Form 5472 constitutes a failure to file Form 5472.

Each member of a group of corporations filing a consolidated information return is a separate reporting corporation subject to a separate $10,000 penalty and each member is jointly and severally liable.

If the failure continues for more than 90 days after notification by the IRS, an additional penalty of $10,000 will apply. This penalty applies with respect to each related party for which a failure occurs for each 30-day period (or part of a 30-day period) during which the failure continues after the 90-day period ends.

Criminal penalties under sections 7203, 7206, and 7207 may also apply for failure to submit information or for filing false or fraudulent information.

Record Maintenance Requirements

A reporting corporation must keep the permanent books of account or records as required by section 6001. These books must be sufficient to establish the correctness of the reporting corporation's Federal income tax return, including information or records that might be relevant to determine the correct treatment of transactions with related parties. See Regulations section 1.6038A-3 for more detailed information. Also, see Regulations sections 1.6038A-1(h) and 1.6038A-1(i) for special rules that apply to small corporations and reporting corporations with related party transactions of de minimis value.

Specific Instructions

Part I

Line 1a. 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.

Foreign address. Enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code, if any. Do not abbreviate the country name.

Line 1c. Total assets. Domestic reporting corporations enter the total assets from item D, page 1, Form 1120. Foreign reporting corporations enter the amount from line 17, column (d), Schedule L, Form 1120-F.

Lines 1d and 1e. Enter a description of the principal business activity and enter the principal business activity code. See the instructions for Form 1120 or Form 1120-F for a list of principal business activities and their associated codes.

Line 1f. Enter the total value in U.S. dollars of all foreign related party transactions reported in Parts IV and V of **this** Form 5472. This is the total of the amounts entered on lines 13 and 26 of Part IV plus the fair market value of the nonmonetary and less-than-full consideration transactions reported in Part V. Do **not** complete line 1f if the reportable transaction is with a U.S. related party.

Line 1g. File a separate Form 5472 for each foreign or each U.S. person who is a related party with which the reporting corporation had a reportable transaction. Enter the total number of Forms 5472 (including this one) being filed for the tax year.

Line 1h. Enter the total value in U.S. dollars of all foreign related party transactions reported in Parts IV and V of **all** Forms 5472 filed for the tax year. This is the total of the amounts entered on line 1f of **all** Forms 5472 filed for the tax year (including this one).

Line 1I. Provide the principal country(ies) where business is conducted. **Do not** include a country(ies) in which business is conducted solely through a subsidiary. **Do not** enter "worldwide" instead of listing the country(ies). These rules also apply to lines 2c, 3c, 4c, Part II, and line 1f, Part III.

Line 2. For purposes of this line:
- "Foreign person" has the same meaning as provided earlier under *Definitions*.
- 50% direct or indirect ownership is determined by applying the constructive ownership rules of section 318 with the modifications listed under the definition of 25% foreign shareholder, earlier.

Part II

Note. *Only 25% foreign-owned U.S. corporations complete Part II.*

The form provides sufficient space to report information for two direct 25% foreign shareholders and two ultimate indirect 25% foreign shareholders. If more space is needed, show the information requested in Part II on an attached sheet.

Report on lines 1a through 1e information about the direct 25% foreign shareholder who owns (by vote or value) the largest percentage of the stock of the U.S. reporting corporation.

Report on lines 2a through 2e information about the direct 25% foreign shareholder who owns (by vote or value) the second-largest percentage of the stock of the U.S. reporting corporation.

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Report on lines 3a through 3e information about the ultimate indirect 25% foreign shareholder who owns (by vote or value) the largest percentage of the stock of the U.S. reporting corporation.

Report on lines 4a through 4e information about the ultimate indirect 25% foreign shareholder who owns (by vote or value) the second-largest percentage of the stock of the U.S. reporting corporation.

Lines 1b(1), 2(b)(1), 3(b)(1), and 4(b)(1). For each 25% foreign shareholder listed in Part II, enter the shareholder's U.S. identifying number, if any. Individuals should enter a social security number or a taxpayer identification number issued by the IRS. All other entities should enter an employer identification number.

Lines 1b(2), 2(b)(2), 3(b)(2), and 4(b)(2). For each 25% foreign shareholder listed in Part II, enter the shareholder's reference ID number, if required. A reference ID number is required only in cases where no U.S. identifying number was entered for the shareholder on the preceding line (line 1b(1), 2b(1), 3b(1), or 4b(1)). However, filers are permitted to enter both an EIN and a reference ID number. If applicable, enter the reference ID number (defined below) you have assigned to the 25% foreign shareholder.

Reference ID number. A reference ID number is a number established by or on behalf of the reporting corporation identified in Part I that is assigned to 25% foreign shareholders and/or related foreign parties with respect to which Form 5472 reporting is required. These numbers are used to uniquely identify the 25% foreign shareholder or related foreign party in order to keep track of such foreign person from tax year to tax year. The reference ID number must meet the requirements set forth below.

Note. Because reference ID numbers are established by or on behalf of the reporting corporation filing Form 5472, there is no need to apply to the IRS to request a reference ID number or for permission to use these numbers.

Requirements. The reference ID number that is entered 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.

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

The same reference ID number must be used consistently from tax year to tax year with respect to a given 25% foreign shareholder or related foreign party. If for any reason a reference ID number falls out of use (for example, the 25% foreign shareholder or related foreign party no longer exists due to disposition or liquidation), the reference ID number used for such foreign person cannot be used again for another 25% foreign shareholder or related foreign party for purposes of Form 5472 reporting.

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 25% foreign shareholder or related foreign party. For example:

- In the case of a merger or acquisition involving a 25% foreign shareholder or related foreign party, a Form 5472 filer must use a reference ID number which correlates the previous reference ID number with the new reference ID number assigned to the 25% foreign shareholder or related foreign party.
- In the case of an entity classification election that is made on behalf of a 25% foreign shareholder or related foreign party on Form 8832, Regulations section 301.6109-1(b)(2)(v) requires the 25% foreign shareholder or related foreign party to have an EIN for this election. For the first tax year that Form 5472 is filed after an entity classification election is made on behalf of the 25% foreign shareholder or related foreign party on Form 8832, the new EIN must be entered in the applicable entry space in Part II or Part III and the old reference ID number must be entered in the applicable entry space just below. In subsequent years, the Form 5472 filer may continue to enter both the EIN and the reference ID number, but must enter at least the EIN.

You must correlate the reference ID numbers as follows: New reference ID number [space] Old reference ID number. 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.

Lines 3a through 3e and lines 4a through 4e. Attach an explanation of the attribution of ownership. See Rev. Proc. 91-55 and Regulations section 1.6038A-1(e).

Part III

All filers must complete Part III even if the related party has been identified in Part II as a 25% foreign shareholder. Report in Part III information about the related party (domestic or foreign) with which the reporting corporation had reportable transactions during the tax year.

Line 1b(1). Enter the related party's U.S. identifying number, if any. Individuals should enter a social security number or a taxpayer identification number issued by the IRS. All other entities should enter an employer identification number.

Line 1b(2). If the related party is a foreign person, enter the related party's reference ID number, if required. A reference ID number is required only in cases where no U.S. identifying number was entered for the foreign related party on line 1b(1). However, filers are permitted to enter both an EIN and a reference ID number. If applicable, enter the reference ID number you have assigned to the foreign related party. See *Reference ID number*, earlier, for more information.

Part IV

Note. Do ***not*** complete Part IV for transactions with a domestic related party.

When completing Part IV or Part V, the terms "paid" and "received" include accrued payments and accrued receipts.

State all amounts in U.S. dollars and attach a schedule showing the exchange rates used.

If the related party transactions occur between a related party and a partnership that is, in whole or in part, owned by a reporting corporation, the reporting corporation reports only the percentage of the value of the transaction(s) equal to the percentage of its partnership interest. This rule does not apply if the reporting corporation owns a less-than-25% interest in the partnership. The rules of attribution apply when determining the reporting corporation's percentage of partnership interest.

Generally, all reportable transactions between the reporting corporation and a related foreign party must be entered in Part IV.

Reasonable estimates. When actual amounts are not determinable, enter reasonable estimates (see below) of the total dollar amount of each of the categories of transactions conducted between the reporting corporation and the related person in which monetary consideration (U.S. currency or foreign currency) was the sole consideration paid or received during the tax year of the reporting corporation.

A reasonable estimate is any amount reported on Form 5472 that is at least 75% but not more than 125% of the actual amount required to be reported.

Small amounts. If any actual amount in a transaction or a series of transactions

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between a foreign related party and the reporting corporation does not exceed a total of $50,000, the amount may be reported as "$50,000 or less."

Lines 3 and 16. Report on these lines platform contribution transaction payments received and paid by the reporting corporation (without giving effect to any netting of payments due and owed). See Regulations section 1.482-7(b)(1)(ii). The corporation is required to complete both lines only if the corporation provides a platform contribution to other controlled participants and is required to make platform contribution transaction payments to other controlled participants that provide a platform contribution to other controlled cost sharing arrangement participants.

Note. The term "platform contribution transaction" is not limited to transactions that occurred on or after January 5, 2009, or transactions that occur pursuant to a cost sharing arrangement that was not in effect before January 5, 2009. See Regulations sections 1.482-7(m)(1) and 2(i).

Lines 4 and 17. Report on these lines cost sharing transaction payments received and paid by the reporting corporation (without giving effect to any netting of payments due and owed). See Regulations section 1.482-7(b)(1)(i). The corporation is required to complete line 4 only if the corporation itself incurred intangible development costs. If the corporation does not itself incur intangible development costs, then it should only report cost sharing transaction payments made on line 17.

Note. The term "cost sharing transaction" is not limited to transactions that occurred on or after January 5, 2009, or transactions that occur pursuant to a cost sharing arrangement that was not in effect before January 5, 2009. See Regulations sections 1.482-7(m)(1) and 2(i).

Line 9. Amounts borrowed. Report amounts borrowed using either the outstanding balance method or the monthly average method. If the outstanding balance method is used, enter the beginning and ending outstanding balance for the tax year on lines 9a and 9b. If the monthly average method is used, skip line 9a and enter the monthly average for the tax year on line 9b.

Line 12. Other amounts received. Enter amounts received that are not specifically reported on lines 1 through 11. Include amounts on line 12 to the extent that these amounts are taken into account in determining the taxable income of the reporting corporation.

Line 22. Amounts loaned. Report amounts loaned using either the outstanding balance method or the monthly average method. If the outstanding balance method is used, enter the beginning and ending outstanding balance for the tax year on lines 22a and 22b. If the monthly average method is used, skip line 22a and enter the monthly average for the tax year on line 22b.

Line 25. Other amounts paid. Enter amounts paid that are not specifically reported on lines 14 through 24. Include amounts on line 25 to the extent that these amounts are taken into account in determining the taxable income of the reporting corporation.

Part V

Note. Do not complete Part V for transactions with a domestic related party.

If the related party is a foreign person, the reporting corporation must attach a schedule describing each reportable transaction, or group of reportable transactions. The description must include sufficient information so that the nature and approximate monetary value of the transaction or group of transactions can be determined. The schedule should include:

1. A description of all property (including monetary consideration), rights, or obligations transferred from the reporting corporation to the foreign related party and from the foreign related party to the reporting corporation;

2. A description of all services performed by the reporting corporation for the foreign related party and by the foreign related party for the reporting corporation; and

3. A reasonable estimate of the fair market value of all properties and services exchanged, if possible, or some other reasonable indicator of value.

If the entire consideration received for any transaction includes both tangible and intangible property and the consideration paid is solely monetary consideration, report the transaction in Part IV instead of Part V if the intangible property was related and incidental to the transfer of the tangible property (e.g., a right to warranty services).

See the instructions for Part IV for information on reasonable estimates and small amounts.

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	17 hr., 42 min.
Learning about the law or the form	3 hr., 4 min.
Preparing and sending the form to the IRS . . .	3 hr., 30 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.

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