

# U.S. Income Tax Return of a Foreign Corporation

For calendar year 2002, or tax year beginning \_\_\_\_\_, 2002, and ending \_\_\_\_\_, 20 \_\_\_\_\_

**2002**

▶ **Instructions are separate.**

<b>Use IRS label. Otherwise, print or type.</b>	Name	Employer identification number
	Number, street, and room or suite no. (see page 8 of instructions)	<b>Check applicable boxes:</b> <input type="checkbox"/> Initial return <input type="checkbox"/> Name change <input type="checkbox"/> Final return <input type="checkbox"/> Address change <input type="checkbox"/> Amended return
	City or town, state and ZIP code, or country (see page 8 of instructions)	

<p><b>A</b> Country of incorporation .....</p> <p><b>B</b> Foreign country under whose laws the income reported on this return is subject to tax .....</p> <p><b>C</b> Date incorporated .....</p> <p><b>D</b> Location of corporation's primary books and records (city, province or state, and country) .....</p> <p>Principal location of business .....</p> <p>If the corporation maintains an office or place of business in the United States, check here . . . . . ▶ <input type="checkbox"/></p> <p><b>E</b> If the corporation had an agent in the United States at any time during the tax year, enter:</p> <p>Kind of agent .....</p> <p>Name .....</p> <p>Address .....</p> <p><b>F</b> See page 22 of the instructions and enter the corporation's principal:</p> <p>(1) Business activity code number ▶ .....</p> <p>(2) Business activity ▶ .....</p> <p>(3) Product or service ▶ .....</p> <p><b>G</b> Check method of accounting: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶ .....</p>	<p><b>H</b> Did the corporation file a U.S. income tax return for the preceding tax year? . . . . .</p> <p><b>I</b> At any time during the tax year, was the corporation engaged in a trade or business in the United States?</p> <p><b>J</b> At any time during the tax year, did the corporation have a permanent establishment in the United States for purposes of applying section 894(b) and any applicable tax treaty between the United States and a foreign country? . . . . .</p> <p>If "Yes," enter the name of the foreign country: .....</p> <p><b>K</b> Is the corporation a foreign personal holding company? (See section 552 for definition.) . . . . .</p> <p>If "Yes," has Form 5471 been filed? (Sec. 6035) .....</p> <p><b>L</b> Did the corporation have any transactions with related parties? . . . . .</p> <p>If "Yes," Form 5472 may have to be filed (section 6038A and section 6038C). (See page 4 of the instructions.)</p> <p>Enter number of Forms 5472 attached ▶ .....</p> <p><b>Note:</b> Additional information is required at the bottom of pages 2 and 5.</p>
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### Computation of Tax Due or Overpayment

1 Tax from Section I, line 11, page 2 . . . . .		<b>1</b>		
2 Tax from Section II, Schedule J, line 10, page 4. . . . .		<b>2</b>		
3 Tax from Section III (add lines 6 and 10 on page 5) . . . . .		<b>3</b>		
4 Personal holding company tax (attach Schedule PH (Form 1120))—see page 8 of instructions . . . . .		<b>4</b>		
5 <b>Total tax.</b> Add lines 1 through 4 . . . . .		<b>5</b>		
<b>6 Payments:</b>				
a 2001 overpayment credited to 2002	<b>6a</b>			
b 2002 estimated tax payments . . . . .	<b>6b</b>			
c Less 2002 refund applied for on Form 4466	<b>6c</b>	(	)	<b>Bal ▶ 6d</b>
e Tax deposited with Form 7004 . . . . .	<b>6e</b>			
f Credit for tax paid on undistributed capital gains (attach Form 2439) . . . . .	<b>6f</b>			
g Credit for Federal tax on fuels (attach Form 4136). See instructions . . . . .	<b>6g</b>			
h U.S. income tax paid or withheld at source (add line 12, page 2, and amounts from Forms 8288-A and 8805 (attach Forms 8288-A and 8805)) . . . . .	<b>6h</b>			
i Total payments. Add lines 6d through 6h. . . . .		<b>6i</b>		
7 Estimated tax penalty (see page 9 of instructions). Check if Form 2220 is attached . . . . . ▶ <input type="checkbox"/>		<b>7</b>		
8 <b>Tax due.</b> If line 6i is smaller than the total of lines 5 and 7, enter amount owed . . . . .		<b>8</b>		
9 <b>Overpayment.</b> If line 6i is larger than the total of lines 5 and 7, enter amount overpaid . . . . .		<b>9</b>		
10 Enter amount of line 9 you want: <b>Credited to 2003 estimated tax</b> ▶		<b>10</b>		
			<b>Refunded ▶</b>	

**Sign Here** ▶ Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer	Date	Title
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May the IRS discuss this return with the preparer shown below (see page 3 of instructions)?

Yes  No

<b>Paid Preparer's Use Only</b>	Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code ▶	EIN	Phone no. ( )	

**SECTION I—Income From U.S. Sources Not Effectively Connected With the Conduct of a Trade or Business in the United States** (See page 9 of instructions.)

If you are required to complete Section II or are using Form 1120-F as a claim for refund of tax withheld at source, include below **all** income from U.S. sources that is **not** effectively connected with the conduct of a trade or business in the United States. Otherwise, include only those items of income on which the U.S. income tax was not fully paid at the source. The rate of tax on each item of **gross** income listed below is 30% (4% for the gross transportation tax) or such lower rate specified by tax treaty. No deductions are allowed against these types of income. Fill in treaty rates where applicable. **If the corporation is claiming a lower treaty rate, also complete Item W on page 5.**

Name of treaty country, if any ►

(a) Nature of income	(b) Gross income	(c) Rate of tax (%)	(d) Amount of tax	(e) Amount of U.S. income tax paid or withheld at the source
1 Interest . . . . .				
2 Dividends . . . . .				
3 Rents . . . . .				
4 Royalties . . . . .				
5 Annuities . . . . .				
6 Gains from disposal of timber, coal, or domestic iron ore with a retained economic interest (attach supporting schedule) . . . . .				
7 Gains from sale or exchange of patents, copyrights, etc. . . . .				
8 Fiduciary distributions (attach supporting schedule) . . . . .				
9 Gross transportation income (see page 9 of instructions). . . . .		<b>4</b>		
10 Other fixed or determinable annual or periodic gains, profits, and income . . . . .				
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11 Total. Enter here and on line 1, page 1 . . . . . ►				
12 Total. Enter here and include on line 6h, page 1. . . . . ►				

**Additional Information Required** (continued from page 1)

	Yes	No		Yes	No
<b>M</b> Is the corporation a personal holding company? (See section 542 for definition.) . . . . .			<b>R</b> If the corporation has a net operating loss (NOL) for the tax year and is electing to forego the carryback period, check here . . . . . <input type="checkbox"/>		
<b>N</b> Is the corporation a controlled foreign corporation? (See section 957(a) for definition.) . . . . .			<b>S</b> Enter the available NOL carryover from prior tax years. (Do not reduce it by any deduction on line 30a, page 3.) ► \$ .....		
<b>O</b> Is the corporation a personal service corporation? (See page 9 of instructions for definition.) . . . . .			<b>T</b> Is the corporation a subsidiary in a parent-subsidiary controlled group? . . . . . If "Yes," enter the name and EIN of the parent corporation ► .....		
<b>P</b> Enter tax-exempt interest received or accrued during the tax year (see instructions) ► \$ .....			<b>U</b> At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (See section 267(c) for rules of attribution.) . . . . . If "Yes," attach a schedule showing the name and identifying number. (Do not include any information already entered in item T above.) Enter percentage owned ► .....		
<b>Q</b> At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a U.S. corporation? (See section 267(c) for rules of attribution.) . . . . . If "Yes," attach a schedule showing (1) name and employer identification number (EIN) of such U.S. corporation; (2) percentage owned; and (3) taxable income or (loss) before NOL and special deductions of such U.S. corporation for the tax year ending with or within your tax year.					

**Note:** Additional information is required at the bottom of page 5.

SECTION II—Income Effectively Connected With the Conduct of a Trade or Business in the United States (See page 10 of the instructions.)

Important: Fill in all applicable lines and schedules. If you need more space, see Assembling the Return on page 5 of instructions.

Table with 31 rows for Income and Deductions. Columns include line numbers, descriptions, and sub-columns for calculations. Includes sections for Income (lines 1-11) and Deductions (lines 12-30).

Schedule A Cost of Goods Sold (See instructions beginning on page 15.)

Table for Schedule A Cost of Goods Sold with 8 rows. Columns include line numbers and descriptions for inventory and cost calculations.

9a Check all methods used for valuing closing inventory:

- (1) Cost as described in Regulations section 1.471-3
(2) Lower of cost or market as described in Regulations section 1.471-4
(3) Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods

If checked, attach Form 970.

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation.

**Schedule C Dividends and Special Deductions** (See page 16 of instructions.)

	(a) Dividends received	(b) %	(c) Special deductions: (a) × (b)
1 Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations (section 246A)		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations that are subject to the 70% deduction		70	
7 Dividends from 20%-or-more-owned foreign corporations that are subject to the 80% deduction		80	
8 Total. Add lines 1 through 7. See page 17 of instructions for limitation			
9 Other dividends from foreign corporations not included on lines 3, 6, or 7			
10 Foreign dividend gross-up (section 78)			
11 IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d))			
12 Other dividends			
13 Deduction for dividends paid on certain preferred stock of public utilities			
14 Total dividends. Add lines 1 through 12. Enter here and on line 4, page 3			
15 Total special deductions. Add lines 8 and 13. Enter here and on line 30b, page 3			

**Schedule E Compensation of Officers** (See instructions for line 12 on page 12 of instructions.)

**Note:** Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 of Section II) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
2 Total compensation of officers					
3 Compensation of officers claimed on Schedule A and elsewhere on this return					
4 Subtract line 3 from line 2. Enter the result here and on line 12, page 3					

**Schedule J Tax Computation** (See page 17 of instructions.)

1 Check if the corporation is a member of a controlled group (see sections 1561 and 1563) <input type="checkbox"/> <b>Important:</b> Members of a controlled group, see instructions.					
2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income bracket amounts (in that order): (1) \$ _____ (2) \$ _____ (3) \$ _____					
b Enter the corporation's share of: (1) Additional 5% tax (not more than \$11,750) \$ _____ (2) Additional 3% tax (not more than \$100,000) \$ _____					
3 <b>Income tax.</b> Check if a qualified personal service corporation (see instructions) <input type="checkbox"/>					3
4 Alternative minimum tax (attach Form 4626)					4
5 Add lines 3 and 4					5
6a Foreign tax credit (attach Form 1118)	6a				
b Check: <input type="checkbox"/> Nonconventional source fuel credit <input type="checkbox"/> QEV credit (attach Form 8834)	6b				
c General business credit. Check box(es) and indicate which forms are attached: <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form(s) (specify) ▶ _____	6c				
d Credit for prior year minimum tax (attach Form 8827)	6d				
e Qualified zone academy bond credit (attach Form 8860)	6e				
7 <b>Total credits.</b> Add lines 6a through 6e					7
8 Subtract line 7 from line 5					8
9 Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule)					9
10 <b>Total tax.</b> Add lines 8 and 9. Enter here and on line 2, page 1					10

**SECTION III—Branch Profits Tax and Tax on Excess Interest**

**Part I—Branch Profits Tax** (See page 19 of instructions.)

<b>1</b> Enter the amount from Section II, line 29 . . . . .	<b>1</b>		
<b>2</b> Enter total adjustments to line 1 to get effectively connected earnings and profits. (Attach a schedule showing the nature and amount of adjustments.) (See instructions.) . . . . .	<b>2</b>		
<b>3</b> Effectively connected earnings and profits. Combine line 1 and line 2 . . . . .	<b>3</b>		
<b>4a</b> Enter U.S. net equity at the end of the current tax year. (Attach schedule.) . . . . .	<b>4a</b>		
<b>b</b> Enter U.S. net equity at the end of the prior tax year. (Attach schedule.) . . . . .	<b>4b</b>		
<b>c</b> Increase in U.S. net equity. If line 4a is greater than or equal to line 4b, subtract line 4b from line 4a. Enter the result here and skip to line 4e . . . . .	<b>4c</b>		
<b>d</b> Decrease in U.S. net equity. If line 4b is greater than line 4a, subtract line 4a from line 4b. . . . .	<b>4d</b>		
<b>e</b> Non-previously taxed accumulated effectively connected earnings and profits. Enter excess, if any, of effectively connected earnings and profits for preceding tax years beginning after 1986 over any dividend equivalent amounts for those tax years . . . . .	<b>4e</b>		
<b>5</b> Dividend equivalent amount. Subtract line 4c from line 3. If zero or less, enter -0-. If no amount is entered on line 4c, add the lesser of line 4d or line 4e to line 3 and enter the total here . . . . .	<b>5</b>		
<b>6</b> <b>Branch profits tax.</b> Multiply line 5 by 30% (or lower treaty rate if the corporation is a qualified resident or otherwise qualifies for treaty benefits). Enter here and include on line 3, page 1. (See instructions.) <b>Also complete Items W and X below</b> . . . . .	<b>6</b>		

**Part II—Tax on Excess Interest** (See page 20 of instructions.)

<b>7a</b> Enter the interest from Section II, line 18 . . . . .	<b>7a</b>		
<b>b</b> Enter the interest apportioned to the effectively connected income of the foreign corporation that is capitalized or otherwise nondeductible. . . . .	<b>7b</b>		
<b>c</b> Add lines 7a and 7b . . . . .	<b>7c</b>		
<b>8</b> Enter the branch interest (including capitalized and other nondeductible interest). (See instructions for definition.) If the interest paid by the foreign corporation's U.S. trade or business was increased because 80% or more of the foreign corporation's assets are U.S. assets, check this box . . . . . <input type="checkbox"/>	<b>8</b>		
<b>9a</b> Excess interest. Subtract line 8 from line 7c. If zero or less, enter -0-. . . . .	<b>9a</b>		
<b>b</b> If the foreign corporation is a bank, enter the excess interest treated as interest on deposits. Otherwise, enter -0-. (See instructions.) . . . . .	<b>9b</b>		
<b>c</b> Subtract line 9b from line 9a . . . . .	<b>9c</b>		
<b>10</b> <b>Tax on excess interest.</b> Multiply line 9c by 30% or lower treaty rate (if the corporation is a qualified resident or otherwise qualifies for treaty benefits). (See instructions.) Enter here and include on line 3, page 1. <b>Also complete Items W and X below</b> . . . . .	<b>10</b>		

**Additional Information Required** (continued from page 2)

<b>V</b> Is the corporation claiming a reduction in, or exemption from, the branch profits tax due to:	<b>Yes</b>	<b>No</b>	<b>X</b> If the corporation is claiming it is a qualified resident of its country of residence for purposes of computing its branch profits tax and excess interest tax (see page 20 of instructions), check the basis for that claim:
(1) A complete termination of all U.S. trades or businesses? . . . . .			Stock ownership and base erosion test . . . . . <input type="checkbox"/>
(2) The tax-free liquidation or reorganization of a foreign corporation? . . . . .			Publicly traded test . . . . . <input type="checkbox"/>
(3) The tax-free incorporation of a U.S. trade or business? . . . . .			Active trade or business test . . . . . <input type="checkbox"/>
If (1) applies or (2) applies and the transferee is domestic, attach Form 8848. If (3) applies, attach the statement required by Regulations section 1.884-2T(d)(5).			Private letter ruling . . . . . <input type="checkbox"/>
<b>W</b> Is the corporation taking a position on this return that a U.S. tax treaty overrules or modifies an Internal Revenue law of the United States thereby causing a reduction of tax? . . . . . If "Yes," complete and attach Form 8833.	<b>Yes</b>	<b>No</b>	<b>Y</b> During the tax year, did the corporation own any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," attach a statement listing the name, country under whose laws the entity was organized, and EIN (if any) of each such entity . . . . .
<b>Note:</b> Failure to disclose a treaty-based return position may result in a \$10,000 penalty (see section 6712).			<b>Z</b> During the tax year, did the corporation own at least a 10% interest, directly or indirectly, in any foreign partnership? If "Yes," see page 21 of instructions for required attachment . . . . .

**Additional schedules to be completed for Section II or Section III (See page 21 of instructions.)**

<b>Schedule L</b> Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash . . . . .				
2a Trade notes and accounts receivable				
b Less allowance for bad debts . . . . .	( )		( )	
3 Inventories . . . . .				
4 U.S. government obligations . . . . .				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule)				
7 Loans to shareholders . . . . .				
8 Mortgage and real estate loans . . . . .				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets				
b Less accumulated depreciation . . . . .	( )		( )	
11a Depletable assets . . . . .				
b Less accumulated depletion . . . . .	( )		( )	
12 Land (net of any amortization) . . . . .				
13a Intangible assets (amortizable only)				
b Less accumulated amortization . . . . .	( )		( )	
14 Other assets (attach schedule)				
15 Total assets . . . . .				
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable . . . . .				
17 Mtges., notes, bonds payable in less than 1 year				
18 Other current liabilities (attach schedule)				
19 Loans from shareholders . . . . .				
20 Mtges., notes, bonds payable in 1 year or more				
21 Other liabilities (attach schedule) . . . . .				
22 Capital stock: a Preferred stock . . . . .				
b Common stock . . . . .				
23 Additional paid-in capital . . . . .				
24 Retained earnings—Appropriated (attach schedule)				
25 Retained earnings—Unappropriated . . . . .				
26 Adjustments to shareholders' equity (attach schedule)				
27 Less cost of treasury stock . . . . .		( )		( )
28 Total liabilities and shareholders' equity				

**Note:** The corporation is not required to complete Schedules M-1 and M-2 below if the total assets on Schedule L, line 15, column (d) are less than \$25,000.

<b>Schedule M-1</b> Reconciliation of Income (Loss) per Books With Income per Return			
1 Net income (loss) per books . . . . .		7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax per books . . . . .		a Tax-exempt interest . \$ . . . . .	
3 Excess of capital losses over capital gains		. . . . .	
4 Income subject to tax not recorded on books this year (itemize): . . . . .		8 Deductions on this return not charged against book income this year (itemize):	
. . . . .		a Depreciation . . . . \$ . . . . .	
5 Expenses recorded on books this year not deducted on this return (itemize):		b Charitable contributions \$ . . . . .	
a Depreciation . . . . \$ . . . . .		. . . . .	
b Charitable contributions \$ . . . . .		9 Add lines 7 and 8 . . . . .	
c Travel and entertainment \$ . . . . .		10 Income (line 29, page 3)—line 6 less line 9 . . . . .	
6 Add lines 1 through 5 . . . . .			

<b>Schedule M-2</b> Analysis of Unappropriated Retained Earnings per Books (Schedule L, line 25)			
1 Balance at beginning of year . . . . .		5 Distributions: a Cash . . . . .	
2 Net income (loss) per books . . . . .		b Stock . . . . .	
3 Other increases (itemize): . . . . .		c Property . . . . .	
. . . . .		6 Other decreases (itemize): . . . . .	
. . . . .		7 Add lines 5a through 6 . . . . .	
4 Add lines 1, 2, and 3 . . . . .		8 Balance at end of year (line 4 less line 7)	

