SCHEDULE H (Form 1120-F)
(Rev. December 2026)
Department of the Treasury
Internal Revenue Service

Deductions Allocated to Effectively Connected Income Under Regulations Section 1.861-8

Attach to Form 1120-F.
Go to *www.irs.gov/Form1120F* for instructions and the latest information.

OMB No. 1545-0123

Name of corporation

Employer identification number

Part I Home Office Deductible Expenses Definitely Related Solely to ECI or Non-ECI

Note: Enter all amounts on lines 1a through 13 in only U.S. dollars or in only functional currency. If U.S. dollars, check this box ☐. Otherwise, specify currency: _____

1a	Total expenses on the books of the home office	**1a**		
1b	Check the applicable box below to indicate the accounting convention used to compute the amount on line 1a: ☐ U.S. GAAP ☐ Home Country GAAP ☐ IFRS ☐ Other (specify): _____			
2	Adjustments for U.S. tax principles (attach statement—see instructions)	**2**		
3	Total deductible expenses on the books of the home office. Combine lines 1a and 2			**3**
4	Interest expense included on line 3	**4**		
5	Bad debt expense included on line 3	**5**		
6	Total of interest expense and bad debt expense. Add lines 4 and 5			**6**
7	Remaining deductible expenses to be allocated and apportioned between ECI and non-ECI. Subtract line 6 from line 3			**7**
8	Deductible expenses definitely related solely to non-ECI from subsidiaries	**8**		
9	Deductible expenses definitely related solely to other non-ECI booked in the home country	**9**		
10	Deductible expenses definitely related solely to other non-ECI booked in other countries (including the United States)	**10**		
11	Deductible expenses definitely related solely to ECI	**11**		
12	Total deductible expenses definitely related solely to ECI or non-ECI. Add lines 8 through 11			**12**

Part II Home Office Deductible Expenses Allocated and Apportioned to ECI

Note: Enter the amounts on lines 15 through 20 in U.S. dollars.

13	Remaining deductible expenses on the books of the home office not definitely related solely to ECI or non-ECI. Subtract line 12 from line 7	**13**	
14	Average exchange rate used to convert amounts to U.S. dollars (see instructions)	**14**	
15	Enter the amount from line 13. If line 13 is stated in functional currency, divide line 13 by line 14	**15**	
16	Remaining home office deductible expenses on line 15 allocated and apportioned under Regulations section 1.861-8 to ECI (attach computation)	**16**	
17	Enter the amount from line 11. If line 11 is stated in functional currency, divide line 11 by line 14	**17**	
18	Total home office deductible expenses allocated and apportioned to ECI. Add lines 16 and 17	**18**	
19	Total deductible expenses from other non-U.S. locations allocated and apportioned to ECI	**19**	
20	**Total deductible expenses allocated and apportioned to ECI.** Add lines 18 and 19 and enter the amount here and on Form 1120-F, Section II, line 26	**20**	

Part III Allocation and Apportionment Methods and Financial Records Used To Complete Parts I and II

Note: Enter the amounts in Part III, lines 21a, 21b, 22a, and 22b in U.S. dollars.

- If one or more methods used are different than in prior year, check this box ☐
- If any amount on line 20 is recorded as an interbranch amount on books and records used to prepare Form 1120-F, Schedule L, include the amount on Part IV, line 35, and check this box ☐

21	Gross income ratio:				
21a	Gross ECI	**21a**			
21b	Worldwide gross income	**21b**			
21c	Divide line 21a by line 21b			**21c**	%
22	Asset ratio:				
22a	Average U.S. assets from Schedule I, line 5, column (d)	**22a**			
22b	Worldwide assets (if applicable, from Schedule I, line 6b)	**22b**			
22c	Divide line 22a by line 22b			**22c**	%
23	Number of personnel ratio:				
23a	Personnel of U.S. trade or business	**23a**			
23b	Worldwide personnel	**23b**			
23c	Divide line 23a by line 23b			**23c**	%

		Yes	No
24	Did the corporation use any ratio-based methods (other than those indicated on lines 21 through 23 above) in Parts I and II? If "Yes," attach statement (see instructions)	☐	☐
25	Did the corporation use any other methods (for example, time-spent analysis or estimates) in Parts I and II? If "Yes," attach statement (see instructions)	☐	☐

Part III **Allocation and Apportionment Methods and Financial Records Used To Complete Parts I and II** *(continued)*

Note: Indicate whether the corporation used any of the following financial and other records in Parts I and II to identify deductible expenses allocated and apportioned to ECI.

		Yes	No
26a	Published or other non-public audited financial statements	☐	☐
26b	Non-audited financial statements	☐	☐
27	Home office management or other departmental cost accounting reports	☐	☐
28	Other (for example, home country regulatory reports or written, contemporaneous functional analyses) (attach statement)	☐	☐

Part IV **Allocation and Apportionment of Expenses on Books and Records Used To Prepare Form 1120-F, Schedule L**

Note: Enter all amounts in Part IV in U.S. dollars.

29	Total expenses per books and records used to prepare Form 1120-F, Schedule L	**29**			
30	Adjustments for U.S. tax principles (attach statement—see instructions)	**30**			
31	Total deductible expenses. Combine lines 29 and 30			**31**	
32a	Third-party interest expense included on line 31	**32a**			
32b	Interbranch interest expense included on line 31	**32b**			
33	Bad debt expense included on line 31	**33**			
34	Other third-party deductible expenses not allocated or apportioned to ECI and non-ECI under Regulations section 1.861-8 included on line 31 (attach statement)	**34**			
35	Interbranch expenses per books and records included on line 31 and not included on line 32b (attach statement)	**35**			
36	Add lines 32a through 35			**36**	
37	Deductible expenses on books and records allocated and apportioned to ECI or non-ECI under Regulations section 1.861-8. Subtract line 36 from line 31			**37**	

	Reconciliation of allocation and apportionment of deductible expenses to ECI and non-ECI on books and records under Regulations section 1.861-8 (from line 37)		(a) ECI amounts	(b) Non-ECI amounts	(c) Total: Add columns (a) and (b)
38a	Derivative transaction deductible expenses definitely related to ECI or non-ECI under Regulations section 1.861-8 (from line 37)	**38a**			
38b	Other deductible expenses definitely related to ECI or non-ECI (from line 37)	**38b**			
39	Total deductible expenses definitely related to ECI or non-ECI. Add lines 38a and 38b	**39**			
40	Other deductible expenses on books and records not definitely related to ECI or non-ECI that are allocated and apportioned to ECI and non-ECI (from line 37)	**40**			
41	Total deductible expenses on books and records allocated and apportioned to ECI and non-ECI. Add lines 39 and 40. Column (c) must equal line 37	**41**			

Note: Line 41, column (a), is the total of the deductions reported on Form 1120-F, Section II, lines 12, 13, 14, 16, 17, 19 through 24, and 27.