

**SCHEDULE M-3
(Form 1120-F)**

Department of the Treasury
Internal Revenue Service

Name of corporation

**Net Income (Loss) Reconciliation for Foreign
Corporations With Reportable Assets of \$10 Million or More**

▶ Attach to Form 1120-F.

▶ Go to www.irs.gov/Form1120F for instructions and the latest information.

OMB No. 1545-0123

2018

Employer identification number

- A** Has the corporation reported taxable income on Form 1120-F, page 4, using a treaty provision to attribute business profits to a U.S. permanent establishment under rules other than section 864(c)? **Yes** **No**
- B** Did the corporation prepare a non-consolidated, worldwide, certified audited income statement for the period (see instructions)? **Yes** **No**
- C** Did the corporation prepare a non-consolidated, worldwide income statement for the period (see instructions)? **Yes** **No**
- D** Did the corporation prepare certified audited income statement(s) for the set(s) of books reported on Form 1120-F, Schedule L? **Yes** **No**

Part I Financial Information and Net Income (Loss) Reconciliation (see instructions)

- 1** Is the corporation a foreign bank as defined in Regulations section 1.882-5(c)(4)?
 - Yes.** Complete the remainder of Part I as follows:
If D is "Yes," use the income statement described in D to complete lines 2 through 5 and 7 through 11.
If D is "No," use the income statement(s) for the set(s) of books reported on Form 1120-F, Schedule L to complete lines 2 through 5 and 7 through 11.
 - No.** Complete the remainder of Part I as follows:
If B is "Yes," use the income statement described in B to complete lines 2 through 11.
If B is "No" and C is "Yes," use the income statement described in C to complete lines 2 through 11.
If B and C are "No" and D is "Yes," use the income statement described in D to complete lines 2 through 11.
If B, C, and D are "No," use the income statement described in the instructions to complete lines 2 through 11.

- 2a** Enter the income statement period: Beginning _____ Ending _____
- b** Has the corporation's income statement been restated for the income statement period entered on line 2a?
 - Yes.** Attach an explanation and the amount of each item restated.
 - No.**
- c** Has the corporation's income statement been restated for any of the 5 income statement periods immediately preceding the period on line 2a?
 - Yes.** Attach an explanation and the amount of each item restated.
 - No.**

- 3** Is any of the corporation's stock publicly traded on any exchange, U.S. or foreign?
 - Yes.** List exchange(s) and symbol ▶ _____
 - No.**

- 4** Non-consolidated foreign corporation net income (loss) in U.S. dollars from the income statement source identified in line 1
- 5a** Net income from includible disregarded foreign entities not included on line 4 (attach statement)
- b** Net loss from includible disregarded foreign entities not included on line 4 (attach statement)
- c** Net income from includible disregarded U.S. entities not included on line 4 (attach statement)
- d** Net loss from includible disregarded U.S. entities not included on line 4 (attach statement)
- 6** Net income (loss) from foreign locations not included on line 4 (attach statement)
- 7a** Net income of non-includible entities (attach statement)
- b** Net loss of non-includible entities (attach statement)
- 8** Adjustments to intercompany transactions (attach statement)
- 9** Adjustments to reconcile income statement period to tax year (attach statement)
- 10** Other adjustments to reconcile to amount on line 11 (attach statement)
- 11** **Adjusted financial net income (loss) of non-consolidated foreign corporation.** Combine lines 4 through 10

| | |
|-----------|-----|
| 4 | |
| 5a | |
| 5b | () |
| 5c | |
| 5d | () |
| 6 | |
| 7a | () |
| 7b | |
| 8 | |
| 9 | |
| 10 | |
| 11 | |

Note. Part I, line 11, must equal Part II, line 28, column (a) or Schedule M-1, line 1 (see instructions).

Name of corporation

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Part II Reconciliation of Net Income (Loss) per Income Statement of Non-Consolidated Foreign Corporations With Taxable Income per Return (see instructions)

| Income (Loss) Items | (a) Income (Loss) per Income Statement | (b) Temporary Differences | (c) Permanent Differences | (d) Other Permanent Differences for Allocations to Non-ECI and ECI | (e) Income (Loss) per Tax Return |
|---------------------|---|---------------------------------|---------------------------------|--|--|
| 1 | Gross receipts | | | | |
| 2 | Cost of goods sold (attach statement) | | | | |
| 3a | Dividends from foreign entities | | | | |
| b | Dividends from U.S. entities | | | | |
| c | Substitute dividend payments received | | | | |
| 4a | Interest income excluding interest equivalents | | | | |
| b | Substitute interest payments received | | | | |
| c | Interest equivalents not included on line 4b | | | | |
| 5 | Gross rental income | | | | |
| 6 | Gross royalty income | | | | |
| 7 | Fee and commission income | | | | |
| 8 | Income (loss) from equity method corporations | | | | |
| 9 | Net income (loss) from U.S. partnerships | | | | |
| 10 | Net income (loss) from certain foreign partnerships (see instructions) | | | | |
| 11 | Net income (loss) from other pass-through entities (attach statement) | | | | |
| 12 | Items relating to reportable transactions (attach statement) | | | | |
| 13 | Hedging transactions | | | | |
| 14a | Mark-to-market income (loss) under section 475(a) | | | | |
| b | Mark-to-market income (loss) subject to section 475(d)(3)(B) | | | | |
| c | Mark-to-market income (loss) under section 475(e) | | | | |
| d | Mark-to-market income (loss) under section 475(f) | | | | |
| 15 | Gain (loss) from certain section 988 transactions | | | | |
| 16a | Interest income from global securities dealing | | | | |
| b | Dividends from global securities dealing | | | | |
| c | Gains (losses) and other fixed and determinable, annual, or periodic income from global securities dealing not included on lines 16a and 16b | | | | |
| 17 | Sales versus lease (for sellers and/or lessors) | | | | |
| 18 | Section 481(a) adjustments | | | | |
| 19 | Unearned/deferred revenue | | | | |
| 20 | Original issue discount, imputed interest, and phantom income | | | | |
| 21a | Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities | | | | |
| b | Gross capital gains from Schedule D, excluding amounts from pass-through entities | | | | |

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Part II Reconciliation of Net Income (Loss) per Income Statement of Non-Consolidated Foreign Corporations With Taxable Income per Return (see instructions) *(continued from page 2)*

| Income (Loss) Items | (a) Income (Loss) per Income Statement | (b) Temporary Differences | (c) Permanent Differences | (d) Other Permanent Differences for Allocations to Non-ECI and ECI | (e) Income (Loss) per Tax Return |
|---|---|--|--|---|---|
| 21c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses | | | | | |
| d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses | | | | | |
| e Abandonment losses | | | | | |
| f Worthless stock losses (attach statement) | | | | | |
| g Other gain/loss on disposition of assets other than inventory | | | | | |
| 22 Capital loss limitation and carryforward used | | | | | |
| 23 Gross effectively connected income of foreign banks from books that do not give rise to U.S. booked liabilities | | | | | |
| 24 Other income (loss) items with differences (attach statement) | | | | | |
| 25 Total income (loss) items. Combine lines 1 through 24 | | | | | |
| 26 Total expense/deduction items (from Part III, line 33) | | | | | |
| 27 Other items with no differences | | | | | |
| 28 Reconciliation totals. Combine lines 25 through 27 | | | | | |

Note. Line 28, column (a), must equal Part I, line 11, and column (e) must equal Form 1120-F, page 4, line 29.

Part III Reconciliation of Net Income (Loss) per Income Statement of Non-Consolidated Foreign Corporations With Taxable Income per Return (see instructions)

| Expense/Deduction Items | (a) Expense per Income Statement | (b) Temporary Differences | (c) Permanent Differences | (d) Other Permanent Differences for Allocations to Non-ECI and ECI | (e) Deduction per Tax Return |
|---|---|--|--|---|---|
| 1 U.S. current income tax expense | | | | | |
| 2 U.S. deferred income tax expense | | | | | |
| 3 Non-U.S. current income tax expense (other than foreign withholding taxes) | | | | | |
| 4 Non-U.S. deferred income tax expense | | | | | |
| 5 Non-U.S. withholding taxes | | | | | |
| 6 Compensation with section 162(m) limitation | | | | | |
| 7 Salaries and other base compensation | | | | | |
| 8 Stock option expense | | | | | |
| 9 Other equity-based compensation | | | | | |
| 10 Meals and entertainment | | | | | |
| 11 Fines and penalties | | | | | |
| 12 Judgments, damages, awards, and similar costs | | | | | |

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Part III Reconciliation of Net Income (Loss) per Income Statement of Non-Consolidated Foreign Corporations With Taxable Income per Return (see instructions) (continued from page 3)

| Expense/Deduction Items | (a) Expense per Income Statement | (b) Temporary Differences | (c) Permanent Differences | (d) Other Permanent Differences for Allocations to Non-ECI and ECI | (e) Deduction per Tax Return |
|---|--|---------------------------------|---------------------------------|--|------------------------------------|
| 13 Pension and profit-sharing | | | | | |
| 14 Other post-retirement benefits | | | | | |
| 15 Deferred compensation | | | | | |
| 16 Charitable contributions | | | | | |
| 17 Section 162(r)-FDIC premiums paid by certain large financial institutions (see instructions) | | | | | |
| 18 Current year acquisition or reorganization investment banking fees, legal and accounting fees | | | | | |
| 19 Current year acquisition/reorganization other costs | | | | | |
| 20 Amortization/impairment of goodwill | | | | | |
| 21 Amortization of acquisition, reorganization, and start-up costs | | | | | |
| 22 Other amortization or impairment write-offs | | | | | |
| 23 Depreciation | | | | | |
| 24 Bad debt expense | | | | | |
| 25 Purchase versus lease (for purchasers and/or lessees) | | | | | |
| 26a Interest expense per books | | | | | |
| b Interest expense under Regulations section 1.882-5 (from Schedule I (Form 1120-F), line 23) | | | | | |
| c Regulations section 1.882-5 allocation amount subject to deferral or disallowance (from Schedule I (Form 1120-F), line 24d) | | | () | | |
| d Substitute interest payments | | | | | |
| e Interest equivalents (for example, guarantee fees) not included on line 26d | | | | | |
| 27 Substitute dividend payments | | | | | |
| 28 Fee and commission expense | | | | | |
| 29 Rental expense | | | | | |
| 30 Royalty expense | | | | | |
| 31 Expenses allocable to effectively connected income under Regulations section 1.861-8 from home office or other books that do not give rise to U.S. booked liabilities (from Schedule H (Form 1120-F), line 20) | | | | | |
| 32 Other expense/deduction items with differences (attach statement) | | | | | |
| 33 Total expense/deduction items. Combine lines 1 through 32. Enter here and on Part II, line 26 | | | | | |