

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

▶ Attach to Form 1120S.

▶ Go to [www.irs.gov/Form1120S](http://www.irs.gov/Form1120S) for instructions and the latest information.

Name of corporation \_\_\_\_\_

Employer identification number \_\_\_\_\_

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

- 1a** Did the corporation prepare a certified audited non-tax-basis income statement for the period ending with or within this tax year? See instructions if multiple non-tax-basis income statements are prepared.  
 **Yes.** Skip line 1b and complete lines 2 through 11 with respect to that income statement.  
 **No.** Go to line 1b.
- b** Did the corporation prepare a non-tax-basis income statement for that period?  
 **Yes.** Complete lines 2 through 11 with respect to that income statement.  
 **No.** Skip lines 2 through 3b and enter the corporation's net income (loss) per its books and records on line 4a.

**2** Enter the income statement period: Beginning \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ Ending \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

- 3a** Has the corporation's income statement been restated for the income statement period on line 2?  
 **Yes.** If "Yes," attach an explanation and the amount of each item restated.  
 **No.**
- b** Has the corporation's income statement been restated for any of the five income statement periods immediately preceding the period on line 2?  
 **Yes.** If "Yes," attach an explanation and the amount of each item restated.  
 **No.**

<b>4a</b> Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1 . . . . .	<b>4a</b>	
<b>b</b> Indicate accounting standard used for line 4a (see instructions): (1) <input type="checkbox"/> GAAP                      (2) <input type="checkbox"/> IFRS (3) <input type="checkbox"/> Tax-basis                      (4) <input type="checkbox"/> Other (specify) _____		
<b>5a</b> Net income from nonincludible foreign entities (attach statement) . . . . .	<b>5a</b>	( _____ )
<b>b</b> Net loss from nonincludible foreign entities (attach statement and enter as a positive amount) . . . . .	<b>5b</b>	
<b>6a</b> Net income from nonincludible U.S. entities (attach statement) . . . . .	<b>6a</b>	( _____ )
<b>b</b> Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount) . . . . .	<b>6b</b>	
<b>7a</b> Net income (loss) of other foreign disregarded entities (attach statement) . . . . .	<b>7a</b>	
<b>b</b> Net income (loss) of other U.S. disregarded entities (except qualified subchapter S subsidiaries) (attach statement) . . . . .	<b>7b</b>	
<b>c</b> Net income (loss) of other qualified subchapter S subsidiaries (QSubs) (attach statement) . . . . .	<b>7c</b>	
<b>8</b> Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement) . . . . .	<b>8</b>	
<b>9</b> Adjustment to reconcile income statement period to tax year (attach statement) . . . . .	<b>9</b>	
<b>10</b> Other adjustments to reconcile to amount on line 11 (attach statement) . . . . .	<b>10</b>	
<b>11</b> <b>Net income (loss) per income statement of the corporation.</b> Combine lines 4 through 10 . . . . . <b>Note:</b> Part I, line 11, must equal Part II, line 26, column (a) or Schedule M-1, line 1. See instructions.	<b>11</b>	

**12** Enter the total amount (not just the corporation's share) of the assets and liabilities of all entities included or removed on the following lines:

	Total Assets	Total Liabilities
<b>a</b> Included on Part I, line 4		
<b>b</b> Removed on Part I, line 5		
<b>c</b> Removed on Part I, line 6		
<b>d</b> Included on Part I, line 7		

Name of corporation

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**Part II Reconciliation of Net Income (Loss) per Income Statement of the Corporation With Total Income (Loss) per Return** (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 10)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
<b>1</b> Income (loss) from equity method foreign corporations				
<b>2</b> Gross foreign dividends not previously taxed . . . . .				
<b>3</b> Subpart F, QEF, and similar income inclusions . . . . .				
<b>4</b> Gross foreign distributions previously taxed . . . . .				
<b>5</b> Income (loss) from equity method U.S. corporations . . . . .				
<b>6</b> U.S. dividends not eliminated in tax consolidation . . . . .				
<b>7</b> Income (loss) from U.S. partnerships . . . . .				
<b>8</b> Income (loss) from foreign partnerships . . . . .				
<b>9</b> Income (loss) from other pass-through entities . . . . .				
<b>10</b> Items relating to reportable transactions . . . . .				
<b>11</b> Interest income (see instructions) . . . . .				
<b>12</b> Total accrual to cash adjustment . . . . .				
<b>13</b> Hedging transactions . . . . .				
<b>14</b> Mark-to-market income (loss) . . . . .				
<b>15</b> Cost of goods sold (see instructions) . . . . .	( )			( )
<b>16</b> Sale versus lease (for sellers and/or lessors) . . . . .				
<b>17</b> Section 481(a) adjustments . . . . .				
<b>18</b> Unearned/deferred revenue . . . . .				
<b>19</b> Income recognition from long-term contracts . . . . .				
<b>20</b> Original issue discount and other imputed interest . . . . .				
<b>21a</b> Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
<b>b</b> Gross capital gains from Schedule D, excluding amounts from pass-through entities . . . . .				
<b>c</b> Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .				
<b>d</b> Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .				
<b>e</b> Abandonment losses . . . . .				
<b>f</b> Worthless stock losses (attach statement) . . . . .				
<b>g</b> Other gain/loss on disposition of assets other than inventory . . . . .				
<b>22</b> Other income (loss) items with differences (attach statement) . . . . .				
<b>23 Total income (loss) items.</b> Combine lines 1 through 22 . . . . .				
<b>24 Total expense/deduction items</b> (from Part III, line 32) . . . . .				
<b>25</b> Other items with no differences . . . . .				
<b>26 Reconciliation totals.</b> Combine lines 23 through 25				

**Note:** Line 26, column (a), must equal Part I, line 11, and column (d) must equal Form 1120S, Schedule K, line 18.

Name of corporation

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**Part III Reconciliation of Net Income (Loss) per Income Statement of the Corporation With Total Income (Loss) per Return—Expense/Deduction Items** (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
<b>1</b> U.S. current income tax expense . . . . .				
<b>2</b> U.S. deferred income tax expense . . . . .				
<b>3</b> State and local current income tax expense . . . . .				
<b>4</b> State and local deferred income tax expense . . . . .				
<b>5</b> Foreign current income tax expense (other than foreign withholding taxes) . . . . .				
<b>6</b> Foreign deferred income tax expense . . . . .				
<b>7</b> Equity-based compensation . . . . .				
<b>8</b> Meals and entertainment . . . . .				
<b>9</b> Fines and penalties . . . . .				
<b>10</b> Judgments, damages, awards, and similar costs . . . . .				
<b>11</b> Pension and profit-sharing . . . . .				
<b>12</b> Other post-retirement benefits . . . . .				
<b>13</b> Deferred compensation . . . . .				
<b>14</b> Charitable contribution of cash and tangible property . . . . .				
<b>15</b> Charitable contribution of intangible property . . . . .				
<b>16</b> Current year acquisition or reorganization investment banking fees . . . . .				
<b>17</b> Current year acquisition or reorganization legal and accounting fees . . . . .				
<b>18</b> Current year acquisition/reorganization other costs . . . . .				
<b>19</b> Amortization/impairment of goodwill . . . . .				
<b>20</b> Amortization of acquisition, reorganization, and start-up costs . . . . .				
<b>21</b> Other amortization or impairment write-offs . . . . .				
<b>22</b> Reserved . . . . .				
<b>23a</b> Depletion—Oil & Gas . . . . .				
<b>b</b> Depletion—Other than Oil & Gas . . . . .				
<b>24</b> Depreciation . . . . .				
<b>25</b> Bad debt expense . . . . .				
<b>26</b> Interest expense (see instructions) . . . . .				
<b>27</b> Corporate owned life insurance premiums . . . . .				
<b>28</b> Purchase versus lease (for purchasers and/or lessees) . . . . .				
<b>29</b> Research and development costs . . . . .				
<b>30</b> Section 118 exclusion (attach statement) . . . . .				
<b>31</b> Other expense/deduction items with differences (attach statement) . . . . .				
<b>32 Total expense/deduction items.</b> Combine lines 1 through 31. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive . . . . .				