

Part I Reporting Corporation (All information must be written in the English language)

1a Name of reporting corporation b Identifying number
2 Enter how many Forms 5472 were filed for the taxable year

Part II Related Corporation (All information must be written in the English language.)

1 Name and address of related corporation 2 Countries of corporate residence
3 Type of relationship—Check applicable box:
Controlled by reporting corporation Controls reporting corporation Common control
4a Principal business activity b Business code number c Principal cities and countries where business is conducted

Part III Monetary Transactions Between Reporting Corporations and Related Foreign Corporation (All amounts must be stated in U.S. dollars) (Reasonable estimates may be used—See instructions)

Table with 20 rows and 2 columns. Rows 1-9: Sales, rents, commissions, amounts borrowed, interest received, premiums received. Rows 10-19: Purchases, amounts loaned, interest paid, premiums paid. Row 20: Total.

Part IV Describe All Non-Monetary and Non-Consideration Transactions Between the Reporting Corporation and the Related Foreign Corporation (Attach Separate Sheet) (See Instructions)

Instructions

(References are to the Internal Revenue Code, unless otherwise noted.)

Paperwork Reduction Act Notice.—We ask for this information to carry out the U.S. Internal Revenue laws. We need it to insure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Purpose of Form

Form 5472 is an annual information return that is used for reporting the activities between certain foreign owned corporations pursuant to section 6038A of the Internal Revenue Code.

Who Must File

(1) Domestic or Foreign Corporations.—Domestic corporations or foreign corporations that are engaged in a trade or business in the United States and that are "controlled" by a foreign person must file

Form 5472 if the corporation had any of the reportable transactions listed on the next page with a related corporation.

However, a corporation is not required to file Form 5472 if during the tax year:

- (1) It had no gross income (determined without reference to losses) subject to United States taxation, other than withholding tax under section 881, or
(2) Its sole trade or business in the United States is banking, financing, or similar business (as defined in section 1.864-4(c)(5)(i) of the regulations), or
(3) It was a foreign corporation and all of its income is exempt from taxation under any provision of the Internal Revenue Code or any applicable tax treaty.

(2) Consolidated Return.—If a reporting corporation is a member of an affiliated group of corporations filing a consolidated income tax return, it may join in filing

information returns on Form 5472 on a consolidated basis. See Regulations section 1.6038A-1(a)(2).

(3) Duplicate Reporting Exception.—A reporting corporation is not required to file Form 5472 for a related corporation if the reporting corporation is controlled by a U.S. person who files Form 5471, Information Return with Respect to a Foreign Corporation, for the tax year and that form contains information regarding the transactions between the reporting corporation and the related corporation for that tax year.

Definitions

Foreign Person.—A foreign person is:

(1) Any individual who is not a citizen or resident of the United States, but not including any individual for whom an election under section 6013(g) or (h) is in effect;

(2) Any individual who is a citizen of a U.S. possession but is not otherwise a citizen of the United States nor a resident;

(3) Any partnership, association, company, or corporation that was not created or organized under the laws of the United States, or the laws of any State;

(4) Any foreign trust or foreign estate, as defined in section 7701(a)(31); or

(5) Any foreign government (or agency or instrumentality of a foreign government).

**Related Corporation.**—A related corporation is any corporation that is a member of a controlled group of corporations, as defined in section 1563(a) with the following modifications:

(1) The term related corporation does not include any corporation filing a consolidated income tax return with the reporting corporation. In applying the rules for a parent-subsidiary controlled group, a 50% ownership test is used instead of the 80% ownership test.

(2) In applying the rules for a brother-sister controlled group, an at least 50% test is used instead of a more than 50% test.

(3) Insurance companies described in section 1563(a)(4) are not considered members of a separate controlled group, but are considered members of a controlled group described in section 1563(a)(1),(2), or (3).

(4) A foreign corporation is not excluded from being a member of a controlled group of corporations.

(5) Stock owned by any employee's trust described in section 401(a) which is exempt from tax under section 501(a) is not attributed to any beneficiary who has an actuarial interest of 5% or more in such stock when determining a related corporation.

**Control—For purposes of who must file.**—A corporation is considered as being controlled by a foreign person if it is owned, directly or indirectly, by a foreign person who owns at least:

(1) 50% of the total voting power of the stock of the corporation, or

(2) 50% of the value of the outstanding stock of the corporation.

Also, if a corporation is controlled (using the test just described) by another corporation, which, in turn, is controlled by a foreign person, it is treated as being controlled by such foreign person.

In determining control for purposes of section 6038A, the constructive ownership rules of section 318(a) apply, except that 10% is substituted for 50% in applying section 318(a)(2)(C).

**Reportable Transactions.**—The following is a list of reportable transactions:

(1) Sales and purchases of stock in trade;

(2) Sales and purchases of tangible property other than stock in trade;

(3) Rents and royalties paid and received (other than amounts reported in item (4) below);

(4) Sales, purchases, and amounts paid and received as consideration for the use of intangible property such as copyrights, designs, formulas, inventions, models, patents, processes, trademarks, and other similar property rights;

(5) Consideration paid and received for the rendition of technical, managerial, engineering, construction, scientific, or like services;

(6) Commissions paid and received;

(7) Amounts loaned and borrowed (other than open accounts resulting from sales and purchases reported under the other

items in this list), which arise and are collected in full in the ordinary course of business;

(8) Interest paid and received; and

(9) Premiums paid and received for insurance and reinsurance.

### When and Where To File

Form 5472 must be attached to the corporation's income tax return for tax years beginning after December 31, 1983. However, if the corporation does not file its income tax return by the due date (including extensions), it must separately file Form 5472 by such due date with the Service Center where the return will be filed.

**Transitional rule.**—Final regulations regarding Form 5472 were published in the Federal Register on July 24, 1985. If the corporation has already filed a 1984 income tax return for a tax year ending before July 24, 1985, the corporation has until November 21, 1985, to file Form 5472.

### Duplicate Filing Required

The reporting corporation shall file a duplicate copy of each Form 5472 (at the same time as the original copy is filed). The original must be filed with the IRS Service Center or District Director with which it files (or has filed) its income tax return. The duplicate Form 5472 shall be filed with the Internal Revenue Service Center, Philadelphia, PA 19255.

### Penalties

Unless reasonable cause can be shown for a delay in filing Form 5472 or for not providing any of the required information, the corporation shall pay a penalty of \$1,000 for each tax year for which the information is not timely filed. It will also be liable for any other penalties imposed by section 6038A.

Each member of a group of corporations filing a consolidated information return is a separate reporting corporation.

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

### Specific Instructions

**Note:** *The corporation must state all money items in U.S. dollars and attach a statement to the form containing the exchange rates used. Also, all information must be written in the English language.*

#### Part I

Enter the appropriate information regarding the reporting corporation in the space provided.

**Line 2.**—A separate Form 5472 must be submitted by the reporting corporation for each related corporation with which it has engaged in a reportable transaction. Enter the total number of Forms 5472 being filed by the reporting corporation for the taxable year.

#### Part II

Enter the appropriate information for the related corporation, whether it is a domestic corporation or a foreign corporation, in the space provided.

**Line 2.**—List all countries in which the related corporation is considered to be a resident.

**Line 4a—Principal business activity.**—Enter on line 4a the principal business activity of the related corporation. See the Instructions for Forms 1120 and 1120A for a list of principal business activities.

**Line 4b—Business activity code number.**—Enter on line 4b the business activity code number from the Standard Industrial Classification System that is contained in the Instructions for Forms 1120 and 1120A.

### Part III

*Do not complete this part if the related corporation is a domestic corporation.*

Generally, all the reportable transactions between the reporting corporation and the related foreign corporation must be entered on Form 5472. However, a transaction does not have to be reported if neither party to the transaction is a United States person (as defined in section 7701(a)(30)) and the transaction:

(1) Does not give rise to any recognized income or gain which is from sources within the United States or which is effectively connected with the conduct of a trade or business within the United States;

(2) Does not give rise to any expense, loss, or other deduction properly allocable or apportionable to such income; and

(3) Does not, in any way, affect any United States income tax obligation of either party to the transaction in any tax year.

Enter reasonable estimates of the total dollar amount of each of the categories of transactions conducted between the reporting corporation and the related corporation 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% and not more than 125% of the actual amount required to be reported. If any actual amount required to be reported does not exceed \$66,667 and is reported as "\$50,000 or less," then the amount reported is a reasonable estimate.

**Line 7a.**—Enter the total amount of funds borrowed as of the beginning of the tax year.

**Line 7b.**—Enter the total amount of funds borrowed as of the end of the tax year.

**Line 17a.**—Enter the total amount of funds loaned as of the beginning of the tax year

**Line 17b.**—Enter the total amount of funds loaned as of the end of the tax year.

### Part IV

For each transaction involving non-monetary consideration or no consideration attach a statement describing the substance and the approximate size of the transaction or group of transactions. This description should include all services performed or all property (including monetary consideration), rights, or obligations transferred between the reporting corporation and the related foreign corporation. The statement should describe the nature and importance of all services performed. This statement should also contain a reasonable estimate of the fair market value or a statement of the nature and importance of such property (other than money), rights, obligations, or services. The statement is not required if the related corporation is a domestic corporation.

A transaction for which the entire consideration paid or received by one party was monetary consideration is not required to be described in Part IV even though the transaction involved the transfer of both tangible and intangible property, as long as the transfer of the intangible property was related and incidental to the transfer of the tangible property. However, the monetary portion must be reported in Part III.