

Information Return of a Foreign Owned Corporation
(Under Section 6038A of the Internal Revenue Code)

Department of the Treasury
Internal Revenue Service

For tax year of the reporting corporation beginning , 19 , and ending , 19

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 Person (All information must be written in the English language)

1 Name and address of related person	2 Countries of residence
3 Type of relationship—Check applicable box: Controlled by reporting corporation <input type="checkbox"/> Controls reporting corporation <input type="checkbox"/> Common control <input type="checkbox"/> Other related person <input type="checkbox"/>	
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 Person (All amounts must be stated in U.S. dollars) (Reasonable estimates may be used—See Instructions)

1 Sales of stock in trade	1
2 Sales of tangible property other than stock in trade	2
3 Rents and royalties received (for other than intangible property rights)	3
4 Sales, leases, licensings, etc., of intangible property rights (e.g., patents, trademarks, secret formulas)	4
5 Consideration received for technical, managerial, engineering, construction, scientific, or like services	5
6 Commissions received	6
7 Amounts borrowed a Beginning Balance _____ b Ending Balance ▶	7b
8 Interest received	8
9 Premiums received for insurance or reinsurance	9
10 Total (Combine amounts on lines 1 through 9)	10
11 Purchases of stock in trade	11
12 Purchases of tangible property other than stock in trade	12
13 Rents and royalties paid (for other than intangible property rights)	13
14 Purchases, leases, licensings, etc., of intangible property (e.g., patents, trademarks, secret formulas)	14
15 Consideration paid for technical, managerial, engineering, construction, scientific, or like services	15
16 Commissions paid	16
17 Amounts loaned a Beginning Balance _____ b Ending Balance ▶	17b
18 Interest paid	18
19 Premiums paid for insurance or reinsurance	19
20 Total (Combine amounts on lines 11 through 19)	20

Part IV Describe All Nonmonetary and Nonconsideration Transactions Between the Reporting Corporation and the Related Foreign Person (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 ensure 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 and all related parties.

For purposes of Form 5472, a “related party” is any party related to the reporting corporation within the meaning of section 267(b) or section 707(b)(1). The term includes any other related person who is defined in section 482.

New Use for Form 5472.—The Tax Reform Act of 1986 revised Code section 6038A to require that a foreign controlled U.S. corporation and a foreign controlled foreign corporation engaged in a U.S. trade or business report transactions with all foreign related parties.

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 reportable transactions with a related person.

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

- It had no gross income (determined without reference to losses) subject to United States taxation, other than withholding tax under section 881, or
- Its sole trade or business in the United States is banking, financing, or similar business (as defined in regulations section 1.864-4(c)(5)(i)), or

● 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 filing a consolidated income tax return, it may join in filing Form 5472 on a consolidated basis. The reporting corporation must attach a copy of **Form 851**, Affiliations Schedule, to Form 5472. 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 foreign person 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 foreign person.

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).

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 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. 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.

Duplicate Filing Required

File a duplicate copy of each Form 5472 (at the same time as the original copy is 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: State all money items in U.S. dollars and attach a statement to the form containing the exchange rates used. All information must be in the English language.

Part I

Enter the appropriate information regarding the reporting corporation.

Line 2.—A separate Form 5472 must be submitted by the reporting corporation for each foreign person who is a related party. Enter the total number of Forms 5472 being filed by the reporting corporation for the taxable year.

Part II

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

Lines 4a and 4b—Principal business activity and business code number.—Enter on line 4a the principal business activity of the related person. (Enter on line 4b the business activity code number.) See the Instructions for Forms 1120 and 1120A for a list of principal business activities and business code numbers.

Part III

Generally, all the reportable transactions between the reporting corporation and a related foreign person 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 person 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 balance of the amounts borrowed at the beginning of the tax year.

Line 7b.—Enter the balance of the amounts borrowed at the end of the tax year.

Line 17a.—Enter the balance of the amounts loaned at the beginning of the tax year.

Line 17b.—Enter the balance of the amounts loaned at the end of the tax year.

Part IV

For each transaction involving nonmonetary 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 foreign related party. 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 party is a domestic entity.

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.