

Information Return of a Foreign-Owned U.S. Corporation or a  
Foreign Corporation Engaged in a U.S. Trade or Business

(Under Sections 6038A and 6038C of the Internal Revenue Code)

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  
Number, street, and room or suite no. (If a P.O. box, see instructions on page 3.)  
City or town, state, and ZIP code  
b Employer Identification Number  
c Total number of Forms 5472 filed for the tax year  
d Principal Business Activity Code

Part II 25% Foreign Shareholder (Completed Only by U.S. Corporations)

2a Name and address of 25% foreign shareholder  
b U.S. identifying number, if any  
c Country or countries where business is conducted  
d Country of citizenship, creation, or organization  
e Country or countries under whose laws the 25% foreign shareholder files an income tax return as a resident

Part III Related Party (All information must be written in the English language.)

3a Name and address of related party  
b U.S. identifying number, if any  
c Type of relationship—Check applicable box:  
Related party to reporting corporation  Related party to 25% foreign shareholder   
d Principal business activity  
e Business code number  
f Country or countries where business is conducted  
g Country or countries under whose laws the related party files an income tax return as a resident

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

Table with 22 rows and 2 columns. Rows 1-11 (Receipts) and 12-22 (Payments). Includes sub-columns for beginning and ending balances for rows 7 and 18.

**Part V Describe All Nonmonetary and Nonconsideration Transactions Between the Reporting Corporation and the Related Foreign Party. (Attach Separate Sheet.) (See Instructions.)**

**Part VI Additional Information**

- 1 Does the reporting corporation import goods from a related party?  Yes  No
- 2 If "Yes," is the basis of the goods valued differently than the customs value of the imported goods?  Yes  No
- 3 If "Yes," attach a statement to Form 5472 explaining the reason or reasons for such difference
- 4 Were the documents used to support this treatment of the imported goods in existence and available in the United States at the time of filing Form 5472?  Yes  No

## General Instructions

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

**Paperwork Reduction Act Notice.**—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us this information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average times are:

Recordkeeping . . . . .	11 hrs., 29 min.
Learning about the form or the law . . . . .	1 hr., 17 min.
Preparing and sending the form to the IRS . . . . .	1 hr., 32 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the Internal Revenue Service and the Office of Management and Budget at the addresses listed in the instructions for the tax return with which this form is filed. **DO NOT** send the tax form to either of these offices. Instead, see the instructions for the form for information on where to file.

**Important Changes.**—The Revenue Reconciliation Act of 1990 ("the 1990 Act") made several changes to section 6038A. The information reporting and related requirements have generally been extended to apply to acts (or failures to act) for tax years beginning on or before July 10, 1989. Prior to this change, amendments to section 6038A made by the Revenue Reconciliation Act of 1989 ("the 1989 Act") applied to tax years beginning after July 10, 1989.

The changes made retroactive to tax years beginning on or before July 10, 1989, include:

- Any requirement to furnish information under section 6038A(a) (as amended by the 1989 Act) if the time for furnishing the information is after November 5, 1990,
- Any requirement under section 6038A(a) to maintain records that existed on or after March 20, 1990,
- Any requirement to authorize the reporting corporation to act as the related party's limited agent in the U.S. under section 6038A(e)(1) (as amended by the 1989 Act) if the time for authorization is after November 5, 1990, and
- Any summons issued after November 5, 1990, without regard to when the tax year (to which the information, records, authorization, or summons relates) began.

The 1990 Act also added new section 6038C. Under section 6038C, all foreign corporations engaged in a trade or business within the U.S. must furnish information described in section 6038A(b) relating to related party transactions and any information as the Commissioner may prescribe by regulations relating to any item not directly connected with a related party transaction.

The penalty provisions under section 6038A(d) apply to failures to furnish information or maintain records required under section 6038C(b) or 6038C(a).

In addition, section 6038C(d) provides rules for enforcing requests for certain information.

**Purpose of Form 5472.**—Form 5472 is used to report information relating to transactions between the reporting corporation (a 25% foreign-owned domestic corporation or a foreign corporation engaged in a trade or business within the U.S.) and any party related to either the domestic or foreign corporation. The 25% foreign shareholder is also considered a related party of the domestic corporation.

**Who Must File.**—A domestic corporation must file Form 5472 if it is 25% foreign-owned. A foreign corporation must file Form 5472 if it is engaged in a U.S. trade or business.

**Corporations Not Required To File.**—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 U.S. 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.

**25% Foreign-Owned.**—A corporation is 25% foreign-owned if at least 25% of:

- the total voting power of all classes of stock entitled to vote; or
- the total value of all classes of stock of the corporation

is owned at any time during the tax year by one foreign shareholder.

**Total Voting Power.**—When determining if one foreign shareholder owns 25% of the total voting power, consider the facts and circumstances of each case, including any arrangements to shift formal voting power away from the foreign shareholder.

**Rules of Attribution.**—When determining whether a corporation is 25% foreign-owned and whether a person is a related party, the constructive ownership rules of section 318 apply with certain modifications. Substitute "10%" for "50%" in section 318(a)(2)(C). Also, sections 318(a)(3)(A), (B), and (C) shall not be applied so as to consider a U.S. person as owning stock that is owned by a person who is not a U.S. person.

**Related Party.**—The term **related party** means the 25% foreign shareholder, any person who is related to the reporting corporation, or the 25% foreign shareholder (within the meaning of section 267(b) or 707(b)(1)), or to any other person who is related to the reporting corporation within the meaning of section 482 and the related regulations.

**Foreign Person.**—The term **foreign person** means:

- (1) Any individual who is not a citizen or resident of the U.S., 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).

**Consolidated Return.**—If a consolidated income tax return is filed, a consolidated Form 5472 may be filed. The common parent of the consolidated group must attach a statement to Form 5472 showing which members of the consolidated group would otherwise file a separate Form 5472.

**Completing Form 5472.**—The reporting corporation must file a separate Form 5472 for each related party with which the reporting corporation had transactions listed in Part IV and Part V. The reporting corporation must show the following information for each related party: the name, address, U.S. identifying number, if applicable, the nature of the related party's business, the principal place or places of business, each country in which the related party is a resident under the laws of that country, and the relationship of the reporting corporation and the related party.

### When and Where To File

Attach Form 5472 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 the due date (including extensions) 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.

**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 of U.S. Persons with Respect to Certain Foreign Corporations, for the tax year and that form contains information regarding the transactions between the reporting corporation and the related foreign person.

### Penalties

**Penalties for failure to file Form 5472.**—A penalty of \$10,000 shall be assessed on any reporting corporation that fails to file Form 5472 when required. A similar penalty applies for failure to maintain books and records.

If the failure continues for more than 90 days after notification by IRS, a penalty of \$10,000 for each 30-day period (or fraction of a 30-day period) the information remains unfiled or the failure to maintain books and records continues after the 90-day period ends.

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

## Specific Instructions

**Address .—** Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the corporation has a P.O. box, show the P.O. box number instead of the street address.

### Part III

**Lines 3d and 3e—Principal business activity and business code number.—** See the instructions for Form 1120 or Form 1120F for a list of principal business activities and business code numbers.

### Part IV

Generally, all of the reportable transactions between the reporting corporation and a related foreign party must be entered on Part IV. 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

### Reasonable Estimates

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% but not more than 125% of the actual amount required to be reported. If an 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.

### Part V

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. Also include 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 V 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 IV.