

Instructions for Form 4626

Alternative Minimum Tax—Corporations

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 4626 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form4626](https://www.irs.gov/Form4626).

What's New

New Item C. Item C was added to Form 4626. See the instructions for [Item C](#).

Interim simplified method. New optional interim simplified method for determining applicable corporation status provides a higher safe harbor threshold. If met, the corporation is not required to complete Form 4626. See [Simplified Methods for Determining Applicable Corporation Status](#) and new [Interim Simplified Method \(Safe Harbor\) Calculation Worksheet](#).

Interim guidance for determining adjusted financial statement income (AFSI) with respect to partnerships. Notice 2025-28 provides interim guidance simplifying the application of the Corporate Alternative Minimum Tax (CAMT) to partnerships and CAMT entity partners. For more information, see Notice 2025-28, 2025-34 I.R.B. 316, available at [IRS.gov/irb/2025-34_IRB#NOT-2025-28](https://www.irs.gov/irb/2025-34_IRB#NOT-2025-28).

Interim guidance on the application of the CAMT to domestic corporate transactions, financially troubled companies, tax consolidated groups, and acquired financial statement net operating losses and certain built-in items. Notice 2025-46 provides interim guidance to simplify the application of the CAMT to domestic corporations. For more information, see Notice 2025-46, 2025-43 I.R.B. 533, available at [IRS.gov/irb/2025-43_IRB#NOT-2025-46](https://www.irs.gov/irb/2025-43_IRB#NOT-2025-46).

Interim guidance on the application of the CAMT under sections 55, 56A, and 59. Notice 2025-49 provides rules for certain adjustments to AFSI and rules for proposed applicability dates and reliance on the CAMT proposed regulations (described later). For more information, see Notice 2025-49, 2025-44 I.R.B. 627, available at [IRS.gov/irb/2025-44_IRB#NOT-2025-49](https://www.irs.gov/irb/2025-44_IRB#NOT-2025-49).

General Instructions

Purpose of Form

Form 4626 is used to determine whether a corporation is an applicable corporation under section 59(k) and to calculate CAMT under section 55 for applicable corporations.

Consolidated returns. For an affiliated group filing a consolidated return under the rules of section 1501, CAMT is calculated on a consolidated basis.

Who Must File

Unless a filing exclusion applies, a corporation must file Form 4626 to determine whether it is an applicable corporation and, if it is classified as an applicable corporation, to calculate CAMT.

Filing exclusions. A corporation is not required to file Form 4626 if the corporation is:

- An S corporation;
- A regulated investment company (RIC);
- A real estate investment trust (REIT);
- A tax-exempt entity that is not required to file an exempt organization business income tax return because it has no unrelated business taxable income (even if such entity is a member of a controlled group treated as a single employer under sections 59(k)(1)(D) and 52(a) or (b)); or
- A corporation that is not required to file Form 4626 because it is not an applicable corporation under the [interim simplified method or simplified method](#) and chooses to apply that method. This filing exception does not apply if the corporation is an applicable corporation in the current tax year because the corporation was an applicable corporation in a prior tax year.

When To File

Attach Form 4626 to the corporation's income tax return (or, if applicable, exempt organization business income tax return) and file by the due date (including extensions) for that return.

Interim Guidance

Proposed Regulations—Proposed Applicability Dates and Reliance Prior to Applicability

The Treasury Department and the IRS issued a [Notice of Proposed Rulemaking](#) published in the Federal Register on September 13, 2024. See 89 FR 75062, as corrected by 89 FR 104909. Until finalized, these proposed regulations are non-binding and subject to change. Some sections of the proposed regulations are proposed to apply to tax years ending after September 13, 2024 ("specified proposed regulations"). When final regulations are published in the Federal Register, these sections would apply to tax years ending after September 13, 2024. Other sections of the proposed regulations are proposed to apply to tax years ending after the date that final regulations are published in the Federal Register ("other proposed regulations"). Corporations would not be required to apply these sections of the proposed regulations until final regulations are published in the Federal Register. Special rules, discussed below, are

provided for corporations that choose to rely on sections of the proposed regulations for tax years ending on or before their proposed applicability dates.

Specified Proposed Regulations—Proposed Applicability Date

The following sections of the proposed regulations apply to tax years ending after, and, in certain cases, transfers (as defined in Proposed Regulations section 1.56A-4(b)(3)) occurring after, September 13, 2024.

- Proposed Regulations sections 1.56A-1 through 1.56A-4.
- Proposed Regulations sections 1.56A-6 through 1.56A-11.
- Proposed Regulations section 1.56A-13.
- Proposed Regulations section 1.56A-14.
- Proposed Regulations section 1.56A-17.
- Proposed Regulations section 1.56A-26.
- Proposed Regulations section 1.56A-27.
- Proposed Regulations sections 1.59-2 through 1.59-4.

The provisions of Proposed Regulations section 1.56A-5(l)(2)(ii) and (iii) apply to tax years ending after September 13, 2024, and on or before the date of publication of final regulations in the Federal Register, in order to coordinate certain provisions of the specified proposed regulations.

Reliance on Specified Proposed Regulations for Tax Years Ending Before Proposed Applicability Date

Corporations may rely on the specified proposed regulations for any tax year ending on or before September 13, 2024, provided the corporation, and each member of its test group determined under Proposed Regulations section 1.59-2 for that tax year, consistently follows all of the specified proposed regulations in their entirety in that tax year and each subsequent tax year (taking into account any changes to its test group determined under Proposed Regulations section 1.59-2 for each subsequent tax year) until the first tax year in which the final regulations are applicable and also applies the rules described in Proposed Regulations sections 1.56A-4 and 1.56A-6 that apply to transfers (as defined in Proposed Regulations section 1.56A-4(b)(3)) to any transfers occurring in such years.

A corporation may rely on the rules described in Proposed Regulations sections 1.56A-4 and 1.56A-6 that apply to transfers for a transfer occurring on or before September 13, 2024, provided the corporation, and each member of its test group determined under Proposed Regulations section 1.59-2 for the tax year of the corporation that includes the date of the transfer, consistently follow all of the rules in Proposed Regulations sections 1.56A-4 and 1.56A-6 for all such transfers occurring on or before September 13, 2024, during a tax year of the taxpayer and each subsequent tax year until the final regulations are applicable to such transfers, and if any such transfers occur in tax years ending on or before September 13, 2024, must rely on the specified proposed regulations for such tax years.

Other Proposed Regulations—Proposed Applicability Dates

The following sections of the proposed regulations apply to tax years ending after the date the final regulations are published in the Federal Register:

- Proposed Regulations section 1.56A-5 (other than section 1.56A-5(l)(2)(ii) and (iii)).
- Proposed Regulations section 1.56A-12.
- Proposed Regulations section 1.56A-15.
- Proposed Regulations section 1.56A-16.
- Proposed Regulations sections 1.56A-18 through 1.56A-25.

The provisions of the following sections apply to consolidated return years for which the due date of the income tax return (without extensions) is after the date of publication of final regulations in the Federal Register:

- Proposed Regulations section 1.1502-2.
- Proposed Regulations section 1.1502-53.
- Proposed Regulations section 1.1502-56A.

Reliance on Other Proposed Regulations for Tax Years Ending Before Proposed Applicability Date

Corporations may rely on one or more of the other proposed regulations for any tax year ending on or before the date the final regulations are published in the Federal Register provided that, for each section on which the corporation relies, the corporation, and each member of its test group determined under Proposed Regulations section 1.59-2 for that tax year, consistently follow that section in its entirety and also follow all of the specified proposed regulations in their entirety in that tax year and each subsequent tax year (taking into account any changes to its test group determined under Proposed Regulations section 1.59-2) until the first tax year in which the final regulations are applicable and also applies the rules described in Proposed Regulations sections 1.56A-4 and 1.56A-6 that apply to transfers (as defined in Proposed Regulations section 1.56A-4(b)(3)) to any transfers occurring in such years. Notwithstanding the prior sentence, a corporation may not rely on Proposed Regulations sections 1.56A-18, 1.56A-19, and 1.56A-21 in any tax year unless the corporation and each member of its test group determined under Proposed Regulations section 1.59-2 for that tax year rely on each of those sections in its entirety. In addition, Notice 2025-28 provides that a taxpayer may rely on Proposed Regulations section 1.56A-5 (excluding Proposed Regulations sections 1.56A-5(l)(2)(ii) and (iii)) if the taxpayer and each member of its test group determined under Proposed Regulations section 1.59-2 consistently follow that section in its entirety, regardless of whether the taxpayer also relies on Proposed Regulations section 1.56A-20, and vice versa.

Reliance on Interim Notice Guidance

The Treasury Department and the IRS also issued interim guidance published in the Internal Revenue Bulletin.

- Notice 2025-27, 2025-26 I.R.B. 1615, available at [IRS.gov/irb/2025-26_IRB#NOT-2025-27](https://irs.gov/irb/2025-26_IRB#NOT-2025-27).
- Notice 2025-28, 2025-34 I.R.B. 316, available at [IRS.gov/irb/2025-34_IRB#NOT-2025-28](https://irs.gov/irb/2025-34_IRB#NOT-2025-28).

- Notice 2025-46, 2025-43 I.R.B. 533, available at [IRS.gov/irb/2025-43_IRB#NOT-2025-46](https://irs.gov/irb/2025-43_IRB#NOT-2025-46).
- Notice 2025-49, 2025-44 I.R.B. 627, available at [IRS.gov/irb/2025-44_IRB#NOT-2025-49](https://irs.gov/irb/2025-44_IRB#NOT-2025-49).

Taxpayers may be able to rely on some or all of the interim guidance provided, subject to the following applicability dates and reliance conditions for each of the notices:

A corporation may use the interim simplified method provided in Notice 2025-27 for determining applicable corporation status for any tax year ending on or before the date that a Treasury Decision adopting a simplified method pursuant to section 59(k)(3)(A) is published in the Federal Register and for which the original federal income tax return has not been filed as of June 23, 2025.

Notice 2025-28 provides interim guidance on the application of the CAMT to partnerships and corporations that are partners in partnerships. The interim guidance simplifies the application of the CAMT by providing (i) optional top-down and taxable-income elections, and modified proposed section 1.56A-5 methods to compute a partner's distributive share of a partnership's AFSI, (ii) two optional methods to compute adjusted financial statement income attributable to partnership contributions and distributions, and (iii) that certain non-realization amounts are disregarded in computing AFSI. Taxpayers may rely on the guidance in Notice 2025-28 until further guidance is issued.

Notice 2025-46 provides interim guidance on the application of the CAMT to domestic corporate transactions, financially troubled companies, tax consolidated groups, and acquired financial statement net operating losses and certain built-in items. The interim guidance would simplify the application of the CAMT to domestic corporations by: (i) more closely aligning the rules for domestic corporate transactions with regular tax rules applicable to those transactions, but using CAMT inputs; (ii) clarifying the application of sections 108 and 1017 to troubled companies; (iii) simplifying the application of rules applicable to tax consolidated groups by incorporating by reference, with appropriate modifications, certain rules in the consolidated return regulations; and (iv) providing that the limitations on the use of acquired financial statement net operating losses and certain built-in items do not apply for purposes of computing AFSI. Taxpayers may rely on Notice 2025-46 until proposed regulations are issued.

Notice 2025-49 provides additional interim guidance on the applicability dates and reliance rules provided in the CAMT proposed regulations, AFSI adjustments for certain items measured at fair value, and specific other AFSI adjustments.

Statement of Rules Applied

Corporations must include with Form 4626 a statement describing the approach taken in completing Form 4626 and the guidance relied upon. For example, if the corporation applied provisions of the proposed regulations for certain line items, it must list the sections of the proposed regulations which it applied. If one or more line items are not based on the proposed regulations, the

corporation must provide an explanation of the legal basis for the line items; for example, the statute or applicable notice provision.

Definitions

Applicable Corporation

An applicable corporation is, with respect to any tax year, any corporation (other than an S corporation, a RIC, or a REIT) that satisfies an average annual adjusted financial statement income test (the [AFSI Test](#)) for 1 or more tax years which are prior to the current tax year and end after December 31, 2021. See section 59(k)(1)(A). Also, see the instructions for [Part I—Applicable Corporation Determination](#).

Adjusted Financial Statement Income (AFSI)

AFSI is, with respect to any corporation for any tax year, the corporation's net income or loss on its applicable financial statement (AFS) (defined later) for that tax year with specific adjustments including those noted below. See sections 56A and 59(k) for more information. Also, see the instructions for [Part I—Applicable Corporation Determination](#), and [Part II—Corporate Alternative Minimum Tax \(CAMT\)](#).

- Section 56A(c)(1) provides that appropriate adjustments to AFSI shall be made in any case in which an AFS covers a period other than the tax year.
- If the corporation is part of a tax consolidated group for any tax year, the AFSI for that group for that tax year must take into account items on the group's AFS that are properly allocable to the group's members.
- For any corporation that is not included on a consolidated return with the taxpayer corporation, the taxpayer corporation's AFSI with respect to the other corporation is determined by only taking into account the dividends received from that corporation and other amounts which are includable in gross income or deductible as a loss under Chapter 1 of the Internal Revenue Code (other than amounts required to be included under sections 951 and 951A) with respect to that corporation.

Corporate Alternative Minimum Tax Entity

The term "CAMT entity" means any entity identified in section 7701 and the related regulations, other than a disregarded entity. See Proposed Regulations section 1.56A-1(b)(8).

- If a CAMT entity is a partner in a partnership, the CAMT entity's AFSI with respect to that partnership is adjusted to consider only the CAMT entity's distributive share of that partnership's AFSI. A partnership's AFSI is the net income or loss on that partnership's AFS adjusted under rules similar to those in section 56A.
- A disregarded entity or branch and the CAMT entity that owns the disregarded entity or branch (including through other disregarded entities or branches) are treated as a single CAMT entity for purposes of determining AFSI. See Proposed Regulations section 1.56A-9.
- If the CAMT entity is a U.S. shareholder of one or more controlled foreign corporations (CFCs), its AFSI with respect to the CFCs is adjusted to take into account its pro-rata share (determined under rules similar to the rules

in section 951(a)(2)) of items taken into account in calculating the net income or loss set forth on each CFC's AFS, as adjusted under rules similar to those that apply in determining AFSI. This amount is referred to as a CFC's adjusted net income or loss.

Proposed Regulations section 1.56A-6(c) provides that a CFC's adjusted net income or loss is not limited to effectively connected income.

If the AFSI adjustment is negative, no adjustment is made for that tax year. However, any adjustment in a succeeding tax year is reduced by that negative amount.

- A foreign corporation's AFSI is generally determined under the principles of section 882, which provides that a foreign corporation is subject to CAMT only on income that is effectively connected with the conduct of a trade or business in the United States.

Note: Proposed Regulations section 1.56A-7 provides that a foreign corporation's AFSI is adjusted to take into account only amounts and items that would be included in income effectively connected with the conduct of a trade or business within the United States or allowable as a deduction by such corporation for purposes of section 882(c) had such amount or item accrued for regular tax purposes in the tax year.

- AFSI is adjusted to disregard federal income taxes, and income, war profits, and excess profits taxes (within the meaning of section 901), with respect to a foreign country or U.S. territory which are taken into account on the corporation's AFS.
- A section 1381 cooperative's AFSI excludes section 1382(b) cooperative patronage dividends and per-unit retain allocations not otherwise used in calculating AFSI.
- An Alaska native corporation's AFSI is adjusted to allow:

1. Cost recovery and depletion attributable to property with a basis determined by the Alaska Native Claims Settlement Act (the Act) (43 U.S.C. section 1602(c)); and

2. Deductions for amounts payable under section 7(i) or 7(j) of the Act (43 U.S.C. section 1602(i) and (j)) only when the deductions are allowed for federal income tax purposes. "Federal income tax purposes" as used in these instructions excludes CAMT.

- AFSI excludes amounts treated as payments against a federal income tax pursuant to an election under section 48D(d) or section 6417 or, in the case of a CAMT entity that relies on Proposed Regulations section 1.56A-12(b) (2), certain amounts received from the transfer of an eligible credit, as defined in section 6418(f)(1)(A).
- AFSI is adjusted to not include any item of income in connection with a mortgage servicing contract prior to the amount being included in income for federal income tax purposes.
- AFSI adjustments for covered benefit plans are:

1. Adjustments to disregard any income, cost, or expense that would otherwise be included on the AFS in connection with any covered benefit plan;

2. Increases for any covered benefit plan income that is included in the CAMT entity's gross income for federal income tax purposes; and

3. Decreases for any covered benefit plan deduction allowed to the CAMT entity for federal income tax purposes.

A covered benefit plan under section 56A(c)(11)(B) is a defined benefit plan (other than a multiemployer plan described in section 414(f)) that is qualified under section 401(a) with a trust exempt under section 501(a), any qualified foreign plan as defined in section 404A(e), or any other defined benefit plan which provides post-employment benefits other than pension benefits.

- The AFSI of a tax-exempt entity subject to the section 511 unrelated business income tax is adjusted to only take into account AFSI (if any) of an unrelated trade or business (as defined in section 513) of the organization, subject to the modifications to unrelated business taxable income described in section 512(b). AFSI determined under the preceding sentence includes any unrelated debt-financed income determined under section 514. See section 512(b)(4).
- AFSI is reduced by section 167 depreciation deductions on section 168 property that are allowed in calculating taxable income for the tax year and adjusted to remove any book expense, depreciation expense, or other cost recovery expense included in the CAMT entity's AFS for the section 168 property.
- AFSI is reduced by any qualified wireless spectrum amortization deductions allowed under section 197 in calculating taxable income for the tax year and adjusted to remove any book expense, amortization expense, or other cost recovery expense included in the CAMT entity's AFS for the qualified wireless spectrum. For AFSI purposes, qualified wireless spectrum is wireless spectrum that is used in the trade or business of a wireless telecommunications carrier and was acquired after December 31, 2007, and before August 16, 2022.
- Proposed Regulations section 1.56A-27(b) provides that AFSI of a foreign government is adjusted so as not to take into account any amount of FSI that, if it were properly treated as gross income for regular tax purposes, would be excluded from gross income and exempt from taxation under subtitle A pursuant to section 892.
- Section 56A(c)(15) authorizes guidance providing for additional adjustments to AFSI, including those necessary to prevent the duplication or omission of an item. Proposed Regulations section 1.56A-17 provides for additional adjustments to AFSI available to corporations who rely on the interim guidance. See [Interim Guidance](#), earlier.

Applicable Financial Statement (AFS)

Proposed Regulations section 1.56A-2 defines a corporation's "AFS" as the corporation's highest priority financial statement of the following financial statements which are listed in descending order of priority: either a certified generally accepted accounting principles (GAAP) statement, a certified international financial reporting standards (IFRS) statement, a certified financial statement prepared in accordance with other generally accepted accounting standards or an "other statement" filed with a federal, state, or foreign government agency thereof or a self-regulatory organization, as provided in Proposed Regulations section 1.56A-2(c)(1) through (4). For this purpose, Proposed Regulations section 1.56A-2(d)

defines a financial statement as “certified” if an independent financial statement auditor has provided an unqualified or unmodified clean opinion; a qualified or modified except for opinion or an adverse opinion (but only if the auditor for such adverse opinion discloses the amount of the disagreement with the statement). For a corporation that is relying on the proposed regulations, and does not have a certified financial statement or an “other statement,” the AFS is an “unaudited external statement,” or a federal income tax return or information return filed with the IRS, as provided in Proposed Regulations section 1.56A-2(c)(5) and (6). These statements are described in more detail below in their descending order of priority.

- A GAAP statement is an audited financial statement, other than a tax return, that is certified as being prepared in accordance with U.S. generally accepted accounting principles and is:

1. A Form 10-K (or successor form), or annual statement to shareholders, filed with the U.S. Securities and Exchange Commission (SEC);
2. A financial statement that is used for credit purposes; reporting to shareholders, partners, or other proprietors, or to beneficiaries; or any other substantial nontax purpose; or
3. A financial statement filed with the federal government or any federal agency, other than the SEC or the IRS.

- An IFRS statement is an audited financial statement, other than a tax return, that is certified as being prepared in accordance with international financial reporting standards and is:

1. Filed with the SEC or an agency of a foreign government that is equivalent to the SEC;
2. A financial statement that is used for credit purposes; reporting to shareholders, partners, or other proprietors, or to beneficiaries; or any other substantial nontax purpose; or
3. A financial statement filed with the federal government, any federal agency, a foreign government, or agency of a foreign government, other than the SEC, the IRS, or an agency that is equivalent to the SEC or the IRS.

- An audited financial statement that is certified as being prepared in accordance with accepted accounting standards other than GAAP and IFRS that are issued by an accounting standards board charged with developing accounting standards for one or more jurisdictions and is:
 1. Filed with the SEC or an agency of a foreign government that is equivalent to the SEC;
 2. A financial statement that is used for credit purposes; reporting to shareholders, partners, or other proprietors, or to beneficiaries; or any other substantial nontax purpose; or
 3. A financial statement filed with the federal government, any federal agency, a foreign government, or agency of a foreign government, other than the SEC, the IRS, or an agency that is equivalent to the SEC or the IRS.

An “other statement” is a financial statement, other than a tax return or a financial statement described above, filed with the federal government or any federal agency, a state

government or state agency, a foreign government or foreign agency, or a self-regulatory organization including, for example, a financial statement filed with a state agency that regulates insurance companies or the Financial Industry Regulatory Authority, or a comparable foreign self-regulatory organization.

If none of the above financial statements exist, the AFS can be an unaudited external statement. An unaudited external statement is a financial statement, other than a tax return or a financial statement described above, that is unaudited (or audited but not certified within the meaning of Proposed Regulations section 1.56A-2(d)), prepared for an external non-tax purpose, using (i) GAAP; (ii) IFRS; or (iii) any other accepted accounting standards that are issued by an accounting standards board charged with developing accounting standards for one or more jurisdictions. If an unaudited external statement also does not exist, the AFS for a CAMT entity that is not a controlled foreign corporation (CFC) can be a federal income tax return or information return filed with the IRS, or, for a CAMT entity that is a CFC, Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations (or any successor form).

Consolidated AFS and separate AFS. If a CAMT entity’s financial results are reported on an AFS other than a tax return with one or more other CAMT entities (consolidated AFS), the consolidated AFS with the highest priority under Proposed Regulations sections 1.56A-2(c)(1) through (5) is generally the AFS of the CAMT entity. However, if a CAMT entity’s financial results are reported on a consolidated AFS and separately reported on an AFS that is of equal or higher priority to the consolidated AFS (separate AFS), the CAMT entity’s AFS is the separate AFS except as provided below. See Proposed Regulations section 1.56A-2(g)(1).

A member of a tax consolidated group must prioritize a consolidated AFS that includes other members of its tax consolidated group over a separate AFS pursuant to special rules. See Proposed Regulations sections 1.56A-1(c)(2)(i) and 1.56A-2(g)(2)(i) through (iv) for additional details regarding this exception.

If a CAMT entity is a member of a foreign-parented multinational group (FPMG) whose common parent prepares a consolidated AFS (FPMG consolidated AFS) that includes the CAMT entity, the corporation must use the FPMG consolidated AFS regardless of whether the corporation’s financial results also are reported on a separate AFS. See Proposed Regulations section 1.56A-2(g)(2)(v).

Foreign-parented multinational group (FPMG). To determine the FPMG and its members, see section 59(k). Also, see Proposed Regulations section 1.59-3.

FPMG means, for any tax year, two or more entities, if:

1. At least one entity is a domestic corporation and another is a foreign corporation,
2. Those entities are included in the same applicable financial statement for that year, and
3. Either the common parent of those entities is a foreign corporation or the entities are treated as having a common parent that is a foreign corporation.

For this purpose, if a foreign corporation is engaged in a trade or business within the United States, that trade or business is treated as a separate domestic corporation that is wholly owned by the foreign corporation.

Special Rules

AFSI Test

General AFSI Test

For purposes of determining whether a corporation satisfies the general AFSI test, the following apply. See section 59(k)(1). Also, see Proposed Regulations section 1.59-2(c)(1).

- A corporation meets the general AFSI test when the corporation's average annual AFSI for the prior 3-tax-year period exceeds \$1 billion.
- Solely for purposes of determining whether a corporation is an applicable corporation, all AFSI of members of a controlled group treated as a single employer with the corporation under section 52(a) or (b) ("controlled group") is included in the corporation's AFSI.
- For purposes of determining the AFSI of the corporation and all members of the controlled group under the general AFSI test, the AFSI adjustments for financial statement net operating losses under section 56A(d), partnership distributive share under section 56A(c)(2)(D)(i), and covered benefit plans under section 56A(c)(11) do not apply.

AFSI Test Applicable to Foreign-Parented Multinational Group (FPMG) (FPMG AFSI Test)

If a corporation is an FPMG member for any tax year, it meets the FPMG AFSI test if the FPMG \$1 billion AFSI test and the FPMG \$100 million AFSI test described below are satisfied. See section 59(k)(1). Also, see Proposed Regulations section 1.59-2(c)(2)(i).

FPMG \$1 billion AFSI test. A corporation meets the FPMG \$1 billion AFSI test for the tax year prior to the current tax year if the corporation's average annual AFSI for the 3-tax-year period ending with the tax year exceeds \$1 billion.

For purposes of this determination, the AFSI of the corporation includes the AFSI of all other members of the FPMG and the AFSI of all members of the controlled group other than persons that are members of the FPMG. See section 59(k). Also, see Proposed Regulations section 1.59-2(c)(2)(ii).

For purposes of calculating the AFSI of a corporation that is an FPMG member (including the AFSI of other members of the FPMG and the controlled group for aggregation purposes) under the FPMG \$1 billion AFSI test, the AFSI adjustments for financial statement net operating losses under section 56A(d), partnership distributive share under section 56A(c)(2)(D)(i), pro rata CFC adjusted net income or loss under section 56A(c)(3), effectively connected income of foreign corporations under section 56A(c)(4), and covered benefits plans under section 56A(c)(11) do not apply.

FPMG \$100 million test. A corporation meets the FPMG \$100 million test for the tax year prior to the current tax

year if the corporation's average annual AFSI for the 3-tax-year period ending with the tax year is \$100 million or more. For purposes of this determination, the AFSI of the corporation includes the AFSI of all members of the controlled group. See section 59(k)(1). Also, see Proposed Regulations section 1.59-2(c)(2)(iii).

For purposes of calculating the AFSI of a corporation that is an FPMG member (including the AFSI of other members of the controlled group for aggregation purposes) under the FPMG \$100 million test, the AFSI adjustments for financial statement net operating losses under section 56A(d), partnership distributive share under section 56A(c)(2)(D)(i), and covered benefit plans under section 56A(c)(11) do not apply.

Additional Rules Applicable to the General AFSI Test and the FPMG AFSI Test

If a corporation has been in existence for less than 3 tax years of the 3-tax-year period, the AFSI test is applied by averaging the tax years of the 3-tax-year period during which the corporation existed. AFSI for any tax year of fewer than 12 months shall be annualized by multiplying the AFSI for the short period by 12 and dividing the result by the number of months in the short period. See section 59(k)(1)(E). Also, see Proposed Regulations section 1.59-2(d).

Simplified Methods for Determining Applicable Corporation Status

Section 3.03 of Notice 2025-27 and Proposed Regulations section 1.59-2(g)(2) provide optional simplified methods to determine applicable corporation status in lieu of the AFSI test.

Simplified method for determining applicable corporation status using Notice 2025-27. Generally, if the corporation's average annual AFSI for the three preceding tax years is less than \$800 million and it was not an applicable corporation in a prior year, then it is not an applicable corporation in the current year and is not required to file Form 4626.

Corporations can use the [Interim Simplified Method \(Safe Harbor\) Calculation Worksheet](#) to determine whether the corporation meets the safe harbor or is required to file Form 4626.

Under the interim simplified method, a corporation determines whether it is an applicable corporation by applying the AFSI test with the following modifications.

- The general AFSI test and the FPMG \$1 billion AFSI test are applied by substituting "\$800 million" for "\$1 billion."
- The FPMG \$100 million AFSI test is applied by substituting "\$80 million" for "\$100 million."

AFSI is determined by considering only the following adjustments.

- If the financial results of a CAMT entity are reported on the same consolidated financial statement for a group of CAMT entities (AFS Group), the members of the group that are part of a test group are treated as a single CAMT entity.

- Disregard federal income taxes, or income, war profits, and excess profits taxes (within the meaning of section 901), with respect to a foreign country or U.S. territory which are taken into account on the corporation's AFS. See section 56A(c)(5).
- For an organization subject to tax under section 511, AFSI only takes into account the AFSI (if any) of an unrelated trade or business (as defined in section 513) of such organization, subject to the modifications to unrelated business taxable income described in section 512(b). This adjustment includes any unrelated debt-financed income determined under section 514. See section 56A(c)(12).
- Disregard amounts received from the transfer of an eligible credit (as defined in section 6418(f)(1)(A)) that is not includible in gross income or treated as tax exempt, provided the amount is not otherwise disregarded under section 56A(c)(5). See Notice 2025-27, section 3.03(2)(b)(i).
- Disregard amounts received due to an election under section 48D(d)(2) or 6417(c) that is treated as tax exempt income under section 48D(d)(2)(A)(i)(III) or 6417(c)(1)(C), provided the amount is not otherwise disregarded under section 56A(c)(5). See Notice 2025-27, section 3.03(2)(b)(ii).
- Disregard amounts paid by the transferee taxpayer (as defined in section 6418(a)) as consideration for the transfer of the eligible tax credit, provided the amount is not otherwise disregarded under section 56A(c)(5). See Notice 2025-27, section 3.03(2)(b)(iii).
- Disregard any increase in the transferee taxpayer's net income or loss on the AFS resulting from the use of the tax credit, provided the increase is not otherwise disregarded under section 56A(c)(5). See Notice 2025-27, section 3.03(2)(b)(iv).
- In applying the FPMG \$100 million test, a foreign corporation's AFSI is calculated by considering only the income items that are effectively connected with the conduct of a U.S. trade or business. See section 56A(c)(4).
- If a corporation has an AFS covering a period (AFS year) different from its tax year, the general AFSI test and the FPMG AFSI test are applied using the 3-AFS-year period ending during such tax year rather than the 3-tax-year period ending with such tax year. See Notice 2025-27, section 3.03(3).

The rules for new corporations and short years are applied using AFS years rather than tax years. See Notice 2025-27, section 3.03(3)(b).

Simplified method for determining applicable corporation status using the proposed regulations.

Proposed Regulations section 1.59-2(g)(2) provides that a corporation may choose to apply the safe harbor method (simplified method) in lieu of the [AFSI Test](#) for purposes of determining whether it is an applicable corporation. Under the simplified method, a corporation determines whether it is an applicable corporation by applying the AFSI test with the following modifications.

The general AFSI test and the FPMG \$1 billion AFSI test are applied by substituting "\$500 million" for "\$1 billion."

The FPMG, \$100 million AFSI test is applied by substituting "\$50 million" for "\$100 million."

AFSI is determined by considering only the following adjustments.

If the financial results of a CAMT entity are reported on the same consolidated financial statement for a group of CAMT entities (AFS Group), the members of the group that are part of a test group are treated as a single CAMT entity.

Disregard federal income taxes, or income, war profits, and excess profits taxes (within the meaning of section 901), with respect to a foreign country or U.S. territory which are taken into account on the corporation's AFS. See Proposed Regulations section 1.59-2(g)(2)(iii)(B).

For an organization subject to tax under section 511, AFSI only takes into account the AFSI (if any) of an unrelated trade or business (as defined in section 513) of such organization, subject to the modifications to unrelated business taxable income described in section 512(b). This adjustment includes any unrelated debt-financed income determined under section 514. See Proposed Regulations section 1.59-2(g)(2)(iii)(B).

- In applying the FPMG \$100 million test, a foreign corporation's AFSI is calculated by considering only the income items that are effectively connected with the conduct of a U.S. trade or business. See Proposed Regulations section 1.59-2(g)(2)(iii)(B).
- If a corporation has an AFS covering a period (AFS year) different from its tax year, the general AFSI test and the FPMG AFSI test are applied using the 3-AFS-year period ending during such tax year rather than the 3-tax-year period ending with such tax year. See Proposed Regulations section 1.59-2(g)(2)(iv)(A).

The rules for new corporations and short years are applied using AFS years rather than tax years. See Proposed Regulations section 1.59-2(g)(2)(iv)(B).

Calculating CAMT

For the tax year of an applicable corporation, a CAMT liability arises to the extent the tentative minimum tax for the year exceeds the sum of the regular income tax imposed for the tax year plus the base erosion minimum tax (imposed under section 59A). The tentative minimum tax is the excess of 15% of AFSI over the corporate alternative minimum tax foreign tax credit (CAMT FTC). For any corporation that is not an applicable corporation, the tentative minimum tax for the tax year is zero.

Reduction for financial statement net operating loss (FSNOL). In calculating CAMT, AFSI is reduced by the lesser of:

1. The aggregate amount of FSNOL carryovers to the tax year, or
2. 80% of AFSI computed without regard to the FSNOL reduction allowed.

An FSNOL for any tax year is the amount of the net loss (if any) on the corporation's AFS determined with regard to AFSI general adjustments under section 56A(c), but without regard to an FSNOL reduction under section 56A(d), for tax years ending after 2019. An FSNOL for any tax year is an FSNOL carryover to the tax year following

the tax year of the loss. The portion of such loss that is carried to subsequent years is determined by subtracting from the loss, for each preceding tax year, the lesser of the amount of the loss or 80% of AFSI for the tax year (determined without regard to the FSNOL adjustment), regardless of whether the corporation was an applicable corporation in any tax year. See Proposed Regulations section 1.56A-23 for more details.

Note: For purposes of determining the average annual AFSI of the corporation and all members of the test group under the [General AFSI Test](#), the reduction for financial statement net operating losses does not apply.

Corporate alternative minimum tax foreign tax credit (CAMT FTC). If an applicable corporation elects to take a section 901 foreign tax credit for regular tax for a tax year, the CAMT FTC is an amount equal to the sum of:

1. The lesser of:
 - a. The aggregate of the applicable corporation's pro-rata share (as determined under section 56A(c)(3)) of income, war profits, and excess profits taxes (within the meaning of section 901) imposed by any foreign country or U.S. territory that are taken into account on the AFS of each CFC with respect to which the applicable corporation is a U.S. shareholder and are paid or accrued (for federal income tax purposes) by each CFC, or
 - b. The applicable corporation's pro-rata share (determined under rules similar to the rules under section 951(a)(2)) of the adjusted net income or loss of CFCs, multiplied by 15%; plus
2. For an applicable corporation that is a domestic corporation, the income, war profits, and excess profits taxes (within the meaning of section 901) imposed by any foreign country or U.S. territory to the extent that such taxes are taken into account on the applicable corporation's AFS and are paid or accrued (for federal income tax purposes) by the applicable corporation.

Proposed Regulations section 1.56A-8(d)(1) describes when a foreign tax is treated as taken into account. Proposed Regulations section 1.59-4(d) provides rules for determining an applicable corporation's pro-rata share of CFC taxes. Proposed Regulations section 1.59-4(g) describes the treatment of partnership taxes.

Credit for Prior Year Minimum Tax

A corporation may take a credit against the regular tax and the base erosion minimum tax for alternative minimum tax incurred in prior years. See Form 8827, Credit for Prior Year Minimum Tax—Corporations, for details.

Specific Instructions

Item A

If the corporation is a member of a controlled group, check the "Yes" box in Item A. Also, complete Part V. See the instructions for Part V.

Item B

If the corporation is a member of an [FPMG](#), check the "Yes" box. Also, complete Part V. See the instructions for Part V. In addition, attach a statement described under

Proposed Regulations section 1.59-3(g)(4) disclosing the applicable financial accounting standard used to determine if a corporation is a member of an FPMG. See Proposed Regulations section 1.59-3(g) for determining the applicable financial accounting standard.

Item C

If the corporation has already determined it is an applicable corporation for purposes of the CAMT, check the "Yes" box, skip Part I, and continue to Part II. Otherwise, check the "No" box and complete Part I to determine if the corporation is an applicable corporation.

Part I—Applicable Corporation Determination

An applicable corporation is any corporation that satisfies the [AFSI Test](#) for 1 or more tax years prior to the current tax year and ends after December 31, 2021. If the corporation is an FPMG member for any tax year, the FPMG AFSI test applies. See section 59(k) and [AFSI Test](#), earlier.

A corporation may choose to apply a safe harbor method ([interim simplified method or simplified method](#)) in lieu of the [AFSI Test](#) for purposes of determining whether it is an applicable corporation. See the instructions for Form 1120, Schedule K, question 29c, or the applicable question on the corporation's return.

If a corporation has been in existence for fewer than 3 tax years of the 3-tax-year period, the AFSI test is applied to that corporation by averaging the tax years of the 3-tax-year period during which that corporation existed. For example, a corporation with a calendar tax year is formed on January 1, 2023. Only the calendar tax years ended December 31, 2023, and December 31, 2024, are included in the AFSI test in determining whether the corporation is an applicable corporation for the tax year ended December 31, 2025.

For a corporation with AFSI for any tax year of less than 12 months included in the 3-tax-year period, the AFSI of that corporation is annualized by multiplying the AFSI for the short period by 12 and dividing the result by the number of months in the short period. For example, a corporation with a calendar tax year is formed on July 1, 2022. The AFSI for the tax year ended December 31, 2022, is multiplied by 12 and then divided by 6 when computing the 3-year annual average AFSI on the applicable line. The resulting 3-year annual average AFSI with the AFSI for tax years ended December 31, 2023, and December 31, 2024, is used to determine whether the corporation is an applicable corporation for the tax year ended December 31, 2025.

AFSI for the short period to be annualized does not include those items described as extraordinary items in Regulations section 1.6655-2(f)(3)(ii)(A) to the extent that the items are not otherwise disregarded in determining AFSI, either because of an AFSI adjustment or because the items are not included in FSI. However, the items are included in AFSI for the annualized 12-month period after the AFSI for the short period is annualized. See Proposed Regulations section 1.59-2(d)(2)(ii).

Note: If it has been determined in either the current or prior tax years that the corporation is an applicable corporation, skip Part I and continue to Part II.

Columns a, b, and c. In columns (a), (b), and (c), enter the required information for the 3-tax-year period ending prior to the current tax year. For example, when a corporation with a calendar tax year determines whether it is an applicable corporation for the tax year ending December 31, 2025, the 3-tax-year period includes the tax years ended December 31, 2024, December 31, 2023, and December 31, 2022.

Line 1a. Enter the net income or loss from the corporation's AFS. If the corporation's AFS is a consolidated AFS, enter the consolidated net income or loss which includes net income or loss attributable to noncontrolling interests. If the corporation has been in existence for less than 3 tax years of the 3-tax-year period, enter information for the period during which the corporation existed.

Line 1b. Enter the net income or loss of the other entities the AFSI of which is required to be aggregated with the AFSI of the corporation for purposes of determining if the corporation is an applicable corporation but that are not included in the corporation's AFS. Include net income or loss of members of the controlled group and corporate-owned disregarded entities that were not included in the corporation's AFS, and if the corporation is an FPMG member, also include the net income or loss of FPMG members that were not included already. If the other entity has been in existence for less than 3 tax years, enter information for the period during which the corporation existed.

Line 1c. Enter net income or loss from entities included in the AFS but that are not in the controlled group, or in the case of an FPMG member, not in the FPMG or controlled group. Add net loss and subtract net income.

Line 1d. Enter any consolidation entry adjustments made attributable to entities the net income of which is included on line 1a (but only to the extent such adjustments were not reflected on line 1c). See Proposed Regulations sections 1.56A-1(c)(2) and (3) and 1.1502-56A(a)(2) and (c) for details.

Line 1e. Reserved for future use.

Lines 2a through 2z. Compute the adjustments for each of the entities in the aggregation group and report the total amount for all entities on the form.

Line 2a. Appropriate adjustments to AFSI are made when the AFS reporting year covers a period other than the corporation's tax year.

Line 2b. In the case of any corporation which is not included on a consolidated return with the taxpayer corporation, enter the adjustment required by section 56A(c)(2)(C) with respect to each entity in the aggregation group.

Line 2c. Aggregate pro-rata share of adjusted net income or loss of CFCs.

Corporation that is not a member of an FPMG. For a corporation that is not a member of an FPMG, if the corporation is a U.S. shareholder of one or more CFCs,

enter the corporation's aggregate pro-rata share (determined under rules similar to the rules under section 951(a)(2)) of the adjusted net income or loss of its CFCs for the first, second, and third preceding years from Form 4626, Schedule A, column (i), line 31. See section 56A(c)(3)(A). If the aggregate pro-rata share of the adjusted net income or loss of the corporation's CFCs is negative, enter zero.

Attach Schedule A (Form 4626), Pro-Rata Share of Adjusted Net Income or Loss of CFCs Described in Section 56A(c)(3). Attach a separate Schedule A for each of column (a), (b), and (c).

Corporation that is a member of an FPMG. If the corporation is a member of an FPMG, enter zero.

Line 2d. Income or loss that is not effectively connected to a U.S. trade or business.

Corporation that is not a member of an FPMG.

Enter the AFSI income or loss from all foreign corporations that are in the controlled group where such AFSI income or loss is not effectively connected with the conduct of a U.S. trade or business. Enter AFSI income as a positive number and AFSI losses as a negative number.

Corporation that is a member of an FPMG. If the corporation is a member of an FPMG, enter zero.

Line 2e. Certain taxes. Enter an adjustment to AFSI to disregard the amount of federal income taxes, and income, war profits, and excess profits taxes (within the meaning of section 901), with respect to any foreign country or U.S. territory which are taken into account on the corporation's AFS.

Line 2f. For section 1381 cooperatives, enter an adjustment to reduce AFSI by the amounts referred to in section 1382(b) relating to patronage dividends and per-unit retain allocations to the extent such amounts were not otherwise taken into account in determining AFSI.

Line 2g. Alaska native corporations. Enter an adjustment to allow cost recovery and depletion attributable to property with a basis determined by the Alaska Native Claims Settlement Act (the Act) and deductions for amounts payable under section 7(i) or 7(j) of the Act which are allowed for federal income tax purposes.

Line 2h. Certain credits. Enter an adjustment to disregard any amounts treated as federal income tax credits under section 48D(d) or section 6417 or certain amounts received from the transfer of an eligible credit, as defined in section 6418(f)(1)(A), to the extent that these amounts were not otherwise taken into account on line 2e.

Line 2i. Mortgage servicing income. Enter any adjustments to defer items of income in connection with mortgage servicing contracts so that they are not included in AFSI prior to being included in income for federal income tax purposes.

Line 2j. Tax-exempt entities. Enter adjustments to AFSI so that only items from the corporation's unrelated trade or business activities (as defined in section 513), subject to the modifications to unrelated business taxable income described in section 512(b), are included in AFSI. The adjustments to AFSI include any unrelated debt-financed income determined under section 514.

Line 2k. Depreciation. Enter an adjustment which is the difference between the section 167 depreciation deductions on section 168 property allowed in calculating taxable income for the tax year and the book expense, depreciation expense, or other cost recovery expense included in the CAMT entity's AFS for such property. The adjustment is negative if the section 167 depreciation deductions on section 168 property exceed the book expense, depreciation expense, or other cost recovery expense included in the CAMT entity's AFS for such property. The adjustment is positive if the book expense, depreciation expense, or other cost recovery expense included in the CAMT entity's AFS for section 168 property exceeds the section 167 depreciation deductions on such property. Also, enter any additional adjustments, including those to account for the disposition of property. See [Interim Guidance](#), earlier.

Line 2l. Qualified wireless spectrum. Enter an adjustment which is the difference between the qualified wireless spectrum section 197 amortization allowed in calculating taxable income for the tax year and the book expense, amortization expense, or other cost recovery expense included in the CAMT entity's AFS for such property. The adjustment is negative if the section 197 amortization deductions on qualified wireless spectrum exceed the related book expense, amortization expense, or other cost recovery expense included in the CAMT entity's AFS for such property. The adjustment is positive if the book expense, amortization expense, or other cost recovery expense included in the CAMT entity's AFS for qualified wireless spectrum property exceeds the section 197 amortization deductions on such property. Also, enter any additional adjustments, including those to account for the disposition of property. See [Interim Guidance](#), earlier.

Line 2m. Covered transactions. If the corporation is relying on interim guidance regarding covered transactions, enter any AFSI adjustments that result from the application of such guidance.

Line 2n. Adjustments related to bankruptcy and insolvency. If the corporation is relying on interim guidance regarding bankrupt or insolvent corporations, enter any AFSI adjustments that result from the application of such guidance.

Line 2o. Certain insurance company adjustments. If the corporation is relying on interim guidance regarding certain insurance company adjustments and other industry-specific adjustments, enter any AFSI adjustments that result from the application of such guidance.

Lines 2p through 2s. Reserved for future use.

Line 2z. Other. Enter any other AFSI adjustments, including adjustments to prevent omissions or duplications of any items, as permitted by interim guidance. Use line 2z to enter adjustments related to income of foreign governments. Attach a statement describing the adjustment and amount. If the corporation is relying on interim guidance regarding certain hedging transactions or items measured at fair value, enter any AFSI adjustments that result from the application of such guidance.

Line 3. Reserved for future use.

Line 7. 3-year average annual AFSI. Calculate the 3-year average annual AFSI by dividing the amount on line 6 by the number of tax years included on line 6. The average is calculated using the period during which the corporation existed. However, if the amount on line 6 includes AFSI for any tax year of less than 12 months, annualize the amount for each short period by multiplying the short-period AFSI shown on line 5 by 12 and dividing the result by the number of months in the short period. Then add the other amounts on line 5 to the annualized amount and divide that total by the number of tax years of the 3-tax-year period during which the corporation existed.

Line 8. If line 7 exceeds \$1 billion, check the "Yes" box on line 8, and continue to line 9. If line 7 is \$1 billion or less, check "No." Stop here. Attach the completed Form 4626 to the corporation's income tax return for the current tax year.

Line 9. If the corporation is a member of an FPMG, check "Yes," and continue to line 10. If the corporation is not an FPMG member, check "No," and continue to Part II.

Line 10a. Enter the amount of AFSI from line 5.

Line 10b. Enter the AFSI amount of FPMG members that are not members of the corporation's controlled group.

Line 10c. Subtract line 10b from line 10a. Enter that amount on line 10c.

Line 11a. Enter the AFSI income or loss of members of the controlled group that is not effectively connected with the conduct of a U.S. trade or business. Enter AFSI income as a negative number and AFSI losses as a positive number.

Line 11b. If the corporation is a U.S. shareholder of one or more CFCs, enter the U.S. shareholder corporation's pro-rata share (determined under rules similar to the rules under section 951(a)(2)) of the adjusted net income or loss of its CFCs for the first, second, and third preceding years from Form 4626, Schedule A, column (i), line 31. If the pro-rata share of adjusted net income or loss of the CFCs is negative, enter zero. See [Schedule A](#).

Attach Schedule A (Form 4626), Pro-Rata Share of Adjusted Net Income or Loss of CFCs Described in Section 56A(c)(3). Attach a separate Schedule A for each of column (a), (b), and (c).

Lines 11c and 11d. Reserved for future use.

Line 13. Combine lines 10c and 12. Enter the total on line 13.

Line 15. 3-year average annual AFSI for purposes of the \$100 million test. Calculate the 3-year average annual AFSI by dividing the amount on line 14 by the number of tax years of the 3-tax-year period during which the corporation existed. However, if the amount on line 14 includes AFSI for any tax year of less than 12 months, annualize the amount for each short period by multiplying the short-period AFSI shown on line 13 by 12 and dividing the result by the number of months in the short period. Then add the other amounts on line 13 to the annualized amount and divide that total by the number of tax years of the 3-tax-year period during which the corporation existed.

Line 16. If Part I, line 15 is \$100 million or more, check "Yes," and continue to Part II. If line 15 is less than \$100

million, check "No." Attach the completed Form 4626 to the corporation's income tax return for the current tax year.

Note: If the corporation does not meet the definition of applicable corporation in Part I or has not been classified as an applicable corporation in a prior year, do not complete Part II of Form 4626.

Part II—Corporate Alternative Minimum Tax (CAMT)

CAMT applies if the tentative minimum tax for the tax year exceeds the sum of the regular income tax plus the base erosion minimum tax. The tentative minimum tax for the tax year is the excess of 15% of AFSI for the tax year, over the CAMT FTC for the tax year.

Line 1a. If the corporation's AFS is a consolidated AFS, enter consolidated net income or loss set forth on the consolidated AFS for the current tax year, which includes net income or loss attributable to noncontrolling interests. Otherwise, enter the net income or loss set forth on the corporation's AFS for the current tax year.

Line 1b. Enter the net income or loss of other includible entities not included in the corporation's AFS. For example, include net income or loss reported on the corporation's AFS as discontinued operations for any entity that is a member of the affiliated group of corporations filing a consolidated tax return. Add net income and subtract net loss.

Line 1c. Enter the net income or loss of excludible entities (including corporations that are not part of the affiliated group of corporations filing a consolidated tax return with the applicable corporation) included in the corporation's AFS. Add net loss and subtract net income.

Line 1d. Enter any consolidation entry adjustments made attributable to entities the net income of which is included on line 1a (but only to the extent such adjustments were not reflected on line 1c). See [Interim Guidance](#), earlier.

Line 1e. Reserved for future use.

Line 2a. Financial statements covering different tax years. Appropriate adjustments to AFSI are made when the AFS reporting year covers a period other than the corporation's tax year.

Line 2b. Reserved for future use.

Line 2c. Corporations not included on the taxpayer's consolidated return. In the case of any corporation which is not included on a consolidated return with the taxpayer corporation, enter the adjustment required by section 56A(c)(2)(C) with respect to such corporation. Also, enter any adjustments of a U.S. shareholder of a CFC resulting from certain distributions received with respect to stock of the CFC. See [Interim Guidance](#), earlier.

Line 2d. Enter the adjustment(s) needed to include the corporation's distributive share of all partnership investment AFSI. For more information, see section 56A(c)(2)(D), Proposed Regulations sections 1.56A-5 and 1.56A-20, and Notice 2025-28.

Line 2e. If the corporation is a U.S. shareholder of one or more CFCs, enter the corporation's aggregate pro-rata share (determined under rules similar to the rules under

section 951(a)(2)) of the adjusted net income or loss of its CFCs. If the aggregate pro-rata share of the adjusted net income or loss of its CFCs is negative, enter zero.

Note: Line 2e should equal Part IV, Section I, line 3f, and Part VI, Section II, line 3.

Line 2f. In the case of an applicable corporation that is a foreign corporation, enter any AFSI income or loss included on the corporation's AFS that is not effectively connected with the conduct of a U.S. trade or business. Enter AFSI income as a negative number and AFSI losses as a positive number.

Line 2h. For section 1381 cooperatives, enter an adjustment to reduce AFSI by the amounts referred to in section 1382(b) (relating to patronage dividends and per-unit retain allocations) to the extent such amounts were not otherwise taken into account in determining AFSI.

Line 2i. Alaska native corporations. Enter an adjustment to allow cost recovery and depletion attributable to property with a basis determined by the Alaska Native Claims Settlement Act (the Act) and deductions for amounts payable under section 7(i) or 7(j) of the Act which are allowed for federal income tax purposes.

Line 2j. Certain credits. Enter an adjustment to disregard any amounts treated as federal income tax credits under section 48D(d) or section 6417 or certain amounts received from the transfer of an eligible credit, as defined in section 6418(f)(1)(A), to the extent that these amounts were not taken into account on line 2g.

Line 2k. Mortgage servicing income. Enter any adjustments to defer items of income in connection with mortgage servicing contracts so that they are not included in AFSI prior to being included in income for federal income tax purposes.

Line 2l. Covered benefit plans. Enter adjustments needed to AFSI to disregard any income, cost, or expense that would otherwise be included on the AFS in connection with any covered benefit plan. Enter adjustments required to increase AFSI by any covered benefit plan income and to reduce AFSI by any covered benefit plan deductions, as allowed under the applicable provision of the Internal Revenue Code. See sections 56A(c)(11)(A)(i)–(iii).

Line 2m. Tax-exempt entities. Enter adjustments to AFSI so that only items from the corporation's unrelated trade or business activities (as defined in section 513), subject to the modifications to unrelated business taxable income described in section 512(b), are included in AFSI. The adjustments to AFSI include any unrelated debt-financed income determined under section 514.

Line 2n. Depreciation. Enter an adjustment which is the difference between the section 167 depreciation deductions on section 168 property allowed in calculating taxable income for the tax year and the book expense, depreciation expense, or other cost recovery expense included in the CAMT entity's AFS for such property. The adjustment is negative if the section 167 depreciation deductions on section 168 property exceed the book

expense, depreciation expense, or other cost recovery expense included in the CAMT entity's AFS for such property. The adjustment is positive if the book expense, depreciation expense, or other cost recovery expense included in the CAMT entity's AFS for section 168 property exceeds the section 167 depreciation deductions on such property. Also, enter any additional adjustments, including those to account for the disposition of property. See [Interim Guidance](#), earlier.

Line 2o. Qualified wireless spectrum. Enter an adjustment which is the difference between the qualified wireless spectrum section 197 amortization allowed in calculating taxable income for the tax year and the book expense, amortization expense, or other cost recovery expense included in the CAMT entity's AFS for such property. The adjustment is negative if the section 197 amortization deductions on qualified wireless spectrum exceed the related book expense, amortization expense, or other cost recovery expense included in the CAMT entity's AFS for such property. The adjustment is positive if the book expense, amortization expense, or other cost recovery expense included in the CAMT entity's AFS for qualified wireless spectrum property exceeds the section 197 amortization deductions on such property. Also, enter any additional adjustments, including those to account for the disposition of property. See [Interim Guidance](#), earlier.

Line 2p. Covered transactions. If the corporation is relying on interim guidance regarding covered transactions, enter any AFSI adjustments that result from the application of such guidance.

Line 2q. Adjustments related to bankruptcy and insolvency. If the corporation is relying on interim guidance regarding bankrupt or insolvent corporations, enter any AFSI adjustments that result from the application of such guidance.

Line 2r. Certain insurance company adjustments. If the corporation is relying on interim guidance regarding certain insurance company adjustments and other industry-specific adjustments, enter any AFSI adjustments that result from the application of such guidance.

Lines 2s through 2u. Reserved for future use.

Line 2z. Other. Enter any other AFSI adjustments, including adjustments to prevent omissions or duplications of any items, as permitted by [Interim Guidance](#). Use line 2z to enter adjustments related to income of foreign governments. Attach a statement describing the adjustment and amount. If the corporation is relying on interim guidance regarding certain hedging transactions or items measured at fair value, enter any AFSI adjustments that result from the application of such guidance.

Line 5. The amount of the FSNOL adjustment for the tax year is limited to the lesser of:

1. The aggregate amount of FSNOL carryovers to the tax year, or
2. 80% of AFSI computed without regard to the FSNOL deduction allowed.

Maintain adequate records documenting both the amount of FSNOL generated in the tax year and used in subsequent tax years.

Line 10. Enter the corporation's regular tax liability (as defined in section 26(b)) minus any foreign tax credit, if any (Form 1120, Schedule J, line 1a minus any foreign tax credit entered on Schedule J, line 5a, or the applicable lines on the corporation's tax return).

Line 11. Base erosion minimum tax. Enter the base erosion minimum tax amount, if any, from Form 1120, Schedule J, line 1f, or the applicable line of the corporation's tax return. See section 59A and Form 8991, Tax on Base Erosion Payments of Taxpayers with Substantial Gross Receipts.

Part III—Adjustment for Certain Taxes Under Section 56A(c)(5)

Federal income taxes, and income, war profits, and excess profits taxes (within the meaning of section 901) with respect to any foreign country or U.S. territory which are taken into account on the corporation's AFS are disregarded for AFSI purposes. Complete Part III to adjust for taxes described in section 56A(c)(5).

Line 1. Enter any income, war profits, and excess profits taxes (within the meaning of section 901) with respect to any foreign country or U.S. territory which are taken into account on the corporation's AFS in the current income tax provision. Exclude any CFC income, war profits, and excess profits taxes (within the meaning of section 901) with respect to a foreign country or U.S. territory which are taken into account on the CFC's AFS in the current income tax provision.

Line 2. Enter federal income taxes which are taken into account on the corporation's AFS in the current income tax provision.

Line 3. Enter any income, war profits, and excess profits taxes (within the meaning of section 901) with respect to any foreign country or U.S. territory which are taken into account on the corporation's AFS in the deferred income tax provision. Exclude any CFC income, war profits, and excess profits taxes (within the meaning of section 901) with respect to a foreign country or U.S. territory which are taken into account on the CFC's AFS in the deferred income tax provision.

Line 4. Federal deferred tax provision. Enter federal income taxes which are taken into account on the corporation's AFS in the deferred income tax provision.

Line 5. Enter the federal income taxes and income, war profits, and excess profits taxes (within the meaning of section 901) with respect to a foreign country or U.S. territory taken into account on the corporation's AFS as part of equity method investment income. Exclude any CFC income, war profits, and excess profits taxes (within the meaning of section 901) with respect to a foreign country or U.S. territory which are taken into account on the CFC's AFS as part of equity method investment income.

Lines 6a through 6h. Reserved for future use.

Line 6z. Income taxes in other places. Enter other federal income taxes and income, war profits, and excess profits taxes (within the meaning of section 901) with respect to a foreign country or U.S. territory taken into account on the AFS in determining net income in other places. Exclude any CFC income, war profits, and excess profits taxes (within the meaning of section 901) with respect to a foreign country or U.S. territory which are taken into account on the CFC's AFS in determining net income in other places.

Part IV—Corporate Alternative Minimum Tax—Foreign Tax Credit

Complete Part IV if an applicable corporation elects to take the section 901 foreign tax credit for regular tax. See section 59(l).

A foreign income tax is eligible to be claimed as a CAMT FTC (eligible tax) in the tax year in which it is paid or accrued for federal income tax purposes by either an applicable corporation or a CFC with respect to which the applicable corporation is a U.S. shareholder, provided the foreign income tax has been taken into account on the AFS of such applicable corporation or CFC.

Note: Report all items in Part IV in U.S. dollars.

Section I—CAMT Foreign Tax Credit

Use Section I to compute the total domestic corporation AMT foreign income taxes.

Line 1a. Enter total foreign taxes paid or accrued as reported on Form 1118, Schedule B, Part I, column 2(j).

Lines 1b through 1g. Enter the description and amounts for adjustments to the line 1a amount listed above. On line 1b, enter any other foreign income taxes not included on line 1a. Enter any other adjustments to line 1a on lines 1c through 1g.

Line 3a. Pro-rata share of CFC CAMT foreign income taxes. Enter the amount from Part IV, Section II, line 11, column (n).

Line 3b. Enter adjustments to the line 3a amount listed above.

Line 3c. Enter the section 59(l)(2) carryover of excess foreign taxes from Part IV, Section III, line 4, column (vii).

Line 3e. Enter the 15% specified in section 55(b)(2)(A)(i).

Line 3f. Enter the amount from Part VI, Section II, line 3.

Note: The amount on line 3f should be the same as the pro-rata share of adjusted net income or loss of a CFC from Part II, line 2e, and Part VI, Section II, line 3.

Lines 4 and 5. Reserved for future use.

Section II—Allowable CFC CAMT Foreign Income Taxes

Column (b). Enter the CFC's employer identification number (EIN) or other reference identification number.

Column (c). Enter the adjusted net income or loss of each CFC as reported on each CFC's Form 5471, Schedule H-1, line 4 in U.S. dollars.

Column (d). Enter the income, war profits, and excess profits taxes (within the meaning of section 901) imposed by a foreign country or U.S. territory which are taken into account on the CFC's AFS with respect to which the applicable corporation is a U.S. shareholder and paid or accrued (for federal income tax purposes) by the CFC. See section 59(l)(1).

Columns (e) through (k). Adjustments to column (d). Enter the description at the top of each adjustment column. Enter the adjustment amount on each line for each CFC that may have such adjustment with respect to the amount included in column (d).

Column (m). Reserved for future use.

Column (n). Enter the corporation's pro-rata share of the CFC's CAMT foreign income taxes.

Section III—CAMT Foreign Tax Credit Carryover for CFCs

Line 1. Foreign tax carryover from the prior tax year. If applicable, enter amounts from the appropriate columns of line 8 of the prior year Form 4626, Part IV, Section III.

Note: For tax years beginning before 2023, the relevant preceding tax year columns should be left blank.

Lines 2a through 2g. Adjustments to line 1. Enter the description and amounts of adjustments to the line 1 amount listed above.

Line 5. Complete line 5 only if the applicable corporation has excess CFC CAMT foreign tax credit limitation. Excess CFC CAMT foreign tax credit limitation exists when the applicable corporation's CFC CAMT foreign tax credit limitation (Part IV, Section I, line 3f) exceeds its allowable controlled CFC CAMT foreign income taxes (Part IV, Section I, line 3a).

Enter in each column the foreign tax carryover utilized in the current tax year. Starting with column (i), the amount to be entered on line 5 of a given column will be the amount on line 4 of that column, but only to the extent that it does not exceed:

- The amount of excess CFC CAMT foreign tax credit limitation (defined above), less
- The sum of all amounts entered in all previous columns of line 5.

The total on line 5, column (vii), cannot exceed the excess CFC CAMT foreign tax credit limitation.

Line 6. Complete line 6 only regarding the fifth preceding tax year (and the "Total" column). For the fifth preceding tax year (column (i)), combine lines 4 and 5 and enter the result on line 6, column (i).

Line 7. Enter the section 59(l)(2) foreign tax carryover generated in the current tax year. The line 7, column (vi) foreign tax carryover generated in the current tax year is the difference between the allowable CFC CAMT foreign income taxes (Part IV, Section I, line 3a) and the CFC CAMT foreign tax credit limitation (Part IV, Section I, line 3g).

Part V—Members of a Controlled Group Treated as a Single Employer and FPMG Members Taken Into Account in “Applicable Corporation” Determination

If the corporation answers “Yes” to either Item A or Item B at the top of page 1, then the corporation must complete Part V. Enter the requested information for the entities included in the taxpayer’s applicable corporation determination.

Note: Incomplete or nonspecific responses, including phrases such as “available upon request” are not sufficient responses.

Column (a). Enter the name of the member of a controlled group and/or FPMG member included in the corporation’s applicable corporation determination.

Column (b). Enter the EIN of the member of a controlled group and/or FPMG member included in the corporation’s applicable corporation determination.

Column (c). Member of a controlled group. Check the box on the appropriate line if the entity is a member of a controlled group. See Proposed Regulations section 1.59-2(e)(1) for the definition of a controlled group.

Column (d). Check the box on the appropriate line if the entity is a member of an FPMG. See section 59(k)(2) and the [AFSI Test](#) section, earlier.

Column (e). Enter the EIN or foreign taxpayer identification number (FTIN) of the U.S. income tax return (if any) on which the majority of the member’s income is reported for the tax year. For this question only, majority means more than 50% of the member’s financial statement income.

Column (f). Enter each included member’s net income or loss reported on its AFS for the current tax year.

Part VI—Aggregate Pro-Rata Share of Adjusted Net Income or Loss of CFCs Described in Section 56A(c)(3)

Section I—Pro-Rata Share of Adjusted Net Income or Loss of CFCs Described in Section 56A(c)(3)

Column (a). Enter the name of the CFC.

Column (b). Enter the EIN or reference ID number of the CFC.

Column (c). Enter the country code for the country in which the CFC was incorporated. See [IRS.gov/CountryCodes](#).

Column (d). Enter the pro-rata share of items taken into account in computing the adjusted net income or loss of a CFC as reported on each CFC’s Schedule H-1 (Form 5471) in U.S. dollars. See section 56A(c)(3). In determining the adjusted net income or loss of a CFC, disregard CFC federal income taxes, and income, war

profits, and excess profits taxes (within the meaning of section 901) with respect to a foreign country or U.S. territory taken into account on the CFC’s AFS. See section 56A(c)(5).

Section II—Section 56A(c)(3)(B) Negative Adjustment

Line 1. In general, enter the amount from Section I, line 42. However, if the applicable corporation relies on the specified proposed regulations and does not choose to have the benefits of subpart A of part III of subchapter N of chapter 1 for the tax year, then reduce the amount on Section I, line 42 by the amount of the reduction described in Proposed Regulations section 1.56A-6(b)(2) and enter the result here.

Line 2. Enter the aggregate amount of available CFC adjustment carryovers as defined in Proposed Regulations section 1.56A-6(b)(6). A CAMT entity that is a U.S. shareholder of one or more CFCs makes a single adjustment to the CAMT entity’s AFSI for its tax year that is equal to the aggregate of the CAMT entity’s pro-rata share of the adjusted net income or loss of each such CFC. If a prior tax year aggregate adjustment is negative with respect to a tax year of a U.S. shareholder, such loss is carried forward to the future tax years and may reduce the current tax year aggregate pro-rata share of CFC’s adjusted net income from the total of Part VI, Section I. Attach a statement summarizing the amount of CFC adjustment carryover generated in each prior year, the amount of each such CFC adjustment carryover that has been used in prior years, and the amount of such CFC adjustment carryovers available to be used in the current year, as illustrated below.

| | (A) CFC Adjustment Carryover Generated | (B) Amount of Carryover From (A) Used in Prior Years | (C) Amount of Carryover From (A) Available for Use |
|------|--|--|--|
| 20X1 | 100x | 70x | 30x |
| 20X2 | 0 | n/a | n/a |
| 20X3 | 40x | 0 | 40x |

Note: The amount entered on Line 2 should equal the sum of the amounts reported in column (C) above.

Line 3. Combine lines 1 and 2. If more than zero, enter the total on line 3 and on Part II, line 2e, and Part IV, Section I, line 3f. If zero or less, enter zero (-0-) on line 3 and on Part II, line 2e, and Part IV, Section I, line 3f, and go to line 4.

Line 4. Combine lines 1 and 2. If less than zero, enter the combined total as a negative number. If zero or more, enter -0-.

Schedule A—Pro-Rata Share of Adjusted Net Income or Loss of CFCs Described in Section 56A(c)(3)

Note: Complete a separate Schedule A for each of the 3 preceding tax years.

Column (a). Enter the name of the CFC.

Column (b). Enter the EIN or reference ID number of the CFC.

Column (c). Enter the country code for the country in which the CFC was incorporated. See [IRS.gov/CountryCodes](https://www.irs.gov/CountryCodes).

Column (d). Enter the CFC's current-year net income or (loss) in U.S. dollars for the relevant tax year.

Column (e). Enter the section 56A(c)(3) adjustments in U.S. dollars for the relevant tax year.

Column (f). Combine column (d) and column (e).

Columns (g) and (h). Reserved for future use.

Column (i). Enter the pro-rata share of the adjusted net income or loss of the CFC described in section 56A(c)(3) in U.S. dollars.

Reduce the amount reported on line 31 by the CFC adjustment carryovers available for the relevant year, if any. Enter the reduced amount in the appropriate column of Part I, line 2c or, if a member of an FPMG, the appropriate column of Part I, line 11b.

Note: When calculating the CFC adjustment carryovers available for this purpose, the adjustment provided under Proposed Regulations section 1.56A-6(b)(2) is not taken

into account. Attach a statement similar to the example shown for Part VI, Section II, line 2 that summarizes the amount of CFC adjustment carryover generated in each prior year, the amount of each such CFC adjustment carryover that has been used in prior years, and the amount of such CFC adjustment carryovers available to be used in the current year.

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 the 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.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for business taxpayers filing this form is approved under OMB control number 1545-0123 and is included in the estimates shown in the instructions for their business income tax return.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Worksheet. Interim Simplified Method (Safe Harbor) Calculation

| Interim Simplified Method (Safe Harbor) Calculation Worksheet | | | | |
|---|---|---|--|---|
| Note: If the corporation already determined it is an applicable corporation in current or prior years for purposes of the CAMT, it must prepare Form 4626. Do not complete this worksheet. | | | | |
| | | (a) First Preceding Year Ended ____/____/ ____ | (b) Second Preceding Year Ended ____/____/ ____ | (c) Third Preceding Year Ended ____/____/ ____ |
| 1 | Consolidated net income or loss per AFSI. | | | |
| 2a | Adjustment for certain consolidating entries. | | | |
| 2b | Certain taxes. | | | |
| 2c | Certain credits (only applicable to Notice 2025-27 safe harbor calculation). | | | |
| 2d | Tax-exempt entities (organizations subject to tax under section 511). | | | |
| 2e | Financial statements covering different years. | | | |
| 3 | Total adjustments. Combine lines 2a through 2e. | | | |
| 4 | AFSI. Combine lines 1 and 3. | | | |
| 5 | AFSI of first, second, and third preceding tax years. Combine columns (a), (b), and (c) of line 4. | | | |
| 6 | 3-year average annual AFSI. | | | |
| 7 | Is line 6 more than \$800 million? If "Yes," continue to line 8. If "No," STOP here. The corporation meets the safe harbor and is not required to complete Form 4626. | | | |
| 8 | Is the corporation a member of an FPMG within the meaning of section 59(k)(2)(B)? If "Yes," continue to line 9. If "No," the corporation does not meet the safe harbor and is required to complete Form 4626. | | | |
| 9 | AFSI from line 4. | | | |
| 10 | Adjustment for income not effectively connected to a U.S. trade or business. | | | |
| 11 | Total AFSI for purposes of the \$80 million FPMG test. Combine lines 9 and 10. | | | |
| 12 | AFSI of first, second, and third preceding tax years. Combine columns (a), (b), and (c) of line 11. | | | |
| 13 | 3-year average annual AFSI for purposes of the \$80 million FPMG test. | | | |
| 14 | Is line 13 \$80 million or more? If "Yes," the corporation does not meet the safe harbor and is required to complete Form 4626. If "No," the corporation meets the safe harbor and is not required to complete Form 4626. | | | |