

# Affiliations Schedule

► **File with each consolidated income tax return.**

OMB No. 1545-0025

Tax year ending \_\_\_\_\_, \_\_\_\_\_

Name of common parent corporation \_\_\_\_\_ Employer identification number \_\_\_\_\_

Number, street, and room or suite no. (If a P.O. box, see instructions.) \_\_\_\_\_

City or town, state, and ZIP code \_\_\_\_\_

**Part I Overpayment Credits, Estimated Tax Payments, and Tax Deposits (See instructions.)**

Corp. No.	Name and address of corporation	Employer identification number	Portion of overpayment credits and estimated tax payments	Portion of tax deposited with Form 7004
1	Common parent corporation . . . . .			
2	Subsidiary corporations:			
3				
4				
5				
6				
7				
8				
9				
10				
Totals (Must equal amounts shown on the consolidated tax return.) . . . . .				

**Part II Principal Business Activity, Voting Stock Information, Etc. (See instructions.)**

Corp. No.	Principal business activity (PBA)	PBA Code No.	Did the subsidiary make any nondividend distributions?		Stock holdings at beginning of year			
			Yes	No	Number of shares	Percent of voting power	Percent of value	Owned by corporation no.
1	Common parent corporation:							
2	Subsidiary corporations:					%	%	
3						%	%	
4						%	%	
5						%	%	
6						%	%	
7						%	%	
8						%	%	
9						%	%	
10						%	%	

**Part III** Changes in Stock Holdings During the Tax Year

Corp. No.	Name of corporation	Shareholder of Corporation No.	Date of transaction	(a) Changes		(b) Shares held after changes described in column (a)	
				Number of shares acquired	Number of shares disposed of	Percent of voting power	Percent of value
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%

(c) If any transaction listed above caused a deconsolidation of a group member, did the basis of any shares retained by the group exceed the value of those shares immediately before the deconsolidation? See the instructions. . . . .  Yes  No

(d) Is the group claiming a loss recognized on the disposition of the stock of a group member? If "Yes," see the instructions for details, including the statements that must be attached. . . . .  Yes  No

(e) If the equitable owners of any capital stock shown above were other than the holders of record, provide details of the changes.

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(f) If additional stock was issued, or if any stock was retired during the year, list the dates and amounts of these transactions.

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**Part IV Additional Stock Information** (See instructions.)

**1** During the tax year, did the corporation have more than one class of stock outstanding? . . . . .  **Yes**  **No**  
 If "Yes," enter the name of the corporation and list and describe each class of stock.

Corp. No.	Name of corporation	Class of stock

**2** During the tax year, was there any member of the consolidated group that reaffiliated within 60 months of disaffiliation? . . . . .  **Yes**  **No**  
 If "Yes," enter the name of the corporation(s) and explain the circumstances.

Corp. No.	Name of corporation	Explanation

**3** During the tax year, was there any arrangement in existence by which one or more persons that were not members of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation, other than a de minimis amount, from the corporation or another member of the affiliated group? . . . . .  **Yes**  **No**  
 If "Yes," enter the name of the corporation and see the instructions for what to enter in Items 3a, 3b, 3c, and 3d.

Corp. No.	Name of corporation	Item 3a	Item 3b	Item 3c
		%	%	%
		%	%	%
		%	%	%
		%	%	%

Corp. No.	Item 3d—Provide a description of any arrangement.

## Instructions

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

### Purpose of Form

Use Form 851 to:

1. Identify the common parent corporation and each member of the affiliated group;
2. Report the amount of overpayment credits, estimated tax payments, and tax deposits attributable to each corporation; and
3. Determine that each subsidiary corporation qualifies as a member of the affiliated group, as defined in section 1504.

### Who Must File

The parent corporation must file Form 851 for itself and for corporations in the affiliated group. File Form 851 by attaching it to the consolidated tax return for the group.

### Affiliated Group

The term "affiliated group" means one or more chains of includible corporations connected through stock ownership with a common parent corporation. See sections 1504(a) and (b). The common parent must be an includible corporation and the following requirements must be met:

1. The common parent must own directly stock that represents at least 80% of the total voting power and at least 80% of the total value of the stock of at least one of the other includible corporations.
2. Stock that represents at least 80% of the total voting power, and at least 80% of the total value of the stock of each of the other corporations (except for the common parent) must be owned directly by one or more of the other includible corporations.

**Stock.** The term "stock" generally does not include any stock that:

1. Is nonvoting,
2. Is nonconvertible,
3. Is limited and preferred as to dividends and does not participate significantly in corporate growth, and
4. Has redemption and liquidation rights that do not exceed the issue price of the stock (except for a reasonable redemption or liquidation premium).

### 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 box number instead.

### Corporation Numbers

When listing information in Parts II, III, and IV, use the same number for the common parent corporation and for each subsidiary corporation as the number listed in Part I, page 1.

## Part I

**Portion of overpayment credits and estimated tax payments.** Enter for the common parent corporation and for each subsidiary corporation the amount of:

- Overpayments of tax from the prior tax year that each corporation elected to credit to the current year's tax and
- Estimated tax payments made by each corporation.

The total must be the same as the amounts entered on the lines for overpayments and estimated tax payments on the consolidated income tax return.

### Portion of tax deposited with Form 7004.

Enter for the common parent the tax deposited with **Form 7004**, Application for Automatic Extension of Time To File Corporation Income Tax Return, that is attributable to each corporation. The total must be the same as the amount entered on the line "Tax deposited with Form 7004" on the consolidated income tax return.

## Part II

**Principal Business Activity (PBA) and PBA Code No.** Enter the PBA and the PBA code number for the common parent corporation and for each subsidiary corporation. Use the activity for the specific industry group from which the largest percentage of each corporation's total receipts is based.

A list of the PBAs and code numbers is located in the Instructions for Forms 1120 and 1120-A.

**Nondividend distributions.** Nondividend distributions are any distributions (other than stock dividends and distributions in exchange for stock) made to shareholders during the tax year for which the consolidated tax return is filed that were in excess of the corporation's current and accumulated earnings and profits. See sections 301 and 316 and **Form 5452**, Corporate Report of Nondividend Distributions.

## Part III

**Question c.** "Deconsolidation" means any event that causes a subsidiary member to no longer be a member of the consolidated group. If a deconsolidation occurs, certain basis and loss adjustments may be required. See Temporary Regulations section 1.1502-35T.

**Question d.** If the corporation is claiming a loss recognized by a member of a consolidated group with respect to the disposition of stock of a subsidiary, the requirements of Temporary Regulations sections 1.1502-35T and 1.337(d)-2T must be met. A loss will only be allowed if the corporation attaches a statement that contains the required information entitled "ALLOWED LOSS UNDER SECTION 1.1502-35T(c)(5)" and "SECTION 1.337(d)-2T(c) STATEMENT."

**Item e.** The term "equitable owners" of stock means those that essentially have all

the rights to enjoy the benefits of stock ownership without actually holding the stock, e.g., beneficiary of a trust.

## Part IV

**Question 1.** For purposes of question 1 only, disregard certain preferred stock as described in section 1504(a)(4).

**Question 3.** The term "arrangement" includes, but is not limited to, phantom stock, stock appreciation rights, an option, warrant, conversion feature, or similar arrangements. If "Yes" to question 3, complete items 3a through 3d, if applicable.

**Item 3a.** Show the percentage of the value of the outstanding stock that the person(s) could acquire.

**Item 3b.** If the arrangement was associated with voting stock, show the percentage of outstanding voting stock that the person(s) could acquire.

**Item 3c.** If the arrangement was associated with the acquisition of voting power without the acquisition of the related stock, show the percentage of voting power that the person(s) could acquire.

**Item 3d.** Give a brief description of any arrangement (defined above) by which a person that is not a member of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation.

## 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 average time is:

<b>Recordkeeping</b> . . . . .	10 hr., 45 min.
<b>Learning about the law or the form</b> . . . . .	53 min.
<b>Preparing and sending the form to the IRS</b> . . . . .	1 hr., 6 min.

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.

