



Tax Year 2005 Directions for Corporations Required to e-file

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Corporations required by Temporary Treasury Regulation Section 301.6011-5T to file electronically may use the following approved guidelines to prepare their income tax returns for tax years ending on or after December 31, 2005 without the need for a waiver.

IRS believes the publication of these transition directions for corporations required to e-file will significantly limit the situations in which corporations need to request a waiver. Accordingly, IRS anticipates the waiver requests it actually grants will be few in number.

Corporations should carefully review the permanent directions for electronic filing contained in Publications 4163, 4164 and/or "[IRS e-file for Large Taxpayers filing Their Own Income Tax Return](#)" (pdf) and be prepared to use them for future years.

Corporations may elect to use any or all of the following directions. Corporations may not send paper versions of forms if the directions allow PDF. If the directions indicate that the forms may be sent in paper format, they can not be sent in PDF. Any deviation from these temporary directions will require a formal waiver approved by IRS.

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Section 1 -- Forms Allowed as PDF (6/30/2006)

These Optional Directions Are Available Only to Corporations Required to e-file

General PDF Guidelines (6/30/2006)

Tax preparation software approved for electronic filing will provide specific instructions for creating and attaching PDF files to the electronic return but the following general guidelines will apply.

- The highest compression PDF software (e.g. Adobe 7.0) should be used when possible. With older versions of PDF software, 60 Mb was approximately 500 pages of paper.
- With higher compression software, more than 3000 pages may be in a 60 MB file. Electronically prepared documents should be exported or saved into PDF, not printed to

paper and scanned in. Scanned paper increases the size of a PDF file.

- The size of the total of all PDF files attached to one electronic return submission CANNOT exceed 1 GB.
- No one PDF file size can exceed 60 Mb. The smaller the size of individual PDF files, the better.
- Multiple PDF files may be submitted but each PDF file must be less than 60 Mb.
- A separate file must be created for each form type included as PDF. (i.e. - One file for Forms 926, one file for Forms 982, etc.). Attachments/statements required to be attached to a specific form should be included in the same PDF file as the forms.
- If any one form type exceeds 60 Mb file size, multiple PDF files should be created for the same form (i.e. if a corporation is required to file 800 Forms 5471 and that PDF file would be 70 Mb, there should then be two PDF files each less than 60Mb).
- PDF files should be named so they can be easily identified, e.g Form XXXX.pdf (no blank spaces between the words). Additionally, each PDF file also requires a description, e.g. Form XXXX, and that description should be used in the XML schema < Description > field (leave a blank space between the words).

Tax preparation software approved for electronic filing should provide instructions for how corporations must name the PDF files.

Note: If a new form is created late in the year as a result of legislative changes, and the software industry does not have time to enable the form in XML, then that particular form can be attached to an 1120 or 1120S electronically filed return in PDF format. See [Publication 4163](#) for a list of these forms.

Forms Allowed as PDF (6/30/2006)

The forms listed below may be attached to the XML portion of the electronic return as a PDF file.

- **Form 926** - Return by a US Transferor of Property to a Foreign Corporation
- **Form 970** - Return Application to Use a LIFO Inventory Method
- **Form 982** - Reduction of Tax Attributes Due to Discharge of Indebtedness (and Sec. 1082 Basis Adjustment)
- **Form 1122** - Authorization and Consent of Subsidiary Corporation to be Included in a Consolidated Income Tax Return
- **Form 2439** - Notice to Shareholder of Undistributed Long-Term Capital Gains
- **Form 3115** - Change in Accounting Method
 - Automatic Form 3115s may be attached to the return in PDF or be submitted in XML.
 - Form 3115 requiring advance consent is not required to be submitted with the income tax return. Only the IRS approved "Consent" should be attached to the return filing. The "Consent" can be scanned and attached as a PDF.
- **Form 4466** - Corporation Application for Quick Refund of Overpayment of Estimated Tax
- **Form 5712-A** - Election and Verification of the Cost Saving or Profit Split Method Under Section 936(h)(5)
- **Form 6198** - At-Risk Limitations
- **Form 8082** - Notice of Inconsistent Treatment of Amended Return
- **Form 8271** - Investor Reporting of Tax Shelter Registration Number
- **Form 8275** - Disclosure Statement
- **Form 8275-R** - Regulation Disclosure Statement
- **Form 8283** - Noncash Charitable Contributions
- **Form 8594** - Asset Acquisition Statement
- **Form 8621** - Return by a Shareholder of a Passive Foreign Investment Co. or Qualified Electing Fund
- **Form 8716** - Election to Have a Tax Year Other Than a Required Tax Year
- **Form 8832** - Entity Classification Election
- **Form 8833** - Treaty-Based Return Position Disclosure Under Sec. 6114 or 7701(b)
- **Form 8838** - Consent to Extend the Time to Assess Tax Under Sec. 367 - Gain Recognition Agreement
- **Form 8883** - Asset Allocation Statement Under Section 338
- **Attachment to Form 3468** - Investment Credit for Certified Historic Structures Prior Year Credits Claimed

Forms Allowed as PDF if 25 or more filed

If a corporation files 25 or more of the following forms, they may prepare an XML summary form and submit the back-up forms attached to the electronic return as a PDF file. The 25 or more requirement is per form. If less than 25, all forms must be submitted in XML format. An example of the information that should be included on the summary form is shown below.

- [Form 8611 - Recapture of Low Income Housing Credit](#) (pdf)

Portions of form may be attached as PDF

Form 851 - Affiliation Schedule - **Part 2, 3 & 4 only**, - **Part 1 is required to be in XML.**

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Section 2 -- Forms 1120 L and 1120PC Subsidiaries Allowed as PDF (6/30/2006)**These Optional Directions Are Available Only to Corporations Required to e-file**

For corporations that file a consolidated Form 1120 and have Life Insurance and/or Property and Casualty Insurance subsidiaries, the entire return must be filed electronically with the exception of the Forms 1120-L and 1120-PC subsidiary returns, which must be attached as PDF files.

Following are the 3 common examples of large and mid-size returns with 1120-L and 1120-PC subsidiaries and the information that is required to be submitted when these type returns are e-filed.

Example 1

Form 1120 consolidated return has multiple subsidiaries (Forms 1120-L, Form 1120 and/or Forms 1120 PC), a Life/non-Life sub-consolidation is required and in most cases only lines 30-36 were completed on the top level Form 1120 due to the limitations made to the line items at the sub-consolidation levels.

- **REQUIRED** - The top level Form 1120, at a minimum, must have Lines 30 - 36 completed. All remaining lines on Pages 1, Schedule A, C, L, M-1 and M-2 may be blank. Note: If a corporation is able to insert correct information on all lines of Form 1120 it is preferable.
- Entity information on the top level Form 1120 must be completed through Item D.
- MeF business rules (F1120 - 259 through F1120-262) have been modified to allow "mandated" electronic returns to be "accepted" during MeF processing when prepared as directed in above although taxpayers may have to override the rule in their software.
- The Form 1120-L and/or PC and their associated attached forms and supporting data will be in PDF. The rest of the return must be in XML including all of the non-1120-L/1120-PC subsidiaries..

Example 2

Form 1120 consolidated return has multiple subsidiaries but did not require a Life/non-Life sub-consolidation and the top level Form 1120 was completed in its entirety (this was usually the case when there were only Form 1120-PC and/or Form 1120-L Subsidiaries).

- The Form 1120-PC and the 1120-PC attached forms and supporting data will be in PDF.
- The rest of the return and all other subsidiary returns must be in XML.

Example 3

Form 1120-PC and/or Form 1120-L filed as "stand alone or Top Consolidated" returns must be filed on paper.

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Section 3 - Information Available on Request (6/30/2006)**These Optional Directions Are Available Only to Corporations Required to e-file****Transactional Data**

Transactional data for the following forms may be submitted on a summary form in XML format as defined below. Corporations that use these optional procedures are agreeing that transactional data details will be made available on request.

- **Form T - Forest Activities Schedule**
- **Form 4562** - Depreciation and Amortization
- **Form 8873** - Extraterritorial Income Exclusion
- **Form 4797** - Sale of Business Property
- **Schedule D (1120 and 1120S)** - Capital Gains and Losses

Summary format can be used when the underlying transactional data contains more than 100 lines for that particular data type. The summary totals must be reported by data type, classification, or other grouping as required on the form. If there are less than 100 instances of transactions by data type, classification, or other grouping the transactions are required to be itemized.

Transactional Data Summary Formats (6/30/2006)

A Transactional Data Summary format can only be used when the underlying transactional data includes more than 100 lines for that particular data type by form part (i.e. Schedule D short-term or long-term, Form 4797, Part 1 or Part 2, etc.). Data type can be aggregated across the entity to determine if the 100 lines is met for a particular form. This does not mean that only one summary form will be required, but that once a summary form can be used for a particular data type and form, all of the entities within that return can use that reporting format. For example, if a parent corporation has 50 ST items and the subsidiary has 75 ST items, in aggregate they have 125 ST items and can use the summary reporting format on the Sch D, Part 1 at the subsidiary, the parent and the consolidated level.

Select the applicable form for a summary format example:

- [Form T](#) (pdf)
- [Form 4562](#) (pdf)
- [Form 4797](#) (pdf)
- [Schedule D](#) (pdf)
- Form 8873
 - Instructions for Summary Format for Form 8873
 1. Parent Name and EIN are required
 2. Complete lines 1-4 as applicable
 3. Complete line 5c to identify the appropriate basis of reporting
 - If 5.c.(1)(a) - Aggregate of Form 8873 is selected as the basis for reporting, complete all of the applicable Forms 8873 in XML
 - Otherwise, a separate summary Form 8873 should be filed for each of the three Extraterritorial Income Exclusion pricing methods described in section 941(a)(1)(A) through (C), if applicable, completing only line 54 for the total amount of the Extraterritorial Income Exclusion and details will be available on request.
 - The 100 lines should be applied to each separate summary Form 8873 required.

Summary format can not be used to net gain and loss transactions. If a corporation chooses to use the summary format to report transactional data, gains and losses must be summarized and reported separately within each form part.

For example, if a corporation had 500 short term gain transactional items and 2000 short term loss transactional items, use of the Summary Format would require the corporation to report 2 separate totals on Part 1 of the Schedule D or Form 4797 under Short Term Gains and Losses, one for the total of the short term gain items and one for the total of the short term loss items.

Officer's Compensation

Details can be made available on request for taxpayers required to file electronically for 2005 with the total Officer's Compensation entered on the applicable line on Form 1120 or Form 1120S. This rule is only effective for taxpayers required to e-file for 2005.

Form 8824 - Like Kind Exchanges

Summary format can be used if a taxpayer has more than one like-kind exchange transaction.. Transactional details can be made available on request.

- [Form 8824 Summary Format - Like Kind Exchanges](#) (pdf)

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Section 4 - International Forms - PDF or Paper Option (6/30/2006)

These Optional Directions Are Available Only to Corporations Required to e-file

In response to feedback from both taxpayers and preparers and with the advent of software upgrades that can deliver a much smaller PDF file size (such as Adobe 7.0), IRS has instituted a new PDF option for the International forms listed under this section. To use the PDF option, a product must be used that can save the underlying electronically prepared form into PDF. A scanned form that is converted to PDF will be much larger and will not be allowed for this option. Taxpayers are strongly encouraged to use the PDF option if they are not using XML, as the advantages over paper to both taxpayers and the IRS are clear. Like forms should be saved in the same PDF file and no single PDF file may be larger than 60 MB. If using the PDF option makes the total of all of the PDFs for the return more than 1GB, then the taxpayer must file the forms in XML or use the paper option.

If a corporation is required to e-file its Form 1120 or Form 1120S income tax return (Temporary Treasury Regulation Section 301.6011-5T or Temporary Treasury Regulation Section 301.6037-2T), several alternatives for filing the international forms listed in this section are now available. The forms may be included in the electronic return in XML, they may be included with the electronic XML return as a PDF attachment following the instructions for the PDF option in this section or they may be filed separately using the instructions for the Paper option in this section. If the choice is to use either the alternative PDF or Paper option, a placeholder form that includes the header information (Parent Corporation's Name and EIN) is still required in XML for all but the Form 5713 to ensure the return will pass the applicable business rules. Additionally, for taxpayer's choosing either the PDF option or the Paper option, duplicate paper filings for the Forms 5471, 5472 and 5713 are still required to be sent to the Philadelphia Submission Processing Center (PSPC).

Taxpayers must use the same alternative option for all of the listed forms not otherwise included in XML. Additionally, all of the schedules that are required to be attached to the listed forms below must be filed using the same option as the form itself as shown in the following example:

Taxpayer submitting:

15 Forms 5471 with 15 Schedules J and 10 Schedules M
2 Forms 5472
13 Forms 8858

If the taxpayer chooses the PDF option, ALL forms, schedules and attachments required to be filed must also be in PDF. The taxpayer cannot file some of the forms in paper and some in PDF.

Additionally, for Forms 5471 and 5472, duplicate paper copies of the forms will be required to be sent in paper to the PSPC.

Forms available for the alternative PDF or paper option are listed below:

- **Form 5471** - Information Returns of US Persons with Respect to Certain Foreign Corporations
Schedules that can be attached:
 - Sch J - Accumulated Earnings and Profits (E&P) of Controlled Foreign Corporation,
 - Sch M - Transactions Between Controlled Foreign Corporation and Shareholders or Other Related Persons,
 - Sch O - Organization or Reorganization of Foreign Corporation and Acquisitions and Dispositions of its Stock
- **Form 5472** - Information Return of a 25% Foreign Owned US Corporation or a Foreign Corporation Engaged in a US Trade or Business
- **Form 5713** - International Boycott Report
Schedules that can be attached:
 - Sch. A - International Boycott Factor (Sec 999(c)(1))
 - Sch. B - Specifically Attributable Taxes and Income (Sec 999(c)(2))
 - Sch. C - Tax Effect of the International Boycott Provisions
- **Form 8858** - Information Returns of US Person with Respect to Foreign Disregarded Entities
Schedules that can be attached:
 - Sch M - Transactions Between Foreign Disregarded Entity of a Foreign Tax Owner and the Filer or other Related Entities
- **Form 8865** - Returns of US Persons with Respect to Certain Foreign Partnerships
Schedules that can be attached:
 - Sch K-1 - Partners Share of Income, Credits, Deductions, etc.
 - Sch O - Transfer of Property to a Foreign Partnership
 - Sch P - Acquisitions, Dispositions and Changes of Interest in a Foreign Partnership

Select the applicable form for an XML placeholder format example:

- [Form 5471](#) (pdf)
- [Form 5472](#) (pdf)
- [Form 8858](#) (pdf)
- [Form 8865](#) (pdf)
- Form 5713
 - No XML placeholder is required.
 - If an XML Form 5713 is included, all applicable lines of the form must be completed per the form directions.
 - A blank placeholder form will not pass the business rules and the return will reject.

PDF and Paper Option Procedures (6/30/2006)

NOTE: Taxpayers choosing either the PDF option or the Paper option are still required to file the applicable duplicate paper documents for forms 5471, 5472 and 5713 with the Philadelphia Submission Processing Center (PSPC). Only forms submitted in XML are exempt from the duplicate PSPC filing requirement.

Procedures for the PDF Portion of the Income Tax Return

1. Use a high compression product to create the PDF files such as Adobe 7.0.
2. Each Form type (e.g. 5471s or 5472s, etc.) should be saved in a separate PDF file. All of the required attachments to that form should be included in the same PDF file as long as the file size does not exceed 60 MB.
3. Save or export the same type electronically prepared forms to a PDF file. Do not scan paper forms into a PDF file.
4. Name the file "FormXXXX.pdf" (no blank space) where XXXX is the form number, and use that title in the XML schema < AttachmentLocation > field. If a Form requires more than one PDF file - name the files Form XXXX-n" where n is 1,2 and so forth.
5. Use "Forms XXXX" in the XML schema < Description > field (leave a blank space between the words), where XXXX is the form number. If there is more than one file for the same form type, name it -1,-2, etc as indicated in 4 above.
6. Duplicate paper copies for Forms 5471, 5472 and/or 5713 must be filed with the Philadelphia Submission Processing Center (PSPC) within 20 calendar days of receiving the "Accepted Return" acknowledgement from IRS for the e-filed tax return.

Procedures for Paper Portion of the Income Tax Return

NOTE: The electronic portion of the income tax return must be successfully transmitted and acknowledged before the paper portion of the return procedures are completed.

The new Form 8453-T (May 2006) has replaced the prior Form 13740 and should now be used as a transmittal for the paper portion of returns required to be filed electronically.

1. Complete the information in Form 8453-T (Attachment to an 1120/1120S Return Required to e-file) to identify your corporation, EIN, contact, form type (1120 or 1120S) and number and types of forms you will be filing in paper.
2. Scan the completed Form 8453-T and attach it as a Portable Document Format (PDF) file to your corporation's electronic return. Use "Paper Attachment" in the XML schema < Description > field (leave a blank space between the words), and name the file "PaperAttachment.pdf" (no blank space) and use that same name in the XML schema < AttachmentLocation > field.
3. Transmit your return to IRS electronically and receive an "Accepted Return" acknowledgment indicating that your electronic return has been accepted by IRS.
4. Attach (1) a copy of the Accepted Return Acknowledgment and (2) all your paper forms to the Form 8453-T and submit them to the Ogden Submission Processing Center at the address that follows within 20 calendar days of receiving the "Accepted Return" acknowledgement from IRS, or by the due date of the return (with extensions), whichever ever is later.
5. Send the entire package to:

Internal Revenue Service
PO Box 3205, Mail Stop 3205
Ogden, UT 84409

If you use a private delivery service, the address to use is:

Internal Revenue Service
1973 North Rulon White Boulevard
Mail Stop 3205
Ogden, Utah 84404

6. Duplicate paper copies for Forms 5471, 5472 and/or 5713 must be filed with the Philadelphia Submission Processing Center (PSPC) at the same time the paper originals are sent to the Ogden Submission Processing Center as instructed above in #4.

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Section 5 -- Forms not required to be filed with the income tax return

IRS form instructions do not require corporations to attach the following forms to their income tax return and corporations should not send these forms as part of the electronic return. This list is only provided as a reminder and applies to all corporate filers.

- Form 966 - Corporate Dissolution or Liquidation
- Form 7004 - Application for Automatic Extension of Time to File Corporation Income Tax

Return

- Form 8023 - Election Under Section 338(g) for Corporate Qualified Stock Purchases
- Form 8693 - Low Income Housing Credit Disposition Bond

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