

# Schedule FE Instructions

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## Report with Respect to Foreign Entities

A corporation that is required to file U.S. Form 5471 with respect to its ownership of certain foreign corporations must file Schedule FE with its Massachusetts return for each such foreign corporation. Such filing is required irrespective as to whether the corporation making the filing is filing a return as part of a combined report, Form 355U. In the case of a combined report, if any member of the combined group files U.S. Form 5471 with its U.S. income tax return, the principal reporting corporation of the combined group must attach a Schedule FE to the combined report on behalf of that member.

**Note:** Schedule FE currently tracks the line items on US Form 5471 Schedule C. Where the U.S. Form 1120 is submitted as an attachment to the Massachusetts Form 355U and includes the U.S. Form 5471 filed with respect to a foreign corporation, the member is not required to also submit Schedule FE for that foreign corporation.

## General Information

The information to be reported on Schedule FE generally corresponds to specific items on U.S. Form 5471. The total amounts referenced on the Schedule FE should correspond to the amounts reported on the federal form.

**Name of corporation filing return and Taxpayer Identification number.** Enter the name and tax identification number of the corporation that is filing the Massachusetts return to which the Schedule FE is attached. In the case of a combined report filing (e.g., Form 355U), the corporation name and taxpayer identification number referenced should be that of the combined group's principal reporting corporation, regardless of which member or members of the group file the U.S. Form 5471.

**Name of person filing U.S. Form 5471 and Taxpayer Identification number.** This must correspond to the name of the filer and the identifying number reported in item A of the U.S. Form 5471. This may be the same as the name and tax identification number shown above.

**Category of filer and percent of foreign corporation stock ownership.** This information must correspond to that stated on the U.S. Form 5471 as actually filed. Check the boxes that correspond to the categories checked in Item B of U.S. Form 5471 and provide the percentage of ownership reported in Item C of U.S. Form 5471.

**Name and address of foreign corporation.** This information must correspond to the name and address as shown in item 1a of U.S. Form 5471 as actually filed. The entries for taxpayer identification number, country of incorporation, principal business activity code and principal business activity must correspond to items 1b, 1c, 1f and 1g of U.S. Form 5471 as filed.

**Foreign corporation's annual accounting period.** This information must correspond to the information as reported on U.S. Form 5471. (Note that the top header line on Schedule FE references the taxable year of the corporation filing Schedule FE and not the accounting period of the foreign entity; these positions are reversed from their presentation on the U.S. Form 5471).

**Taxable income or loss from U.S. return as filed.** This information should match the amount reported on line 2b of U.S. Form 5471. Leave blank if not applicable.

**Income statement.** Taxpayers required to complete Schedule C included on U.S. Form 5471 must report the U.S. dollar amounts from that schedule on the appropriate lines of Schedule FE.

## Line 8

Enter foreign currency transaction gain or loss. Enter unrealized gain or loss on line 8a and realized gain or loss on line 8b.

## Line 9

Attach a supporting statement showing a detailed breakout of other income per U.S. Form 5471, Schedule C, line 9.

## Line 21

Enter income tax expense (benefit) reported in accordance with U.S. GAAP (ASC 740 (Income Taxes)). Income tax expense (benefit) includes current and deferred income tax expense (benefit). It also may reflect uncertain tax positions (ASC 740-10) and would not include taxes paid in respect of uncertain tax positions recorded in prior years. Enter the current income tax expense (benefit) on line 21a and deferred income tax expense (benefit) on line 21b.

**Note:** If there is an income tax expense amount on line 21a or 21b, subtract that from the line 19 net income or (loss) amount in arriving at line 22 current year net income or (loss) per the books. If there is an income tax benefit amount on line 21a or 21b, add that amount to the line 19 net income or (loss) amount in arriving at line 22 current year net income or (loss) per the books.