

# Tax Year 2007 Work Request Notification

## Form 8916-A, Supplemental Attachment to Schedule M-3

To:	Symbols:	Initials:	Date:
1. Scanned by: N/A	SE:W:CAR:MP:T:B: C		
2. Section Chief: Barbara Bradley	SE:W:CAR:MP:T:B: C	BB	9/28/06
3. Reviewer: Joan McAlpine	SE:W:CAR:MP:T:B: R	JAM	9/28/06
4. Review Chief: Ed Mikesell	SE:W:CAR:MP:T:B: R	evm	9/28/06
5. Branch Chief: Curt Freeman	SE:W:CAR:MP:T: B	CF	9/28/06
6. Senior Technical Advisor: <b>Bob Erickson</b>	SE:W:CAR:MP:T	CF	9/28/06
7. *TPCC Circulations Email sent to Distribution List by:			
8. Initiator (Tax Law Specialist): Clarence Light	SE:W:CAR:MP:T:B: C	Completed:	

**Attached is a marked up draft that can be used to develop any necessary Work Requests for the 2008 processing year. The major changes are as follows:**

Based on a request from LMSB we will change the Form 8916-A to a three-part form by making the existing Cost of Goods Sold schedule Part I, and adding Part II Interest Income and Part III Interest Expense.

Also, we changed the title of the form to "Supplemental Attachment to Schedule M-3" to correspond to the change in the purpose of the form.

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**This Notification is for changes due to:**

- Legislation or other Chief Counsel guidance:
- A Program change initiated by: **LMSB**

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- We do not anticipate the need for any further changes that would require a Work Request Notification.
- We may need to make further changes that would require a subsequent Work Request Notification.

**If you have any questions, please contact the TLS shown below, or the reviewer on line 3 (above).**

From: <b>Clarence Light</b> SE:W:CAR:MP:T:	Initials: COL	Room: NCFB C7-376	Email: clarence.o.light@irs.gov
	Date: 9/27/06	Phone Number: (202) 283-0130	Fax Number: (202) 283-4545

**Reconciliation of Cost of Goods Sold Reported on Schedule M-3**

Department of the Treasury  
Internal Revenue Service

▶ Attach to Schedule M-3 for Form 1065, 1120, or 1120S.

Name of common parent	Employer identification number
Name of subsidiary	Employer identification number

<b>Part I - Cost of Goods Sold</b> Cost of Goods Sold Items	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Amounts attributable to cost flow assumptions . . . . .				
2 Amounts attributable to section 263A costs:				
a Stock option expense . . . . .				
b Other equity based compensation . . . . .				
c Meals and entertainment . . . . .				
d Parachute payments . . . . .				
e Compensation with section 162(m) limitation . . . . .				
f Pension and profit sharing . . . . .				
g Other post-retirement benefits . . . . .				
h Deferred compensation . . . . .				
i Section 198 environmental remediation costs . . . . .				
j Amortization . . . . .				
k Depletion . . . . .				
l Depreciation . . . . .				
m Corporate owned life insurance premiums . . . . .				
n Other section 263A costs . . . . .				
3 Inventory shrinkage accruals . . . . .				
4 Excess inventory and obsolescence reserves . . . . .				
5 Lower of cost or market write-downs . . . . .				
6 Other items with differences (attach schedule) . . . . .				
7 Other items with no differences . . . . .				
8 <b>Total cost of goods sold.</b> Add lines 1 through 7. Enter total on Schedule M-3 (Form 1065), Part II, line 15; Schedule M-3 (Form 1120), Part II, line 17; or Schedule M-3 (Form 1120S), Part II, line 15. . . . .				

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<b>Part II—Interest Income</b>					
	Interest Income Item	(a) Income(Loss) Per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax Exempt Interest				
2	Interest income from Hybrid Securities				
3	Sale/Purchase Interest income				
4	Intercompany Interest				
5	Other Interest Income				
6	Total Interest Income. Add lines 1 through 5. Enter total on Schedule M-3 (Form 1120, 1120-PC, 1120-L), Part II, line 13 or Schedule M-3 (Form 1065, 1120-S) Part II, line 11.				
<b>Part III—Interest Expense</b>					
	Interest Expense Item	(a) Expense Per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Expense per Tax Return
1	Interest expense from Hybrid Securities				
2	Sale/Purchase Interest expense				
3	Intercompany Interest Expense				
4	Other Interest Expense				
5	Total Interest Expense. Add lines 1 through 4. Enter total on Schedule M-3 (Form 1120) Part III, line 8, or Schedule M-3 (1120-PC, 1120-L), Part III, line 36 or Schedule M-3 (Form 1065) Part III, line 27, or Schedule M-3 (1120-S) Part III, line 26.				