

**2007 Form 1120-F**  
**U.S. Income Tax Return of a Foreign Corporation**  
**Major Changes**

The form has been revised substantially in response to an LMSB Form 1120-F redesign task force. The major changes are as follows:

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- We added check boxes at the top of page 1 to identify whether the return is a first post-merger return, whether a Schedule M-3 (Form 1120-F) is attached, and whether the return is a protective return.
- We added questions H, I, and K(2).
- We deleted line 5i of the 2006 form, relating to the credit for federal telephone excise tax paid, because that credit was a one-time credit allowed only for the 2006 tax year.

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- We relocated questions U, W, and X on page 5 of the 2006 form. They are now questions V, W, and X (respectively) on page 2 of the current year form.
- We added questions Y and Z.
- We added line 13 to section I requesting information as to whether the corporation is fiscally transparent under the laws of the foreign jurisdiction with respect to any item of income listed in section I.

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- On line 18, we added a reference to the new Schedule I (Form 1120-F).
- On line 20 of the current year form, we consolidated lines 20, 21 and 22 of the 2006 form, relating to depreciation.
- We added new line 26, which references deductions allocated and apportioned to ECI from new Schedule H (Form 1120-F), line 21.

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- On Schedule J, we deleted line 5b of the 2006 form, relating to the qualified electric vehicle credit.
- On Schedule J, line 5b of the current year form (i.e., the general business credit line), we deleted the checkboxes for Forms 6478; 8835, Section B; and 8844. We replaced them with a single checkbox where the filer is required to specify the form.

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- We modified lines 7b, 7c, and 8 of Section III. These lines now reference the new Schedule I (Form 1120-F).
- We deleted question V on page 5 of the 2006 form, relating to the basis for claiming qualified residence for purposes of the branch profits tax. This change was made at the request of IRS Associate Chief Counsel (International).
- We relocated question T of the 2006 form to Section III, line 11, of the current year form.

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- The Schedule L balance sheet was revised substantially at the request of the redesign task force (see in particular lines 6, 9, 14, 15, 16, 19, 22, and 24).
- We deleted Schedules M-1 and M-2 of the 2006 revision, and made these separate schedules.