

## **2008 Instructions for Schedule O (Form 1120), Consent Plan and Apportionment Schedule for a Controlled Group**

**Purpose:** This is the first circulated draft of the 2008 Instructions for Schedule O (Form 1120) for your review and comments. See below for a discussion of the major changes.

**TPCC Meeting:** None, but may be arranged if requested.

**Prior Version:** The 2008 Instructions for Schedule O (Form 1120) are available at:  
<http://www.irs.gov/pub/irs-pdf/i1120c.pdf>

**Form:** The 2008 Schedule O (Form 1120) was circulated earlier. The latest draft of Schedule O (Form 1120) is attached.

**Other Products:** Circulations of draft tax forms, instructions, notices, and publications are posted at:  
<http://taxforms.web.irs.gov/Circulations/index.htm>

**Comments:** Please email, fax, call, or mail any comments by **December 19, 2008**. The comment period is shortened to meet print deadlines. Phone comments must be followed up with an email or fax. Comments should also be sent to the reviewer at: [Joan.A.McAlpine@irs.gov](mailto:Joan.A.McAlpine@irs.gov)

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## Description of Major Changes to the Instructions for Schedule O (Form 1120) (December 2008)

### Page 1

#### What's New

We added this section to show the changes made to the Schedule.

**Purpose of schedule.** We re-worded this section to clarify the member completing the return is reporting apportionment plan activity.

**Who must file.** We made text revisions to clarify filing requirements for a consolidated group.

**Brother-sister group.** The 50% test was explained in more detail.

### Page 3

We added "Testing Date" and "Testing Period" instructions for guidance on determining if a member is a component member.

**Apportionment Plans.** A major re-write was done including eliminating the section for **Unequal Apportionment Plan** in lieu adding a detailed description of apportionment plans. This section was confusing to external stakeholders. Their discussions with counsel led to a more detailed approach.

### Page 4

**No apportionment plan in effect.** This is a revised title, previously **Equal Apportionment Plan**. The text was re-written for better clarification.

**Special allocation rules for a short tax year.** We added guidance for corporations with short taxable years and how to determine if they are component members.

**Additional Tax Liability Under Section 11(b)(1).** We added this section to provide guidance for allocating to component members any additional tax liability imposed by IRC Section 11(b)(1).

### Page 5

**Allocation of AMT Exemption Amount and the Reduction of the AMT Exemption Amount.** A paragraph was added to explain in detail how to allocate the AMT exemption amount. (IRC Sections 55(d) and 1561(a))

### Page 6

**Part 1. Apportionment Plan Information.** We added instructions for lines 2 and 6, and revised the instructions for lines 3, 4, & 5, to reflect the changes made to the Schedule.

**Page 7**

For **Parts II, III, and IV**, we added explanations for completing all columns and re-wrote the instructions to clarify calculations required to complete the Schedule.

These instructions are a major re-write provided by counsel in conjunction with external stakeholders that, together, formed a work-group (based on their affiliation with the AICPA). There are many textual edits that were minor and not mentioned above, but were made to provide clear guidance to taxpayers.