



**Note:** *The draft you are looking for begins on the next page.*

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**SCHEDULE M-3  
(Form 1120-L)**

(Rev. December 2021)  
Department of the Treasury  
Internal Revenue Service

**Net Income (Loss) Reconciliation for U.S. Life Insurance  
Companies With Total Assets of \$10 Million or More**

▶ Attach to Form 1120-L.

▶ Go to [www.irs.gov/Form1120L](http://www.irs.gov/Form1120L) for instructions and the latest information.

OMB No. 1545-0123

Name of corporation (common parent, if consolidated return)

Employer identification number

- Check applicable box(es):
- (1)  Non-consolidated return
  - (2)  Consolidated return (Form 1120-L only)
  - (3)  Mixed 1120/L/PC group
  - (4)  Dormant subsidiaries schedule attached

**Part I Financial Information and Net Income (Loss) Reconciliation** (see instructions)

- 1a** Did the corporation file SEC Form 10-K for its income statement period ending with or within this tax year?  
 **Yes.** Skip lines 1b and 1c and complete lines 2a through 11 with respect to that SEC Form 10-K.  
 **No.** Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.
- b** Did the corporation prepare a certified audited non-tax-basis income statement for that period?  
 **Yes.** Skip line 1c and complete lines 2a through 11 with respect to that income statement.  
 **No.** Go to line 1c.
- c** Did the corporation prepare a non-tax-basis income statement for that period?  
 **Yes.** Complete lines 2a through 11 with respect to that income statement.  
 **No.** Skip lines 2a through 3c and enter the corporation's net income (loss) per its books and records on line 4a.
- 2a** Enter the income statement period: Beginning \_\_\_\_\_ Ending \_\_\_\_\_
- b** Has the corporation's income statement been restated for the income statement period on line 2a?  
 **Yes.** (If "Yes," attach an explanation and the amount of each item restated.)  
 **No.**
- c** Has the corporation's income statement been restated for any of the five income statement periods preceding the period on line 2a?  
 **Yes.** (If "Yes," attach an explanation and the amount of each item restated.)  
 **No.**
- 3a** Is any of the corporation's voting common stock publicly traded?  
 **Yes.**  
 **No.** If "No," go to line 4a.
- b** Enter the symbol of the corporation's primary U.S. publicly traded voting common stock \_\_\_\_\_
- c** Enter the nine-digit CUSIP number of the corporation's primary publicly traded voting common stock \_\_\_\_\_

|   |            |     |
|---|------------|-----|
| <b>4a</b> Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1 . . . . .  | <b>4a</b>  |     |
| <b>b</b> Indicate accounting standard used for line 4a (see instructions):<br>(1) <input type="checkbox"/> GAAP (2) <input type="checkbox"/> IFRS (3) <input type="checkbox"/> Statutory (4) <input type="checkbox"/> Other (specify) _____ |            |     |
| <b>5a</b> Net income from nonincludible foreign entities (attach statement) . . . . .   | <b>5a</b>  | ( ) |
| <b>b</b> Net loss from nonincludible foreign entities (attach statement and enter as a positive amount) . . . . .   | <b>5b</b>  |     |
| <b>6a</b> Net income from nonincludible U.S. entities (attach statement) . . . . .  | <b>6a</b>  | ( ) |
| <b>b</b> Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount) . . . . .  | <b>6b</b>  |     |
| <b>7a</b> Net income (loss) of other includible foreign disregarded entities (attach statement) . . . . .   | <b>7a</b>  |     |
| <b>b</b> Net income (loss) of other includible U.S. disregarded entities (attach statement) . . . . .   | <b>7b</b>  |     |
| <b>c</b> Net income (loss) of other includible corporations (attach statement) . . . . .  | <b>7c</b>  |     |
| <b>8</b> Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement) . . . . .   | <b>8</b>   |     |
| <b>9</b> Adjustment to reconcile income statement period to tax year (attach statement) . . . . .   | <b>9</b>   |     |
| <b>10a</b> Intercompany dividend adjustments to reconcile to line 11 (attach statement) . . . . .   | <b>10a</b> |     |
| <b>b</b> Other statutory accounting adjustments to reconcile to line 11 (attach statement) . . . . .  | <b>10b</b> |     |
| <b>c</b> Other adjustments to reconcile to amount on line 11 (attach statement) . . . . .   | <b>10c</b> |     |
| <b>11</b> <b>Net income (loss) per income statement of includible corporations.</b> Combine lines 4a through 10c  | <b>11</b>  |     |

**Note:** Part I, line 11, must equal the amount on Part II, line 30, column (a).

**12** Enter the total amount (not just the corporation's share) of the assets and liabilities of all entities included or removed on the following lines.

|   | Total Assets | Total Liabilities |
|---|--------------|-------------------|
| <b>a</b> Included on Part I, line 4 . . . . . ▶ |              |                   |
| <b>b</b> Removed on Part I, line 5 . . . . . ▶  |              |                   |
| <b>c</b> Removed on Part I, line 6 . . . . . ▶  |              |                   |
| <b>d</b> Included on Part I, line 7 . . . . . ▶ |              |                   |

|  |                                |
|--|--------------------------------|
| Name of corporation (common parent, if consolidated return)  | Employer identification number |
| Check applicable box(es): <b>(1)</b> <input type="checkbox"/> Consolidated group <b>(2)</b> <input type="checkbox"/> Parent corp <b>(3)</b> <input type="checkbox"/> Consolidated eliminations <b>(4)</b> <input type="checkbox"/> Subsidiary corp <b>(5)</b> <input type="checkbox"/> Mixed 1120/L/PC group |                                |
| Check if a sub-consolidated: <b>(6)</b> <input type="checkbox"/> 1120-L group <b>(7)</b> <input type="checkbox"/> 1120-L eliminations  |                                |
| Name of subsidiary (if consolidated return)  | Employer identification number |

**Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return** (see instructions)

| <b>Income (Loss) Items</b><br>(Attach statements for lines 1 through 11)   | (a)<br>Income (Loss) per<br>Income Statement | (b)<br>Temporary<br>Difference | (c)<br>Permanent<br>Difference | (d)<br>Income (Loss) per<br>Tax Return |
|--|--|--------------------------------|--------------------------------|--|
| <b>1</b> Income (loss) from equity method foreign corporations   |  |                                |                                |  |
| <b>2</b> Gross foreign dividends not previously taxed  |  |                                |                                |  |
| <b>3</b> Subpart F, QEF, and similar income inclusions   |  |                                |                                |  |
| <b>4</b> Gross-up for foreign taxes deemed paid  |  |                                |                                |  |
| <b>5</b> Gross foreign distributions previously taxed  |  |                                |                                |  |
| <b>6</b> Income (loss) from equity method U.S. corporations  |  |                                |                                |  |
| <b>7</b> U.S. dividends not eliminated in tax consolidation  |  |                                |                                |  |
| <b>8</b> Minority interest for includible corporations   |  |                                |                                |  |
| <b>9</b> Income (loss) from U.S. partnerships  |  |                                |                                |  |
| <b>10</b> Income (loss) from foreign partnerships  |  |                                |                                |  |
| <b>11</b> Income (loss) from other pass-through entities   |  |                                |                                |  |
| <b>12</b> Items relating to reportable transactions (attach statement)   |  |                                |                                |  |
| <b>13</b> Interest income (attach Form 8916-A)   |  |                                |                                |  |
| <b>14</b> Accrual of bond discount   |  |                                |                                |  |
| <b>15</b> Hedging transactions   |  |                                |                                |  |
| <b>16</b> Mark-to-market income (loss)   |  |                                |                                |  |
| <b>17</b> Deferred and uncollected premiums  |  |                                |                                |  |
| <b>18</b> Sale versus lease (for sellers and/or lessors)   |  |                                |                                |  |
| <b>19</b> Section 481(a) adjustments   |  |                                |                                |  |
| <b>20</b> Amortization of interest maintenance reserve   |  |                                |                                |  |
| <b>21</b> Original issue discount and other imputed interest   |  |                                |                                |  |
| <b>22</b> Market discount reclassification   |  |                                |                                |  |
| <b>23a</b> Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than pass-through entities |  |                                |                                |  |
| <b>b</b> Gross capital gains from Schedule D, excluding amounts from pass-through entities   |  |                                |                                |  |
| <b>c</b> Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses          |  |                                |                                |  |
| <b>d</b> Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses  |  |                                |                                |  |
| <b>e</b> Abandonment losses  |  |                                |                                |  |
| <b>f</b> Worthless stock losses (attach statement)   |  |                                |                                |  |
| <b>g</b> Other gain/loss on disposition of assets  |  |                                |                                |  |
| <b>24</b> Capital loss limitation and carryforward used  |  |                                |                                |  |
| <b>25</b> Other income (loss) items with differences (attach statement)  |  |                                |                                |  |
| <b>26</b> <b>Total income (loss) items.</b> Combine lines 1 through 25   |  |                                |                                |  |
| <b>27</b> <b>Total expense/deduction items</b> (from Part III, line 40)  |  |                                |                                |  |
| <b>28</b> Other items with no differences  |  |                                |                                |  |
| <b>29a</b> Mixed groups, see instructions. All others, combine lines 26 through 28   |  |                                |                                |  |
| <b>b</b> 1120 subgroup reconciliation totals   |  |                                |                                |  |
| <b>c</b> PC insurance subgroup reconciliation totals   |  |                                |                                |  |
| <b>30</b> <b>Reconciliation totals.</b> Combine lines 29a through 29c  |  |                                |                                |  |

**Note:** Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120-L, page 1, line 20.

|  |                                |
|--|--------------------------------|
| Name of corporation (common parent, if consolidated return)  | Employer identification number |
| Check applicable box(es): <b>(1)</b> <input type="checkbox"/> Consolidated group <b>(2)</b> <input type="checkbox"/> Parent corp <b>(3)</b> <input type="checkbox"/> Consolidated eliminations <b>(4)</b> <input type="checkbox"/> Subsidiary corp <b>(5)</b> <input type="checkbox"/> Mixed 1120/L/PC group |                                |
| Check if a sub-consolidated: <b>(6)</b> <input type="checkbox"/> 1120-L group <b>(7)</b> <input type="checkbox"/> 1120-L eliminations  |                                |
| Name of subsidiary (if consolidated return)  | Employer identification number |

**Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return—Expense/Deduction Items** (see instructions)

| <b>Expense/Deduction Items</b>   | (a)<br>Expense per<br>Income Statement | (b)<br>Temporary<br>Difference | (c)<br>Permanent<br>Difference | (d)<br>Deduction per<br>Tax Return |
|--|--|--------------------------------|--------------------------------|------------------------------------|
| 1 U.S. current income tax expense . . . . .  |  |                                |                                |                                    |
| 2 U.S. deferred income tax expense . . . . .   |  |                                |                                |                                    |
| 3 State and local current income tax expense . . . . .   |  |                                |                                |                                    |
| 4 State and local deferred income tax expense . . . . .  |  |                                |                                |                                    |
| 5 Foreign current income tax expense (other than foreign withholding taxes) . . . . .  |  |                                |                                |                                    |
| 6 Foreign deferred income tax expense . . . . .  |  |                                |                                |                                    |
| 7 Foreign withholding taxes . . . . .  |  |                                |                                |                                    |
| 8 Equity-based compensation . . . . .  |  |                                |                                |                                    |
| 9 Capitalization of deferred acquisition costs . . . . .   |  |                                |                                |                                    |
| 10 Amortization of deferred acquisition costs . . . . .  |  |                                |                                |                                    |
| 11 Meals and entertainment . . . . .   |  |                                |                                |                                    |
| 12 Fines and penalties . . . . .   |  |                                |                                |                                    |
| 13 Judgments, damages, awards, and similar costs . . . . .   |  |                                |                                |                                    |
| 14 Parachute payments . . . . .  |  |                                |                                |                                    |
| 15 Compensation with section 162(m) limitation . . . . .   |  |                                |                                |                                    |
| 16 Pension and profit-sharing . . . . .  |  |                                |                                |                                    |
| 17 Other post-retirement benefits . . . . .  |  |                                |                                |                                    |
| 18 Deferred compensation . . . . .   |  |                                |                                |                                    |
| 19 Charitable contribution of cash and tangible property . . . . .   |  |                                |                                |                                    |
| 20 Charitable contribution of intangible property . . . . .  |  |                                |                                |                                    |
| 21 Charitable contribution limitation/carryforward . . . . .   |  |                                |                                |                                    |
| 22 Change in section 807(c)(1) tax reserves . . . . .  |  |                                |                                |                                    |
| 23 Change in section 807(c)(2) tax reserves . . . . .  |  |                                |                                |                                    |
| 24 Change in all other section 807(c) tax reserves . . . . .   |  |                                |                                |                                    |
| 25 Section 807(f) and Reserve Transition Relief adjustments for change in computing reserves (see instructions) . . . . .  |  |                                |                                |                                    |
| 26 Section 807(a)(2)(B) tax reserve amount with respect to policyholder share of tax-exempt interest . . . . .   |  |                                |                                |                                    |
| 27 Current year acquisition/reorganization costs (attach statement)  |  |                                |                                |                                    |
| 28 Amortization of acquisition, reorganization, and start-up costs   |  |                                |                                |                                    |
| 29 Amortization/impairment of goodwill, insurance in force, and ceding commissions . . . . .   |  |                                |                                |                                    |
| 30 Other amortization or impairment write-offs . . . . .   |  |                                |                                |                                    |
| 31 Section 846 amount . . . . .  |  |                                |                                |                                    |
| 32 Depreciation . . . . .  |  |                                |                                |                                    |
| 33 Bad debt expense/agency balances written off . . . . .  |  |                                |                                |                                    |
| 34 Corporate-owned life insurance premiums . . . . .   |  |                                |                                |                                    |
| 35 Purchase versus lease (for purchasers and/or lessees)   |  |                                |                                |                                    |
| 36 Interest expense (attach Form 8916-A) . . . . .   |  |                                |                                |                                    |
| 37 Research and development costs . . . . .  |  |                                |                                |                                    |
| 38 Section 118 exclusion (attach statement) . . . . .  |  |                                |                                |                                    |
| 39 Other expense/deduction items with differences (attach statement)   |  |                                |                                |                                    |
| 40 <b>Total expense/deduction items.</b> Combine lines 1 through 39. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive . . . . . |  |                                |                                |                                    |