

2014

Schedule of Included Controlled Foreign Corporations (CFC)

2416

Attach to Form 100W. Attach additional sheets if necessary.

Corporation name	California corporation number
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	(a) Corporation name	(b) Country of incorporation	(c) Country of primary bus. activity	(d) Principal bus. activity code	(e) Subpart F income	(f) Current year earnings and profits	(g) Percentage (e) ÷ (f)
1							
2							
3							
4							
5							
6							
7							
8							

	(h) Net income	(i) * (g) x (h)	(j) Average property everywhere	(k) (g) x (j)	(l) Rent expense x 8	(m) (g) x (l)	(n) Payroll everywhere	(o) (g) x (n)	(p) Sales everywhere	(q) (g) x (p)
1										
2										
3										
4										
5										
6										
7										
8										
9 TOTAL		<input style="width: 80%; height: 20px;" type="text"/>		<input style="width: 80%; height: 20px;" type="text"/>		<input style="width: 80%; height: 20px;" type="text"/>		<input style="width: 80%; height: 20px;" type="text"/>		<input style="width: 80%; height: 20px;" type="text"/>

*Enter total from column (i) on Form 100W, Side 1, line 7a.

Alphabetic Listing of Countries and Codes for Form FTB 2416

Country	Code	Country	Code	Country	Code
Afghanistan	.AF	Equatorial Guinea	.EK	Madagascar	.MA
Akrotiri	.AX	Eritrea	.ER	Malawi	.MI
Albania	.AL	Estonia	.EN	Malaysia	.MY
Algeria	.AG	Ethiopia	.ET	Maldives	.MV
American Samoa	.AQ	Falkland Islands (Islas Malvinas)	.FK	Mali	.ML
Andorra	.AN	Faroe Islands	.FO	Malta	.MT
Angola	.AO	Federated States of Micronesia	.FM	Marshall Islands	.RM
Anguilla	.AV	Fiji	.FJ	Martinique	.MB
Antarctica	.AY	Finland	.FI	Mauritania	.MR
Antigua and Barbuda	.AC	France	.FR	Mauritius	.MP
Argentina	.AR	French Guiana	.FG	Mayotte	.MF
Armenia	.AM	French Polynesia (Tahiti)	.FP	Mexico	.MX
Aruba	.AA	French Southern and Antarctic Lands	.FS	Micronesia, Federated States of	.FM
Ashmore and Cartier Islands	.AT	Gabon	.GB	Midway Islands	.MQ
Australia	.AS	Gambia, The	.GA	Moldova	.MD
Austria	.AU	Georgia	.GG	Monaco	.MN
Azerbaijan	.AJ	Germany	.GM	Mongolia	.MG
Bahamas, The	.BF	Ghana	.GH	Montenegro	.MJ
Bahrain	.BA	Gibraltar	.GI	Montserrat	.MH
Baker Island	.FO	Great Britain	.UK	Morocco	.MO
Bangladesh	.BG	Greece	.GR	Mozambique	.MZ
Barbados	.BB	Greenland	.GL	Namibia	.WA
Belarus	.BO	Grenada	.GJ	Nauru	.NR
Belgium	.BE	Guadeloupe	.GP	Navassa Island	.BQ
Belize	.BH	Guam	.GQ	Nepal	.NP
Benin	.BN	Guatemala	.GT	Netherlands	.NL
Bermuda	.BD	Guernsey	.GK	Netherlands Antilles	.NT
Bhutan	.BT	Guinea	.GV	New Caledonia	.NC
Bolivia	.BL	Guinea-Bissau	.PU	New Zealand	.NZ
Bosnia-Herzegovina	.BK	Guyana	.GY	Nicaragua	.NU
Botswana	.BC	Haiti	.HA	Niger	.NG
Bouvet Island	.BV	Heard Island and McDonald Islands	.HM	Nigeria	.NI
Brazil	.BR	Holy See	.VT	Niue	.NE
British Indian Ocean Territory	.IO	Honduras	.HO	Norfolk Island	.NF
Brunei	.BX	Hong Kong	.HK	Northern Mariana Islands	.CQ
Bulgaria	.BU	Howland Island	.HQ	Norway	.NO
Burkina Faso	.UV	Hungary	.HU	Oman	.MU
Burma	.BM	Iceland	.IC	Pakistan	.PK
Burundi	.BY	India	.IN	Palau	.PS
Cambodia	.CB	Indonesia	.ID	Palmira Atoll	.LQ
Cameroon	.CM	Iran	.IR	Panama	.PM
Canada	.CA	Iraq	.IZ	Papua New Guinea	.PP
Cape Verde	.CV	Ireland	.EI	Paracel Islands	.PF
Cayman Islands	.CJ	Isle of Man	.IM	Paraguay	.PA
Central African Republic	.CT	Israel	.IS	Peru	.PE
Chad	.CD	Italy	.IT	Philippines	.RP
Chile	.CI	Jamaica	.JM	Pitcairn Island	.PC
China	.CH	Jan Mayen	.JN	Poland	.PL
Christmas Island	.KT	Japan	.JA	Portugal	.PO
Clipperton Island	.IP	Jarvis Island	.DQ	Puerto Rico	.RQ
Cocos (Keeling) Islands	.CK	Jersey	.JE	Qatar	.QA
Colombia	.CO	Johnston Atoll	.JQ	Reunion	.RE
Comoros	.CN	Jordan	.JO	Romania	.RO
Congo (Brazzaville)	.CF	Kazakhstan	.KZ	Russia	.RS
Congo, Democratic Republic of (Kinshasa)	.CG	Kenya	.KE	Rwanda	.RW
Cook Islands	.CW	Kingman Reef	.KQ	St. Barthelemy	.TB
Coral Sea Islands Territory	.CR	Kiribati	.KR	St. Helena	.SH
Costa Rica	.CS	Korea, Democratic People's Republic of (North)	.KN	St. Kitts & Nevis	.SC
Cote D'Ivoire (Ivory Coast)	.IV	Korea, Republic of (South)	.KS	St. Lucia Island	.ST
Croatia	.HR	Kosovo	.KV	St. Martin	.RN
Cuba	.CU	Kuwait	.KU	St. Pierre and Miquelon	.SB
Curacao	.UC	Kyrgyzstan	.KG	St. Vincent and the Grenadines	.VC
Cyprus	.CY	Laos	.LA	Samoa	.WS
Czech Republic	.EZ	Latvia	.LG	San Marino	.SM
Denmark	.DA	Lebanon	.LE	Sao Tome and Principe	.TP
Dhekelia	.DX	Lesotho	.LT	Saudi Arabia	.SA
Djibouti	.DJ	Liberia	.LI	Senegal	.SG
Dominica	.DO	Libya	.LY	Serbia	.RB
Dominican Republic	.DR	Liechtenstein	.LS	Seychelles	.SE
East Timor	.TT	Lithuania	.LH	Sierra Leone	.SL
Ecuador	.EC	Luxembourg	.LU	Singapore	.SN
Egypt	.EG	Macau	.MC	Sint Maarten	.NN
El Salvador	.ES	Macedonia	.MK	Slovak Republic (Slovakia)	.LO
				Slovenia	.SI
				Somalia	.SO
				South Africa	.SF
				South Georgia and the South Sandwich Islands	.SX
				South Sudan	.OD
				Spain	.SP
				Spraty Islands	.PG
				Sri Lanka	.CE
				Sudan	.SU
				Suriname	.NS
				Svalbard	.SV
				Swaziland	.WZ
				Sweden	.SW
				Switzerland	.SZ
				Syria	.SY
				Taiwan	.TW
				Tajikistan	.TI
				Tanzania	.TZ
				Thailand	.TH
				Togo	.TO
				Tokelau	.TL
				Tonga	.TN
				Trinidad and Tobago	.TD
				Tunisia	.TS
				Turkey	.TU
				Turkmenistan	.TX
				Turks and Caicos Islands	.TK
				Tuvalu	.TV
				Uganda	.UG
				Ukraine	.UP
				United Arab Emirates	.AE
				United Kingdom (England, Northern Ireland, Scotland, Wales)	.UK
				Uruguay	.UY
				Uzbekistan	.UZ
				Vanuatu	.NH
				Venezuela	.VE
				Vietnam	.VM
				Virgin Islands (British)	.VI
				Virgin Islands (U.S.)	.VQ
				Wake Island	.WQ
				Wallis and Futuna	.WF
				Western Sahara	.WI
				Yemen (Aden)	.YM
				Zambia	.ZA
				Zimbabwe	.ZI
				Other Country	.OC

2014 Instructions for Form FTB 2416

Schedule of Included Controlled Foreign Corporations (CFC)

General Information

A Purpose

Revenue and Taxation Code (R&TC) Section 25110(a)(2)(A)(ii) provides that the income and apportionment factors of any Controlled Foreign Corporation (CFC) (as defined in Internal Revenue Code [IRC] Section 957) that has Subpart F income (defined in IRC Section 952) are to be included in the combined report of a taxpayer making a water's-edge election.

Use form FTB 2416, Schedule of Included Controlled Foreign Corporations (CFC), to compute the net income and apportionment factors required to be included in the water's-edge combined report.

B Controlled Foreign Corporation

In general, a foreign corporation is a corporation that is not created or organized in the U.S. or under the laws of the U.S. or any state.

A CFC is any foreign corporation that is more than 50% owned or considered to be owned per IRC Section 958(b) by U.S. shareholders.

C Apportionment

For each CFC, the amounts included in income and the apportionment factors are determined by multiplying the total income and each component of the apportionment factors by a fraction. The numerator of the fraction is the current taxable year total Subpart F income defined in IRC Section 952 and the denominator is the current taxable year earnings and profits (E&P) as defined in IRC Section 964.

See R&TC Section 25110(a)(2) and the related regulations for more information.

Specific Instructions

Column (b) – Country of incorporation

Enter the country of incorporation in column (b). Use the list of country codes on form FTB 2416, Side 2.

Column (c) – Country of primary business activity

Enter the country in which the CFC conducts its primary trade or business in column (c). Use the list of country codes on form FTB 2416, Side 2. This country may be different from the country of incorporation.

Column (d) – Principal business activity (PBA) code

Enter the PBA code of the CFC. The PBA codes are listed on the Principal Business Activity Codes chart included in this booklet.

Column (e) – Subpart F income

In determining whether a CFC has Subpart F income, defined by IRC Section 952, for purposes of R&TC Section 25110(a)(2) and the regulations thereunder, the limitation and exclusions provided for in IRC Section 954(b) shall apply. However, IRC Section 952(c) shall not apply.

For these purposes, Subpart F income does not include income defined in IRC Sections 955 or 956.

Include both business and nonbusiness income as defined under R&TC Section 25120 for the current year.

If there is no Subpart F income, none of the income or factors of this CFC will be included in the water's-edge combined report. See *Fujitsu IT Holdings, Inc. vs. Franchise Tax Board* (2004) 120 Cal. App. 4th 459.

Column (f) – Current year earnings and profits

E&P, as defined in IRC Section 964, includes both business and nonbusiness income for the current taxable year. In most cases, the E&P can be taken from federal Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, page 4, Schedule H, line 5d.

If there is no current E&P, stop. None of the income or factors of this CFC will be included in the water's-edge combined report.

Column (g) – Percentage

The percentage may not exceed 100% or be less than zero.

Column (h) – Net income

Report the total net income as reflected on the CFC's books and records, adjusted to conform to California tax law.

Column (i) – Net income included in the combined report

Enter total from column (i) on Form 100W, Side 1, line 7a.

Columns (j), (l), (n), and (p) – Apportionment factors

Determine the apportionment factors for the CFC to be included in the water's-edge combined report including:

- Total sales everywhere, if using the single-sales factor formula, or
- Total average property everywhere, rent expense everywhere, payroll everywhere, and sales everywhere, if using the three-factor formula.

Refer to the apportionment factor rules set forth in R&TC Sections 25128.7, 25128, and 25129 through 25137. See California Schedule R, Apportionment and Allocation of Income, for more information.