

**SCHEDULE H**  
**(Form 1120-F)**

Department of the Treasury  
Internal Revenue Service  
Name of corporation \_\_\_\_\_

**Deductions Allocated To Effectively Connected  
Income Under Regulations Section 1.861-8**

▶ Attach to Form 1120-F.

▶ Information about Schedule H (Form 1120-F) and its separate instructions is at [www.irs.gov/form1120f](http://www.irs.gov/form1120f).

OMB No. 1545-0123

**2014**

Employer identification number \_\_\_\_\_

**Part I Home Office Deductible Expenses Definitely Related Solely to ECI or Non-ECI**

**Note.** Enter all amounts on lines 1a through 13 in only U.S. dollars or in only functional currency. If U.S. dollars, check box ☐. Otherwise, specify currency ▶ \_\_\_\_\_

<b>1a</b>	Total expenses on the books of the home office . . . . .	<b>1a</b>		
<b>b</b>	Check the applicable box below to indicate the accounting convention used to compute the amount on line 1a:			
	<input type="checkbox"/> U.S. GAAP <input type="checkbox"/> Home Country GAAP			
	<input type="checkbox"/> IFRS <input type="checkbox"/> Other (specify) ▶ _____			
<b>2</b>	Adjustments for U.S. tax principles (attach statement - see instructions) . . . . .	<b>2</b>		
<b>3</b>	Total deductible expenses on the books of the home office. Combine lines 1a and 2 . . . . .		<b>3</b>	
<b>4</b>	Interest expense included on line 3 . . . . .	<b>4</b>		
<b>5</b>	Bad debt expense included on line 3 . . . . .	<b>5</b>		
<b>6</b>	Total of interest expense and bad debt expense. Add lines 4 and 5 . . . . .		<b>6</b>	
<b>7</b>	Remaining deductible expenses to be allocated and apportioned between ECI and non-ECI. Subtract line 6 from line 3 . . . . .		<b>7</b>	
<b>8</b>	Deductible expenses definitely related solely to non-ECI from subsidiaries . . . . .	<b>8</b>		
<b>9</b>	Deductible expenses definitely related solely to other non-ECI booked in the home country . . . . .	<b>9</b>		
<b>10</b>	Deductible expenses definitely related solely to other non-ECI booked in other countries (including the United States) . . . . .	<b>10</b>		
<b>11</b>	Deductible expenses definitely related solely to ECI . . . . .	<b>11</b>		
<b>12</b>	Total deductible expenses definitely related solely to ECI or non-ECI. Add lines 8 through 11 . . . . .		<b>12</b>	

**Part II Home Office Deductible Expenses Allocated and Apportioned to ECI**

**Note.** Enter the amounts on lines 15 through 20 in U.S. dollars.

<b>13</b>	Remaining deductible expenses on the books of the home office not definitely related solely to ECI or non-ECI. Subtract line 12 from line 7 . . . . .	<b>13</b>	
<b>14</b>	Average exchange rate used to convert amounts to U.S. dollars (see instructions) . . . . .	<b>14</b>	
<b>15</b>	Enter the amount from line 13. If line 13 is stated in functional currency, divide line 13 by line 14 . . . . .	<b>15</b>	
<b>16</b>	Remaining home office deductible expenses on line 15 allocated and apportioned under Regulations section 1.861-8 to ECI (attach computation) . . . . .	<b>16</b>	
<b>17</b>	Enter the amount from line 11. If line 11 is stated in functional currency, divide line 11 by line 14 . . . . .	<b>17</b>	
<b>18</b>	Total home office deductible expenses allocated and apportioned to ECI. Add lines 16 and 17 . . . . .	<b>18</b>	
<b>19</b>	Total deductible expenses from other non-U.S. locations allocated and apportioned to ECI . . . . .	<b>19</b>	
<b>20</b>	<b>Total deductible expenses allocated and apportioned to ECI.</b> Add lines 18 and 19 and enter the amount here and on Form 1120-F, Section II, line 26 . . . . .	<b>20</b>	

**Part III Allocation and Apportionment Methods and Financial Records Used to Complete Parts I and II**

**Note.** Enter the amounts in Part III, lines 21a, 21b, 22a, and 22b in U.S. dollars.

• If one or more methods used are different than in prior year, check box <input type="checkbox"/>			
• If any amount on line 20 is recorded as an interbranch amount on books and records used to prepare Form 1120-F, Schedule L, include the amount on Part IV, line 35 and check this box <input type="checkbox"/>			
<b>21</b>	Gross income ratio:		
<b>a</b>	Gross ECI . . . . .	<b>21a</b>	
<b>b</b>	Worldwide gross income . . . . .	<b>21b</b>	
<b>c</b>	Divide line 21a by line 21b . . . . .	<b>21c</b>	%
<b>22</b>	Asset ratio:		
<b>a</b>	Average U.S. assets from Schedule I, line 5, column (d) . . . . .	<b>22a</b>	
<b>b</b>	Worldwide assets (if applicable, from Schedule I, line 6b) . . . . .	<b>22b</b>	
<b>c</b>	Divide line 22a by line 22b . . . . .	<b>22c</b>	%
<b>23</b>	Number of personnel ratio:		
<b>a</b>	Personnel of U.S. trade or business . . . . .	<b>23a</b>	
<b>b</b>	Worldwide personnel . . . . .	<b>23b</b>	
<b>c</b>	Divide line 23a by line 23b . . . . .	<b>23c</b>	%
<b>24</b>	Did the corporation use any ratio-based methods (other than those indicated on lines 21 through 23 above) in Parts I and II? If "Yes," attach statement (see instructions) . . . . .	<b>Yes</b>	<b>No</b>
<b>25</b>	Did the corporation use any other methods (e.g., time-spent analysis or estimates) in Parts I and II? If "Yes," attach statement (see instructions) . . . . .		

**Part III Allocation and Apportionment Methods and Financial Records Used to Complete****Parts I and II (continued)**

**Note.** Indicate whether the corporation used any of the following financial and other records in Parts I and II to identify deductible expenses allocated and apportioned to ECI.

	Yes	No
<b>26a</b> Published or other non-public audited financial statements . . . . .		
<b>b</b> Non-audited financial statements . . . . .		
<b>27</b> Home office management or other departmental cost accounting reports . . . . .		
<b>28</b> Other (e.g., home country regulatory reports or written, contemporaneous functional analyses) (attach statement)		

**Part IV Allocation and Apportionment of Expenses on Books and Records Used to Prepare Form 1120-F, Schedule L**

**Note.** Enter all amounts in Part IV in U.S. dollars.

<b>29</b>	Total expenses per books and records used to prepare Form 1120-F, Schedule L . . . . .	<b>29</b>			
<b>30</b>	Adjustments for U.S. tax principles (attach statement – see instructions) . . . . .	<b>30</b>			
<b>31</b>	Total deductible expenses. Combine lines 29 and 30 . . . . .	<b>31</b>			
<b>32a</b>	Third-party interest expense included on line 31 . . . . .	<b>32a</b>			
<b>b</b>	Interbranch interest expense included on line 31 . . . . .	<b>32b</b>			
<b>33</b>	Bad debt expense included on line 31 . . . . .	<b>33</b>			
<b>34</b>	Other third-party deductible expenses not allocated or apportioned to ECI and non-ECI under Regulations section 1.861-8 included on line 31 (attach statement). . . . .	<b>34</b>			
<b>35</b>	Interbranch expenses per books and records included on line 31 and not included on line 32b (attach statement) . . . . .	<b>35</b>			
<b>36</b>	Add lines 32a through 35 . . . . .	<b>36</b>			
<b>37</b>	Deductible expenses on books and records allocated and apportioned to ECI or non-ECI under Regulations section 1.861-8. Subtract line 36 from line 31 . . . . .	<b>37</b>			
Reconciliation of allocation and apportionment of deductible expenses to ECI and non-ECI on books and records under Regulations section 1.861-8 (from line 37)		(a) ECI Amounts	(b) Non-ECI Amounts	(c) Total: Add columns (a) and (b)	
<b>38a</b>	Derivative transaction deductible expenses definitely related to ECI or non-ECI under Regulations section 1.861-8 (from line 37)	<b>38a</b>			
<b>b</b>	Other deductible expenses definitely related to ECI or non-ECI (from line 37) . . . . .	<b>38b</b>			
<b>39</b>	Total deductible expenses definitely related to ECI or non-ECI. Add lines 38a and 38b . . . . .	<b>39</b>			
<b>40</b>	Other deductible expenses on books and records not definitely related to ECI or non-ECI that are allocated and apportioned to ECI and non-ECI (from line 37) . . . . .	<b>40</b>			
<b>41</b>	Total deductible expenses on books and records allocated and apportioned to ECI and non-ECI. Add lines 39 and 40. Column (c) must equal line 37 . . . . .	<b>41</b>			

**Note.** Line 41, column (a) is the total of the deductions reported on Form 1120-F, Section II, lines 12, 13, 14, 16, 17, 19 through 25, and 27.