



Internal Revenue Service  
Large & Mid-Size Business Division  
SE:LM:IN:C:FP: MA3-315E  
Att: Wanda T. Almodovar  
1111 Constitution Avenue, NW  
Washington, DC 20224

DEPARTMENT OF THE TREASURY

Telephone: 202-435-5012

August 27, 2008

Subject: Late Filed Form 1120 (U. S. Corporation Income Tax Return) and Form(s) 5471  
(Information Return of U.S. Persons With Respect To Certain Foreign Corporations)

Dear Taxpayer,

Our records indicate that you late filed Form(s) 1120 (U.S. Corporation Income Tax Return) with attached Form(s) 5471 in a prior year. This letter is a reminder to you that separate late filing penalties apply to each form.

IRC Section 6651(a)(1) provides a penalty for the failure to file income tax returns (Form 1120) by their due date (including extensions). The penalty is 5% of the tax required to be shown on the income tax return for each month (or fraction thereof) during which such failure continues. The amount of the penalty shall not exceed 25%.

In addition, a separate penalty may apply to each Form 5471 which is filed after the due date of the income tax return. **These penalties will apply even if no tax is due on Form 1120.**

IRC Section 6038(a) requires information reporting with respect to certain foreign corporations (Form 5471) and describes the information required to be shown on this form.

IRC Section 6038(b)(1) provides for a monetary penalty of \$10,000 for **each** Form 5471 that is filed after the due date of the income tax return (including extensions) **or** does not include the complete and accurate information described in Section 6038(a).

IRC Section 6038(c) provides for a 10% reduction of the foreign taxes available for credit under IRC Sections 901, 902 and 960. Per IRC Section 6038(c)(3), this reduction to the foreign taxes can be applied in addition to the monetary penalty.

**Beginning January 1, 2009, the Internal Revenue Service Center will automatically assert appropriate penalties on late filed Forms 1120 with Forms 5471 attached** This does not preclude us from asserting penalties prior to January 1, 2009 or from asserting additional penalties if the failure is not corrected within the time prescribed.

For general filing requirements and specific Form 5471 instructions please go to:  
<http://www.irs.gov/businesses/small/international/article/0,,id=154943,00.html>

Thank you for your cooperation in this matter. If you or your authorized representative has any questions about filing requirements for Forms 1120 and 5471, please contact the person whose name and number appear above.

Sincerely yours,

A handwritten signature in black ink, appearing to read "David Marion".

David Marion  
Manager  
Foreign Payments and International Information Reporting