



TAXPAYER NAME: \_\_\_\_\_ TAXPAYER FEIN: \_\_\_\_\_ FOR THE TAX PERIOD \_\_\_\_\_, 20 \_\_\_\_ through \_\_\_\_\_, 20 \_\_\_\_

**Related member is defined to include a corporation, association, disregarded entity, or subchapter K entity (Alabama Code section 40-18-1(13) and (15)). Disregarded entities and subchapter K entities are related members separate and apart from their owner. A column must be completed for each recipient related member.**

| Recipient related member who received interest/intangible income from the taxpayer: | Related Member 1 | Related Member 2 | Related Member 3 | Related Member 4 |
|---|------------------|------------------|------------------|------------------|
| 1 a. Recipient related member FEIN.....   | 1a ●             |                  |                  |                  |
| b. Recipient related member name.....   | 1b ●             |                  |                  |                  |
| 2 List the intangible expense amounts paid to the recipient related member.....     | 2 ●              |                  |                  |                  |
| 3 List the interest expense amounts paid to the recipient related member.....       | 3 ●              |                  |                  |                  |
| 4 Total intangible/interest expenses paid (total lines 2 and 3).....                | 4 ●              |                  |                  |                  |

To determine the exempt amount of intangible/interest expense, complete the applicable section(s) below.

|  |      |   |   |   |
|--|------|---|---|---|
| <b>5 Exemption related to §40-18-35(b)(1):</b>   |      |   |   |   |
| a. Jurisdiction(s) where recipient related member income is "subject to tax" and not allocated.                  | 5a ● |   |   |   |
| b. Amount of Interest/Intangible subject to apportionment in jurisdiction(s).....                                | 5b ● |   |   |   |
| c. Recipient related member's total apportionment percentage in the above jurisdiction(s).                       | 5c ● | % | % | % |
| d. Interest/Intangible apportioned to jurisdictions (multiply Line 5b by Line 5c).....                           | 5d ● |   |   |   |
| e. Intangible/Interest income allocated to jurisdiction(s).....  | 5e ● |   |   |   |
| f. Add Line 5d and Line 5e.....  | 5f ● |   |   |   |
| <b>6 Exemption related to §40-18-35(b)(2) and §40-18-35(b)(4) – Amount of Line 4 expense not added back.....</b> | 6 ●  |   |   |   |

**NOTE:** For Section 7, 8, 9, and 10 the receipts of a disregarded entity/subchapter K entity, which may be a related entity in and unto itself, may not be combined with receipts of its owner for purposes of this schedule.

|   |       |  |  |  |
|---|-------|--|--|--|
| <b>7 Exemption related to §40-18-35(b)(3) – Amount of Line 4 expense not added back.....</b>  | 7 ●   |  |  |  |
| 8 Recipient related member receipts by category: a. Intangible receipts.....  | 8a ●  |  |  |  |
| b. Interest receipts.....   | 8b ●  |  |  |  |
| 9 a. ●  | 9a ●  |  |  |  |
| b. ●  | 9b ●  |  |  |  |
| c. ●  | 9c ●  |  |  |  |
| d. ●  | 9d ●  |  |  |  |
| 10 a. If either Lines 8a or 8b are greater than Lines 9a, 9b, 9c or 9d, enter zero.....   | 10a ● |  |  |  |
| b. If Lines 9a, 9b, 9c or 9d are greater than Lines 8a or 8b, enter amount from Line 7.....   | 10b ● |  |  |  |
| 11 Exempt Amount. Enter the greater of Lines 5f, 6, 10a or 10b.....   | 11 ●  |  |  |  |
| 12 Interest Expense Disallowed per IRC 163 (j) (allocated pro rata see instructions).....   | 12 ●  |  |  |  |
| 12a Exempt amount of Disallowed IRC 163 (j) (Line 11 divided by Line 4, multiplied by Line 12).....   | 12a ● |  |  |  |
| 13 Total Intangible/Interest expenses paid to all related members less total disallowed IRC 163 (j) Interest (sum of all Line 4 for all related members minus all Line 12 for all related members)..... | 13 ●  |  |  |  |
| 14 Total Exempt Amount. (Line 11 minus Line 12a for all related members from all pages) ...   | 14 ●  |  |  |  |

In order to qualify for the exemption presented in §40-18-35(b)(3) and §40-18-24(e), Line 10b must be greater than zero and an informed corporate officer must sign Schedule AB, executed under penalty of perjury. This signature denotes that tax avoidance was not a principal motivating factor with respect to the transaction(s) giving rise to the related member's interest/intangible expenses and costs.

Signature \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_



TAXPAYER NAME: \_\_\_\_\_ TAXPAYER FEIN: \_\_\_\_\_ FOR THE TAX PERIOD \_\_\_\_\_, 20 \_\_\_\_ through \_\_\_\_\_, 20 \_\_\_\_

A column must be completed for each recipient related member. Attach additional pages as needed and enter the totals of Lines 4 and 11 for all related members from all pages on Page 1, Lines 13 and 14.

| Recipient related member who received interest/intangible income from the taxpayer:  | Related Member 1 | Related Member 2 | Related Member 3 | Related Member 4 |
|--|------------------|------------------|------------------|------------------|
| 1 a. Recipient related member FEIN.....  | 1a ●             |                  |                  |                  |
| b. Recipient related member name.....  | 1b ●             |                  |                  |                  |
| 2 List the intangible expense amounts paid to the recipient related member.....  | 2 ●              |                  |                  |                  |
| 3 List the interest expense amounts paid to the recipient related member.....  | 3 ●              |                  |                  |                  |
| 4 Total intangible/interest expenses paid (total lines 2 and 3).....   | 4 ●              |                  |                  |                  |
| To determine the exempt amount of intangible/interest expense, complete the applicable section(s) below.   |                  |                  |                  |                  |
| 5 Exemption related to §40-18-35(b)(1):  |                  |                  |                  |                  |
| a. Jurisdiction(s) where recipient related member income is "subject to tax" and not allocated.  | 5a ●             |                  |                  |                  |
| b. Amount of Interest/Intangible subject to apportionment in jurisdiction(s).....  | 5b ●             |                  |                  |                  |
| c. Recipient related member's total apportionment percentage in the above jurisdiction(s).   | 5c ●             | %                | %                | %                |
| d. Interest/Intangible apportioned to jurisdictions (multiply Line 5b by Line 5c).....   | 5d ●             |                  |                  |                  |
| e. Intangible/Interest income allocated to jurisdiction(s).....  | 5e ●             |                  |                  |                  |
| f. Add Line 5d and Line 5e.....  | 5f ●             |                  |                  |                  |
| 6 Exemption related to §40-18-35(b)(2) and §40-18-35(b)(4) – Amount of Line 4 expense not added back.....  | 6 ●              |                  |                  |                  |
| <b>NOTE:</b> For Section 7, 8, 9, and 10 the receipts of a disregarded entity/subchapter K entity, which may be a related entity in and unto itself, may not be combined with receipts of its owner for purposes of this schedule. |                  |                  |                  |                  |
| 7 Exemption related to §40-18-35(b)(3) – Amount of Line 4 expense not added back.....  | 7 ●              |                  |                  |                  |
| 8 Recipient related member receipts by category: a. Intangible receipts.....   | 8a ●             |                  |                  |                  |
| b. Interest receipts.....  | 8b ●             |                  |                  |                  |
| 9 a. ●   | 9a ●             |                  |                  |                  |
| b. ●   | 9b ●             |                  |                  |                  |
| c. ●   | 9c ●             |                  |                  |                  |
| d. ●   | 9d ●             |                  |                  |                  |
| 10 a. If either Lines 8a or 8b are greater than Lines 9a, 9b, 9c or 9d, enter zero.....  | 10a ●            |                  |                  |                  |
| b. If Lines 9a, 9b, 9c, or 9d are greater than Lines 8a or 8b, enter amount from Line 7.....   | 10b ●            |                  |                  |                  |
| 11 Exempt Amount. Enter the greater of Lines 5f, 6, 10a or 10b.....  | 11 ●             |                  |                  |                  |
| 12 Interest Expense Disallowed per IRC 163 (j) (allocated pro rata see instructions).....  | 12 ●             |                  |                  |                  |
| 12a Exempt amount of Disallowed IRC 163 (j) (Line 11 divided by Line 4, multiplied by Line 12).....  | 12a ●            |                  |                  |                  |

FOR RECIPIENT RELATED MEMBERS WHO RECEIVED INTEREST/INTANGIBLE INCOME FROM THE TAXPAYER, PLEASE ATTACH ADDITIONAL SCHEDULES AB. (ONLY USE THIS PAGE FOR ADDITIONAL MEMBERS)