



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.

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 ●	●	●	●

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.

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 ●	●	●	●
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 _____



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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 ●	●	●	●
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.				
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)