



**Note:** *The draft you are looking for begins on the next page.*

## **Caution: DRAFT—NOT FOR FILING**

This is an early release draft of an IRS tax form, instructions, or publication, which the IRS is providing for your information. **Do not file draft forms.** We incorporate all significant changes to forms posted with this coversheet. However, unexpected issues occasionally arise, or legislation is passed—in this case, we will post a new draft of the form to alert users that changes were made to the previously posted draft. Thus, there are never any changes to the last posted draft of a form and the final revision of the form. Forms and instructions are subject to OMB approval before they can be officially released, so we post drafts of them until they are approved. Drafts of instructions and pubs usually have some additional changes before their final release. Early release drafts are at [IRS.gov/DraftForms](https://www.irs.gov/DraftForms) and remain there after the final release is posted at [IRS.gov/LatestForms](https://www.irs.gov/LatestForms). Also see [IRS.gov/Forms](https://www.irs.gov/Forms).

Most forms and publications have a page on IRS.gov: [IRS.gov/Form1040](https://www.irs.gov/Form1040) for Form 1040; [IRS.gov/Pub501](https://www.irs.gov/Pub501) for Pub. 501; [IRS.gov/W4](https://www.irs.gov/W4) for Form W-4; and [IRS.gov/ScheduleA](https://www.irs.gov/ScheduleA) for Schedule A (Form 1040), for example, and similarly for other forms, pubs, and schedules for Form 1040. When typing in a link, type it into the address bar of your browser, not a Search box on IRS.gov.

If you wish, you can submit comments to the IRS about draft or final forms, instructions, or pubs at [IRS.gov/FormsComments](https://www.irs.gov/FormsComments). Include “NTF” followed by the form or pub number (for example, “NTF1040”, “NTFW4”, “NTF501”, etc.) in the body of the message to route your message properly. We cannot respond to all comments due to the high volume we receive and may not be able to consider many suggestions until the subsequent revision of the product, but we will review each “NTF” message. If you have comments on reducing paperwork and respondent (filer) burden, with respect to draft or final forms, please respond to the relevant information collection through the Federal Register process; for more info, click [here](#).

2025



# Instructions for Form 1120-C

## U.S. Income Tax Return for Cooperative Associations

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Form 1120-C and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form1120C](https://www.irs.gov/Form1120C).

### What's New

**Increase in penalty for failure to file.** For tax returns required to be filed in 2026, the minimum penalty for failure to file a return that is more than 60 days late has increased to the lesser of the tax due or \$525. See [Late filing of return](#), later.

**Gain from the sale or exchange of qualified farmland property to qualified farmers.** P.L. 119-21, commonly known as the One Big Beautiful Bill Act, created new section 1062 regarding the gain from the sale or exchange of qualified farmland property to qualified farmers. Section 1062 allows taxpayers to elect to pay the net income tax attributable to the gain from the sale or exchange of qualified farmland property to a qualified farmer in four equal annual installments. This election is available for sales and exchanges of qualified farmland property to a qualified farmer in tax years beginning after July 4, 2025. For more information, see section 1062 and new Form 1062, Deferral of Tax on Gain From the Sale or Exchange of Qualified Farmland Property to Qualified Farmers, when it is available.

To report the section 1062 applicable net tax liability and the installment due in the first tax year, two lines were added on Form 1120-C. Report the full amount of section 1062 applicable net tax liability on line 30i. Report the first installment due in tax year 2025 on Form 1120-C, line 29. For more information, see the instructions for [line 29](#) and [line 30i](#).

**Relief from additions to tax for underpayment of estimated income tax by taxpayers making an election under section 1062.** The IRS will waive a portion of the penalty imposed under section 6655 for failure to make estimated tax payments attributable to a qualified sale or exchange of qualified farmland to qualified farmers for which an election under section 1062(a) is properly made. Taxpayers that elect under section 1062 to defer payment of tax may calculate required estimated tax payments using the guidance in Notice 2026-3. See Notice 2026-3, 2026-02 I.R.B. 307, available at [IRS.gov/irb/2026-02\\_IRB#NOT-2026-3](https://www.irs.gov/irb/2026-02_IRB#NOT-2026-3).

**Extension of relief from additions to tax underpayments applicable to the corporate alternative minimum tax (CAMT).** For tax year 2025, the IRS will

continue to waive the penalty imposed under section 6655 for failure to make estimated tax payments attributable to a CAMT liability. See Notice 2025-27, 2025-26 I.R.B.

1611, available at [IRS.gov/irb/2025-2026\\_IRB#NOT-2025-2027](https://www.irs.gov/irb/2025-2026_IRB#NOT-2025-2027). Also, see the instructions for [line 32](#).

**Electronic payments.** If the cooperative has access to U.S. banking services or electronic payment systems, it should use direct deposit for any refunds and pay electronically for any payments, whenever possible.

**Direct deposit.** Direct deposit fields have been added to the form on lines 35c, 35d, and 35e. If there is an overpayment on line 34, enter the amount the cooperative wants refunded on line 35b and complete the direct deposit information on lines 35c, 35d, and 35e. Instead of a direct deposit of the cooperative's refund, it can still choose to have all or part of the overpayment credited to next year's estimated tax by completing line 35a. See [Line 34](#), later, for more information.

**Making a payment.** If there is a balance due on line 33, go to [IRS.gov/Payments](https://www.irs.gov/Payments) for more information on how to make a payment. See [Tax Payments](#) and the instructions for [line 33](#), later, for more details.

**Certain qualified sound recording productions.** P.L. 119-21 amends section 181 to include qualified sound recording production costs as an elective expense deduction. A cooperative can elect to deduct certain costs of qualified sound recording productions that commence before January 1, 2026, in tax years ending after July 4, 2025. Also, qualified sound recording productions are eligible for the special depreciation allowance under section 168(k) if they commence in tax years ending after July 4, 2025. Qualified sound recording productions acquired after January 19, 2025, are eligible for 100% special allowance depreciation under the amendments to section 168(k) by P.L. 119-21. Qualified sound recording productions acquired before January 20, 2025, and commencing in tax years ending after July 4, 2025, are also eligible for the special depreciation allowance at the applicable phased down percentage rates under section 168(k)(6). See sections 181 and 168(k).

**Domestic research and experimental expenditures.** P.L. 119-21 adds new section 174A to the Internal Revenue Code. Section 174A(a) allows corporations to deduct amounts paid or incurred for domestic research and experimental expenditures in tax years beginning after 2024. Alternatively, under section 174A(c), a corporation may elect to charge such expenditures to capital account and amortize such expenditures ratably over a period of not less than 60 months, beginning with the month in which the corporation first realizes benefits from such expenditures. In addition, section 70302(f) of P.L. 119-21 provides corporations with various transition

options that may be applied to recover unamortized amounts paid or incurred in tax years beginning after 2021 and before 2025 that were capitalized and amortized for such tax years. See Rev. Proc. 2025-28 for information regarding the transition options contained in section 70302(f) of P.L. 119-21, as well as the procedures to follow to begin applying either section 174A(a) or (c) for the corporation's first tax year beginning after 2024.

**Interim simplified method to determine applicable corporation status.** Proposed Regulations section 1.59-2(g)(2) provides that a corporation may choose to apply the safe harbor method (simplified method) for purposes of determining whether it is an applicable corporation under section 59(k). Section 3.03 of Notice 2025-27 provides an optional interim simplified method for determining applicable corporation status. See the instructions for Schedule K, [Question 20](#). Also, see the instructions for Form 4626.

**Interest on loans secured by rural or agricultural real property.** P.L. 119-21 enacted new section 139L. For tax years ending after July 4, 2025, section 139L allows a partial exclusion from the gross income of interest received by qualified lenders on loans secured by rural or agricultural real property. See section 139L. Also, see Notice 2025-71, 2025-50 I.R.B. 779, available at [IRS.gov/irs/2025-50\\_IRB#NOT-2025-71](#).

## Photographs of Missing Children

The Internal Revenue Service is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](#). Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

## The Taxpayer Advocate Service

The Taxpayer Advocate Service (TAS) is an **independent** organization within the IRS that helps taxpayers and protects taxpayer rights. TAS's job is to ensure that every taxpayer is treated fairly and knows and understands their rights under the [Taxpayer Bill of Rights](#).

As a taxpayer, the cooperative has rights that the IRS must abide by in its dealings with the cooperative. TAS can help the cooperative if:

- A problem is causing financial difficulty for the business;
- The business is facing an immediate threat of adverse action; or
- The cooperative has tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

TAS has offices in every state, the District of Columbia, and Puerto Rico. The cooperative's local advocate's number is in its local directory and at [TaxpayerAdvocate.IRS.gov](#). The cooperative can also call TAS at 877-777-4778.

TAS also works to resolve large-scale or systemic problems that affect many taxpayers. If the cooperative knows of one of these broad issues, please report it to TAS through the Systemic Advocacy Management System at [IRS.gov/SAMS](#).

For more information, go to [IRS.gov/Advocate](#).

## How To Make a Contribution To Reduce Debt Held by the Public

There are two ways to make a contribution to reduce the debt held by the public.

- At [Pay.gov](#), contribute online by credit card, debit card, PayPal, Venmo, checking account, or savings account.
- Write a check payable to "Bureau of the Fiscal Service." In the memo section, notate that it is a gift to reduce the debt held by the public.

Mail the check to:

Attn: Dept G  
Bureau of the Fiscal Service  
P.O. Box 2188  
Parkersburg, WV 26106-2188

For more information on how to make this type of contribution online, go to [TreasuryDirect.gov](#) and click on "How do you make a contribution to reduce the debt."

Do not add the contributions to any tax the cooperative may owe. See the instructions for [line 33](#) for details on how to pay any tax the cooperative owes. Contributions to reduce debt held by the public are deductible subject to the rules and limitations for charitable contributions.

## How To Get Forms and Publications

**Internet.** Access [IRS.gov](#) 24 hours a day, 7 days a week, to:

- Download free forms, instructions, and publications online;
- Order IRS products online;
- Research your tax questions online;
- Search publications online by topic or keyword;
- View Internal Revenue Bulletins (IRBs) published in recent years; and
- Sign up to receive local and national tax news by email.

**Tax forms and publications.** The cooperative can view, print, or download all of the forms and publications it may need at [IRS.gov/FormsPubs](#). Or the cooperative can go to [IRS.gov/OrderForms](#) to place an order and have forms mailed to it.

## General Instructions

### Purpose of Form

Use Form 1120-C to report income, gains, losses, deductions, and credits and to figure the income tax liability of the cooperative.

### Who Must File

Any corporation operating on a cooperative basis under section 1381 and allocating amounts to patrons on the basis of business done with or for such patrons should file Form 1120-C (including farmers' cooperatives under section 521 whether or not it has taxable income).

**Exceptions.** This does **not** apply to organizations which are:

- Exempt from income tax under chapter 1 (other than exempt farmers' cooperatives under section 521);

- Subject to Part II (section 591 and following), subchapter H, chapter 1 (relating to mutual savings banks);
- Subject to subchapter L (section 801 and following), chapter 1 (relating to insurance companies); or
- Engaged in generating, transmitting, or otherwise furnishing electric energy or providing telephone service to persons in rural areas.

## Where To File

If the cooperative's principal business, office, or agency is located in the United States, file Form 1120-C at the following IRS center address.

Department of the Treasury  
Internal Revenue Service  
Ogden, UT 84201-0012

If the cooperative's principal business, office, or agency is located in a foreign country or a U.S. territory, file Form 1120-C at the following IRS center address.

Internal Revenue Service  
P.O. Box 409101  
Ogden, UT 84409

## When To File

Generally, a cooperative described in section 6072(d) must file its income tax return by the 15th day of the 9th month after the end of its tax year.

Any cooperative not described in section 6072(d) must generally file its tax return by the 15th day of the 4th month after the end of its tax year. However, a cooperative with a fiscal tax year ending June 30 must file by the 15th day of the 3rd month after the end of its tax year. A cooperative with a short tax year ending anytime in June will be treated as if the short year ended on June 30, and must file by the 15th day of the 3rd month after the end of its tax year.

If the due date falls on a Saturday, Sunday, or legal holiday, the cooperative can file on the next business day.

## Private Delivery Services

Cooperatives can use certain private delivery services (PDS) designated by the IRS to meet the "timely mailing as timely filing" rule for tax returns. Go to [IRS.gov/PDS](https://www.irs.gov/PDS) for the current list of designated services.

The PDS can tell you how to get written proof of the mailing date.

For the IRS mailing address to use if you're using a PDS, go to [IRS.gov/PDS/StreetAddresses](https://www.irs.gov/PDS/StreetAddresses).

**Note:** Private delivery services can't deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.

## Extension of Time To File

File Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns, to request an extension of time to file. Generally, the cooperative must file Form 7004 by the regular due date of the return. See the Instructions for Form 7004.

## Who Must Sign

The return must be signed and dated by:

- The president, vice president, treasurer, assistant treasurer, or chief accounting officer; or
- Any other cooperative officer (such as tax officer) authorized to sign.

If a return is filed on behalf of a cooperative by a receiver, trustee, or assignee, the fiduciary must sign the return, instead of the cooperative officer. Returns and forms signed by a receiver or trustee in bankruptcy on behalf of a cooperative must be accompanied by a copy of the order or instructions of the court authorizing signing of the return or form.

**Paid Preparer Use Only section.** If an employee of the cooperative completes Form 1120-C, the paid preparer section should remain blank. Anyone who prepares Form 1120-C but does not charge the cooperative should not complete that section. Generally, anyone who is paid to prepare the return must sign and complete the section.

The paid preparer must complete the required preparer information and:

- Sign the return in the space provided for the preparer's signature,
- Include their Preparer Tax Identification Number (PTIN), and
- Give a copy of the return to the taxpayer.

A paid preparer may sign original or amended returns by rubber stamp, mechanical device, or computer software program.

## Paid Preparer Authorization

If the cooperative wants to allow the IRS to discuss its 2025 tax return with the paid preparer who signed it, check the "Yes" box in the signature area of the return. This authorization applies only to the individual whose signature appears in the "Paid Preparer Use Only" section of the cooperative's return. It does not apply to the firm, if any, shown in that section.

If the "Yes" box is checked, the cooperative is authorizing the IRS to call the paid preparer to answer any questions that may arise during the processing of its return. The cooperative is also authorizing the paid preparer to:

- Give the IRS any information that is missing from the return;
- Call the IRS for information about the processing of the return or the status of any related refund or payment(s); and
- Respond to certain IRS notices about math errors, offsets, and return preparation.

The cooperative is not authorizing the paid preparer to receive any refund check, bind the cooperative to anything (including any additional tax liability), or otherwise represent the cooperative before the IRS.

The authorization will automatically end no later than the due date (excluding extensions) for filing the cooperative's 2026 tax return. If the cooperative wants to expand the paid preparer's authorization or revoke the authorization before it ends, see Pub. 947, Practice Before the IRS and Power of Attorney.



## Assembling the Return

To ensure that the cooperative's tax return is correctly processed, attach all schedules and other forms after Form 1120-C, page 5, in the following order.

1. Schedule N (Form 1120).
2. Schedule O (Form 1120).
3. Form 4626.
4. Form 4136.
5. Form 8978.
6. Form 8941.
7. Form 3800.
8. Schedule A (Form 8936).
9. Form 4255.
10. Additional schedules in alphabetical order.
11. Additional forms in numerical order.
12. Supporting statements and attachments.

Complete every applicable entry space on Form 1120-C. Do not enter "See Attached" or "Available Upon Request" instead of completing the entry spaces. If more space is needed on the forms or schedules, attach separate sheets using the same size and format as the printed forms.

If there are supporting statements and attachments, arrange them in the same order as the schedules or forms they support and attach them last. Show the totals on the printed forms. Enter the cooperative's name and employer identification number (EIN) on each supporting statement or attachment.

## Tax Payments

Generally, the cooperative must pay any tax due in full no later than the due date for filing its return (not including extensions). See the instructions for [line 33](#). If the due date falls on a Saturday, Sunday, or legal holiday, the payment is due on the next day that isn't a Saturday, Sunday, or legal holiday.

## Electronic Deposit Requirement

Cooperatives must use electronic funds transfer (EFT) to make all federal tax deposits (such as deposits of employment, excise, and corporate income tax). An EFT can be made using the Electronic Federal Tax Payment System (EFTPS) or the cooperative's IRS business tax account. However, if the cooperative does not want to use one of these methods, it can arrange for its tax professional, financial institution, payroll service, or other trusted third party to make deposits on its behalf. Also, it may arrange for its financial institution to submit a same-day wire payment (discussed below) on its behalf. EFTPS is a free service provided by the Department of the Treasury. Payments made using the cooperative's IRS business tax account are also free. Services provided by a tax professional, financial institution, payroll service, or other third party may have a fee.

To get more information about EFTPS or to enroll in EFTPS, go to [EFTPS.gov](https://eftps.gov) or call 800-555-4477. To contact EFTPS using the Telecommunications Relay Services (TRS), for people who are deaf, hard of hearing,

or have a speech disability, dial 711 and provide the TRS assistant the 800-555-4477 number or 800-733-4829.

For more information about making an EFT through the cooperative's IRS business tax account, go to [IRS.gov/BusinessAccount](https://irs.gov/BusinessAccount).

**Depositing on time.** EFTPS accepts same day payments of \$1 million or less if the payment is submitted before 3:00 p.m. Eastern time on a business day. If the cooperative's payment is more than \$1 million, the cooperative must submit the deposit by 8:00 p.m. Eastern time the day before the date the deposit is due.

**Same-day wire payment option.** If the cooperative fails to submit a timely deposit transaction on EFTPS, it can still make the deposit on time by using the Federal Tax Collection Service (FTCS). To use the same-day wire payment method, the cooperative will need to make arrangements with its financial institution ahead of time regarding availability, deadlines, and costs. The cooperative's financial institution may charge a fee for payments made this way. To learn more about the information the cooperative will need to provide to its financial institution to make a same-day wire payment, go to [IRS.gov/SameDayWire](https://irs.gov/SameDayWire).

## Estimated Tax Payments

Generally, the following rules apply to the cooperative's payments of estimated tax.

- The cooperative must make installment payments of estimated tax if it expects its total tax for the year (less applicable credits) to be \$500 or more.
- The installments are due by the 15th day of the 4th, 6th, 9th, and 12th months of the tax year. If any due date falls on a Saturday, Sunday, or legal holiday, the installment is due on the next regular business day.
- The cooperative must use electronic funds transfer to make installment payments of estimated tax.
- If, after the cooperative figures and deposits estimated tax, it finds that its tax liability for the year will be more or less than originally estimated, it may have to refigure its required installments. If earlier installments were underpaid, the cooperative may owe a penalty. See [Estimated tax penalty](#), later.
- If the cooperative overpaid estimated tax, it may be able to get a quick refund by filing Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax. See the instructions for [lines 30b](#) and [30c](#).

See section 6655 and Pub. 542, Corporations, for more information on how to figure estimated taxes.

**Estimated tax penalty.** A cooperative that does not make estimated tax payments when due may be subject to an underpayment penalty for the period of underpayment. Generally, a cooperative is subject to the penalty if its tax liability is \$500 or more and it did not timely pay at least the smaller of:

- Its tax liability for the current year, or
- Its prior year's tax.

Use Form 2220, Underpayment of Estimated Tax by Corporations, to see if the cooperative owes a penalty and to figure the amount of the penalty. If Form 2220 is completed, enter the penalty on Form 1120-C, line 32. See the instructions for [line 32](#). Also see [Extension of](#)

[relief from additions to tax underpayments applicable to the corporate alternative minimum tax \(CAMT\)](#), earlier.

## Interest and Penalties

**Interest.** Interest is charged on taxes paid late even if an extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, negligence, fraud, substantial valuation misstatements, substantial understatements of tax, and reportable transaction understatements from the due date (including extensions) to the date of payment. The interest charge is figured at a rate determined under section 6621.

**Late filing of return.** A cooperative that does not file its tax return by the due date, including extensions, may be penalized 5% of the unpaid tax for each month or part of a month the return is late, up to a maximum of 25% of the unpaid tax. The minimum penalty for a tax return required to be filed in 2026 that is over 60 days late is the smaller of the tax due or \$525. The penalty will not be imposed if the cooperative can show that the failure to file on time was due to reasonable cause. See [Note](#), later.

**Late payment of tax.** Generally, a cooperative that does not pay the tax when due may be penalized  $\frac{1}{2}$  of 1% of the unpaid tax for each month or part of a month the tax is not paid, up to a maximum of 25% of the unpaid tax. See [Note](#), later.

**Trust fund recovery penalty.** This penalty may apply if certain excise, income, social security, and Medicare taxes that must be collected or withheld are not collected or withheld or these taxes are not paid. These taxes are generally reported on:

- Form 720, Quarterly Federal Excise Tax Return;
- Form 941, Employer's QUARTERLY Federal Tax Return;
- Form 943, Employer's Annual Federal Tax Return for Agricultural Employees;
- Form 944, Employer's ANNUAL Federal Tax Return; or
- Form 945, Annual Return of Withheld Federal Income Tax.

The trust fund recovery penalty may be imposed on all persons who are determined by the IRS to have been responsible for collecting, accounting for, or paying over these taxes and who acted willfully in not doing so. The penalty is equal to the full amount of the unpaid trust fund tax. For details, including the definition of responsible person, see the Instructions for Form 720 or Pub. 15, Employer's Tax Guide.

**Other penalties.** Other penalties can be imposed for negligence, substantial understatement of tax, reportable transaction understatements, and fraud. See sections 6662, 6662A, and 6663.

**Note:** If the cooperative receives a notice about penalties after it files its return, send the IRS an explanation and we will determine if the cooperative meets reasonable-cause criteria. **Do not** attach an explanation when the cooperative's return is filed

## Accounting Methods

Figure taxable income using the method of accounting regularly used in keeping the cooperative's books and records. In all cases, the method used must clearly reflect income. Permissible methods include cash, accrual, or any other method authorized by the Internal Revenue Code.

Certain cooperatives must use an accrual method of accounting. An exception applies for a small business taxpayer (defined below).

See Pub. 538, Accounting Periods and Methods, for more information.

**Small business taxpayer.** For tax years beginning in 2025, a cooperative qualifies as a small business taxpayer if (a) it has average annual gross receipts of \$31 million or less for the 3 prior tax years and (b) it is not a tax shelter (as defined in section 448(d)(3)).

A small business taxpayer can account for inventory by (a) treating the inventory as nonincidental materials and supplies, or (b) conforming to its treatment of inventory in an applicable financial statement (as defined in section 451(b)(3)). If it does not have an applicable financial statement, it can use the method of accounting used in its books and records prepared according to its accounting procedures.

**Change in accounting method.** Generally, the cooperative must get IRS consent to change either an overall method of accounting or the accounting treatment of any material item for income tax purposes. To obtain consent, the cooperative must generally file Form 3115, Application for Change in Accounting Method, during the tax year for which the change is requested. See the Instructions for Form 3115 and Pub. 538 for more information and exceptions. Also, see the Instructions for Form 3115 for procedures that may apply for obtaining automatic consent to change certain methods of accounting, nonautomatic change procedures, and reduced Form 3115 filing requirements.

**Section 481(a) adjustment.** If the cooperative's taxable income for the current tax year is figured under a method of accounting different from the method used in the preceding tax year, the cooperative may have to make an adjustment under section 481(a) to prevent amounts of income or expense from being duplicated or omitted. See section 481(a). Also, see the Instructions for Form 3115.

If the net section 481(a) adjustment is positive, report the ratable portion on Form 1120-C, line 9, as other income. If the net section 481(a) adjustment is negative, report it on Form 1120-C, line 23, as a deduction.

## Accounting Period

A cooperative must figure its taxable income on the basis of a tax year. A tax year is the annual accounting period a cooperative uses to keep its records and report its income and expenses. Generally, cooperatives can use a calendar year or a fiscal year.

**Change of tax year.** Generally, a cooperative must get the consent of the IRS before changing its tax year by filing Form 1128, Application to Adopt, Change, or Retain a Tax Year. However, exceptions may apply. See the

Instructions for Form 1128 and Pub. 538 for more information.

## Rounding Off to Whole Dollars

The cooperative may enter decimal points and cents when completing its return. However, the cooperative should round off cents to whole dollars on its return, forms, and schedules to make completing its return easier. The cooperative must either round off all amounts on its return to whole dollars or use cents for all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$8.40 rounds to \$8 and \$8.50 rounds to \$9.

If two or more amounts must be added to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

## Recordkeeping

Keep the cooperative's records for as long as they may be needed for the administration of any provision of the Internal Revenue Code. Usually, records that support an item of income, deduction, or credit on the return must be kept for 3 years from the date the return is due or filed, whichever is later. Keep records that verify the cooperative's basis in property for as long as they are needed to figure the basis of the original or replacement property.

The cooperative should keep copies of all filed returns. They help in preparing future and amended returns and in the calculation of earnings and profits.

## Other Forms and Statements That May Be Required

### Reportable transaction disclosure statement.

Disclose information for each reportable transaction in which the cooperative participated. Form 8886, Reportable Transaction Disclosure Statement, must be filed for each tax year that the federal income tax liability of the cooperative is affected by its participation in the transaction. The following are reportable transactions.

1. Any listed transaction that is a transaction that is the same as or substantially similar to one of the types of transactions that the IRS has determined to be a tax avoidance transaction and identified by notice, regulation, or other published guidance as a listed transaction.
2. Any transaction offered under conditions of confidentiality for which the cooperative (or a related party) paid an advisor a fee of at least \$250,000.
3. Certain transactions for which the cooperative (or a related party) has contractual protection against disallowance of the tax benefits.
4. Certain transactions resulting in a loss of at least \$10 million in any single year or \$20 million in any combination of years.
5. Any transaction identified by the IRS by notice, regulation, or other published guidance as a "transaction of interest."

For more information, see Regulations section 1.6011-4. Also, see the Instructions for Form 8886.

**Penalties.** The cooperative may have to pay a penalty if it is required to disclose a reportable transaction under section 6011 and fails to properly complete and file Form 8886. Penalties may also apply under section 6707A if the cooperative fails to file Form 8886 with its cooperative return, fails to provide a copy of Form 8886 to the Office of Tax Shelter Analysis (OTSA), or files a form that fails to include all the information required (or includes incorrect information). Other penalties, such as an accuracy-related penalty under section 6662A, may also apply. See the Instructions for Form 8886 for details on these and other penalties.

### Reportable transactions by material advisors.

Material advisors to any reportable transaction must disclose certain information about the reportable transaction by filing Form 8918 with the IRS. For details, see the Instructions for Form 8918.

### Transfers to a cooperative controlled by the transferor.

Every significant transferor (as defined in Regulations section 1.351-3(d)(1)) that receives stock of a cooperative in exchange for property in a nonrecognition event must include the statement required by Regulations section 1.351-3(a) on or with the transferor's tax return for the tax year of the exchange. The transferee cooperative must include the statement required by Regulations section 1.351-3(b) on or with its return for the tax year of the exchange, unless all the required information is included in any statement(s) provided by a significant transferor that is attached to the same return for the same section 351 exchange.

**Dual consolidated losses.** If a cooperative incurs a dual consolidated loss (as defined in Regulations section 1.1503(d)-1(b)(5)), the cooperative (or consolidated group) may need to attach a domestic use agreement and/or annual certification, as provided in Regulations sections 1.1503(d)-6(d) and (g).

### Election to reduce basis under section 362(e)(2)(C).

If property is transferred to a cooperative in transfers subject to section 362(e)(2), the transferor and the transferee cooperative may elect, under section 362(e)(2)(C), to reduce the transferor's basis in the stock received instead of reducing the transferee corporation's basis in the property transferred. Once made, the election is irrevocable. For more information, see section 362(e)(2) and Regulations section 1.362-4. If an election is made, a statement must be filed in accordance with Regulations section 1.362-4(d)(3).

**Other forms and statements.** See Pub. 542, Corporations, for a list of other forms and statements that a cooperative may need to file in addition to the forms and statements discussed throughout these instructions.

## Specific Instructions

### Period Covered

File the 2025 return for calendar year 2025 and fiscal years that begin in 2025 and end in 2026. For a fiscal or short tax year return, fill in the tax year space at the top of the form.

The 2025 Form 1120-C can also be used if:



- The cooperative has a tax year of less than 12 months that begins and ends in 2026, and
- The 2026 Form 1120-C is not available at the time the cooperative is required to file its return.

The cooperative must show its 2026 tax year on the 2025 Form 1120-C and take into account any tax law changes that are effective for tax years beginning after December 31, 2025.

**Note:** A return for a short year beginning and ending in 2025 should not be filed before the earlier of its extended due date or January 15, 2026.

## Name and Address

Enter the cooperative's true name (as set forth in the charter or other legal document creating it), address, and EIN on the appropriate lines. Enter the address of the cooperative's principal office or place of business. Include the suite, room, or other unit number after the street address. If the post office does not deliver mail to the street address and the cooperative has a P.O. box, show the box number instead.

**Note:** Do not use the address of the registered agent for the state in which the cooperative is incorporated. For example, if the cooperative is incorporated in Delaware or Nevada and the cooperative's principal office is located in Little Rock, Arkansas, the cooperative should enter the Little Rock address.

If the cooperative receives its mail in care of a third party (such as an accountant or an attorney), enter on the street address line "C/O" followed by the third party's name and street address or P.O. box.

If the cooperative has a foreign address, include the city or town, state or province, country, and foreign postal code. Do not abbreviate the country name. Follow the country's practice for entering the name of the state or province and postal code.

## Item A. Identifying Information

**Consolidated return.** Cooperatives filing a consolidated return must check Item A, box 1, and attach Form 851, Affiliations Schedule, and other supporting statements to the return. Also, for the first year a subsidiary cooperative is being included in a consolidated return, attach Form 1122 to the parent's consolidated return. Attach a separate Form 1122 for each new subsidiary being included in the consolidated return.

**Note:** If the cooperative is a farmers' tax exempt cooperative and checked Item C, box 1, it cannot file a consolidated return.

File supporting statements for each cooperative/corporation included in the consolidated return. Do not use Form 1120-C as a supporting statement. On the supporting statement, use columns to show the following, both before and after adjustments.

1. Items of gross income and deductions.
2. A computation of taxable income.
3. Balance sheets, as of the beginning and end of the tax year.

4. A reconciliation of income per books with income per return.

5. A reconciliation of retained earnings.

Enter on Form 1120-C the totals for each item of income, gain, loss, expense, or deduction, net of eliminating entries for intercompany transactions between cooperatives/corporations within the consolidated group. Attach consolidated balance sheets and a reconciliation of consolidated retained earnings.

**Tip:** The cooperative does not have to provide the information requested in (3), (4), and (5) above if its total receipts (line 1a plus lines 4 through 9) **and** its total assets at the end of the tax year (Schedule L, line 13, column (d)) are less than \$250,000. See Schedule K, Question 14.

For more information on consolidated returns, see the regulations under section 1502.

**Schedule M-3 (Form 1120).** A cooperative with total assets (nonconsolidated or consolidated for all cooperatives/corporations included with the consolidated tax group) of \$10 million or more on the last day of the tax year must file Schedule M-3 (Form 1120) instead of Form 1120-C, Schedule M-1.

Cooperatives that (a) are required to file Schedule M-3 (Form 1120) and have less than \$50 million total assets at the end of the tax year or (b) are not required to file Schedule M-3 (Form 1120) and voluntarily file Schedule M-3 (Form 1120) must either (i) complete Schedule M-3 (Form 1120) entirely or (ii) complete Schedule M-3 (Form 1120) through Part I and complete Form 1120-C, Schedule M-1, instead of completing Parts II and III of Schedule M-3 (Form 1120). If the cooperative chooses to complete Schedule M-1 instead of completing Parts II and III of Schedule M-3, the amount on Schedule M-1, line 1, must equal the amount on Schedule M-3, Part I, line 11. See the Instructions for Schedule M-3 (Form 1120) for more details. Also, see the instructions for [Schedule M-1](#), later.

If you are filing Schedule M-3, check Item A, box 2, to indicate that Schedule M-3 is attached.

**Form 1120 filed in previous year.** Check box 3 if the cooperative filed Form 1120 in a prior year as a subchapter T cooperative.

## Item B. Employer Identification Number (EIN)

Enter the cooperative's EIN. If the cooperative does not have an EIN, it must apply for one. An EIN can be applied for in the following ways.

- Online—Go to [IRS.gov/EIN](https://www.irs.gov/ein). The EIN is issued immediately once the application information is validated.
- By faxing or mailing Form SS-4, Application for Employer Identification Number. See the Instructions for Form SS-4.

**Note:** Cooperatives located in the United States or U.S. territories can use the online application. Foreign corporations should call 267-941-1099 (not a toll-free number) for more information on obtaining an EIN.



**EIN applied for but not received.** If the cooperative has not received its EIN by the time the return is due, enter "Applied for" and the date the cooperative applied in the space for the EIN.

For more information, see the Instructions for Form SS-4.

## Item C. Type of Cooperative

**Farmers' tax exempt cooperative.** Check the "Farmers' tax exempt cooperative" box if the cooperative applied for and received status as a tax exempt farmers', fruit growers', or like association, organized and operated on a cooperative basis, as described in section 521.

If the cooperative has submitted Form 1028, Application for Recognition of Exemption, but has not received a determination letter from the IRS, enter "Application Pending" on Form 1120-C at the top of page 1.

**Nonexempt cooperative.** All other subchapter T cooperatives, including farmers' cooperatives without section 521 exempt status, organized and operated as described under [Who Must File](#), earlier, should check the "Nonexempt cooperative" box.

## Item D. Initial Return, Final Return, Name Change, Address Change, or Amended Return

- If this is the cooperative's first return, check the "Initial return" box.
- If this is the cooperative's final return and it will no longer exist, file Form 1120-C and check the "Final return" box.
- If the cooperative changed its name since it last filed a return, check the "Name change" box. Generally, a cooperative must also have amended its articles of incorporation and filed the amendment with the state in which it was incorporated.
- If the cooperative has changed its address since it last filed a return (including a change to an "in care of" address), check the "Address change" box.
- If the cooperative must change its originally filed return for any year, it should file a new return including any required attachments. Use the revision of the form applicable to the year being amended. The amended return must provide all the information called for by the form and instructions, not just the new or corrected information. Check the "Amended return" box.

**Note:** If a change in address or responsible party occurs after the return is filed, use Form 8822-B, Change of Address or Responsible Party—Business, to notify the IRS. See the instructions for Form 8822-B for details.

## Income

Except as otherwise provided in the Internal Revenue Code, gross income includes all income from whatever source derived.

**Exception for income from qualifying shipping activities.** Gross income does not include income from qualifying shipping activities if the cooperative makes an

election under section 1354 to be taxed on its notional shipping income (as defined in section 1353) at the highest corporate rate. If the election is made, the cooperative generally may not claim any loss, deduction, or credit with respect to qualifying shipping activities. A cooperative making this election may also elect to defer gain on the disposition of a qualifying vessel.

Use Form 8902, Alternative Tax on Qualifying Shipping Activities, to figure the tax. Include the alternative tax on Schedule J, line 8c.

## Line 1. Gross Receipts or Sales

Enter on line 1a gross receipts or sales from all business operations, except for amounts that must be reported on lines 4 through 9. Special rules apply to certain income, as discussed below.

**Advance payments.** In general, advance payments must be included in income in the year of receipt. For exceptions to this general rule for cooperatives that use the accrual method of accounting, see the following.

- To report income from long-term contracts, see section 460.
- For rules that allow a limited deferral of advance payments beyond the current tax year, see section 451(c). Also, see Regulations sections 1.451-8(c), (d), and (e). For applicability dates, see Regulations section 1.451-8(h).
- For information on adopting or changing to a permissible method for reporting advance payments for services and certain goods by an accrual method cooperative, see the Instructions for Form 3115.

**Installment sales.** Generally, the installment method cannot be used for dealer dispositions of property. A "dealer disposition" is any disposition of (a) personal property by a person who regularly sells or otherwise disposes of personal property of the same type on the installment plan or (b) real property held for sale to customers in the ordinary course of the taxpayer's trade or business.

The restrictions on using the installment method do not apply to the following.

- Dispositions of property used or produced in the trade or business of farming.
- Certain dispositions of timeshares and residential lots reported under the installment method for which the cooperative elects to pay interest under section 453(l)(3).

Enter on line 1a (and carry to line 3) the gross profit on collections from these installment sales. Attach a statement showing the following information for the current and the 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profits, (d) percentage of gross profits to gross sales, (e) amount collected, and (f) gross profit on the amount collected.

For sales of timeshares and residential lots reported under the installment method, if the cooperative elects to pay interest under section 453(l)(3), the cooperative's income tax is increased by the interest payable under section 453(l)(3). Report this addition to the tax on Schedule J, line 8z.

**Nonaccrual experience method for service providers.** Cooperatives are not required to accrue certain amounts

to be received from the performance of services that, based on their experience, will not be collected if:

- The services are in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting; or
- The cooperative meets the section 448(c) gross receipts test for all prior years.

This provision does not apply to any amount if interest is required to be paid on the amount or if there is any penalty for failure to timely pay the amount. See Regulations section 1.448-3 for more information on the nonaccrual experience method, including information on safe harbor methods.

For information on a book safe harbor method of accounting for cooperatives that use the nonaccrual experience method of accounting, see Rev. Proc. 2011-46, 2011-42 I.R.B. 518, available at [IRS.gov/irb/2011-42\\_IRB#RP-2011-46](https://www.irs.gov/irb/2011-42_IRB#RP-2011-46), or any successor. Also, see the Instructions for Form 3115 for procedures to obtain automatic consent to change to this method or make certain changes within this method.

Cooperatives that qualify to use the nonaccrual experience method should attach a statement to its return showing total gross receipts, the amount not accrued because of the application of section 448(d)(5), and the net amount accrued. Enter the net amount on line 1a.

## Line 2. Cost of Goods Sold

Complete and attach Form 1125-A, Cost of Goods Sold, if applicable. Enter on Form 1120-C, line 2, the amount from Form 1125-A, line 8. See Form 1125-A and its instructions.

## Line 4. Dividends and Inclusions

See the instructions for [Schedule C](#), later. Complete Schedule C and enter on line 4 the amount from Schedule C, line 23, column (a).

**Note:** Do not report patronage dividends received on Schedule C. Report income from patronage dividends and per-unit retain allocations on line 9.

## Line 5. Interest

Enter taxable interest on U.S. obligations and on loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc. Do not offset interest expense against interest income. Special rules apply to interest income from certain below-market-rate loans. See section 7872 for details.

Report tax-exempt interest on Schedule K, item 10. Also, if required, include the same amount on Schedule M-1, line 7, or Schedule M-3 (Form 1120), Part II, line 13, if applicable.

**Note:** For tax years ending after July 4, 2025, section 139L, as enacted by P.L. 119-21, allows a qualified lender to exclude 25% of the interest income received on any qualified real estate loan secured by rural or agricultural real property. See section 139L and Notice 2025-71 for more details.

## Line 6. Gross Rents and Royalties

Enter the gross amount received from the rental of property and royalties. Deduct expenses such as repairs, interest, taxes, and depreciation on the applicable lines.

## Line 9. Other Income

Enter any other taxable income not reported on lines 1 through 8. List the type and amount of income on an attached statement. If the cooperative has only one item of other income, describe it in parentheses on line 9.

### Patronage dividends and per-unit retain allocations.

Include on line 9 the patronage dividends and per-unit retain allocations listed below. Attach a statement listing the name of each declaring association from which the cooperative received income from patronage dividends and per-unit retain allocations and the total amount received from each association.

Include the items listed below.

1. Patronage dividends received in:

- Money,
- Qualified written notices of allocation, or
- Other property (except nonqualified written notices of allocation).

2. Nonpatronage distributions received on a patronage basis from tax-exempt farmers' cooperatives in:

- Money;
- Qualified written notices of allocation; or
- Other property (except nonqualified written notices of allocation), based on earnings of that cooperative either from business done with or for the United States or any of its agencies (or from sources other than patronage, such as investment income).

3. Qualified written notices of allocation at their stated dollar amounts and property at its fair market value (FMV).

4. Amounts received on the redemption, sale, or other disposition of nonqualified written notices of allocation.

Generally, patronage dividends from purchases of capital assets or depreciable property are not includible in income but must be used to reduce the basis of the assets. See section 1385(b) and the related regulations.

5. Amounts received (or the stated dollar value of qualified per-unit retain certificates received) from the sale or redemption of nonqualified per-unit retain certificates.

6. Per-unit retain allocations received (except nonqualified per-unit retain certificates). See section 1385.

**Note:** Payments from the Commodity Credit Corporation to a farmers' cooperative for certain expenses of the co-op's farmers-producers under a "reseed" program of the U.S. Department of Agriculture are patronage-source income that may give rise to patronage dividends under section 1382(b)(1).

**Other.** Examples of other income to report on line 9 include the following.

- Recoveries of bad debts deducted in prior years under the specific charge-off method.
- Any amount includible in income from Form 6478, Biofuel Producer Credit.

- Any amount includible in income from Form 8864, Biodiesel, Renewable Diesel, or Sustainable Aviation Fuels Credit.
- Refunds of taxes deducted in prior years to the extent they reduced the amount of tax imposed. See section 111 and the related regulations. Do not offset current-year taxes against tax refunds.
- Ordinary income from trade or business activities of a partnership (from Schedule K-1 (Form 1065)). Do not offset ordinary losses against ordinary income. Instead, include the losses on line 23. Show the partnership's name, address, and EIN on a separate statement attached to this return. If the amount entered is from more than one partnership, identify the amount from each partnership.
- The transferred loss amount identified as "Section 91 Transferred Loss Amount," which is required to be recognized when substantially all the assets of a foreign branch are transferred to a specified 10%-owned foreign corporation (as defined in section 245A(b)) with respect to which the corporation was a U.S. shareholder immediately after the transfer. See section 91.
- The ratable portion of any net positive section 481(a) adjustment. See [Section 481\(a\) adjustment](#), earlier.
- Part or all of the proceeds received from certain cooperative-owned life insurance contracts issued after August 17, 2006. See section 101(j) for details. Form 8925, Report of Employer-Owned Life Insurance Contracts, may also be required. See Form 8925 and its instructions.
- Income from cancellation of debt (COD) for the repurchase of a debt instrument for less than its adjusted issue price.
- The cooperative's share of the following income from Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund.
  1. Ordinary earnings of a qualified electing fund (QEF).
  2. Gain or loss from marking passive foreign investment company (PFIC) stock to market.
  3. Gain or loss from sale or other disposition of section 1296 stock.
  4. Excess distributions from a section 1291 fund allocated to the current year and pre-PFIC years, if any.

- See Form 8621 and the Instructions for Form 8621 for details.

## Deductions

### Limitations on Deductions

**Uniform capitalization rules.** The uniform capitalization rules of section 263A require cooperatives to capitalize certain costs to inventory. Cooperatives subject to the section 263A uniform capitalization rules are required to capitalize:

1. Direct costs of assets produced or acquired for resale, and
2. Certain indirect costs (including taxes) that are properly allocable to property produced or acquired for resale.

The cooperative cannot deduct the costs required to be capitalized under section 263A until it sells, uses, or otherwise disposes of the property (to which the costs relate). The cooperative recovers these costs through depreciation, amortization, or costs of goods sold.

A small business taxpayer (defined earlier) is not required to capitalize costs under section 263A. A small business taxpayer that wants to discontinue capitalizing costs under section 263A must change its method of accounting. See section 263A(i) and Regulations section 1.263A-1(j). Also, see the Instructions for Form 3115.

For more information on the uniform capitalization rules, see Pub. 538. Also, see Regulations sections 1.263A-1 through 1.263A-3. See section 263A(d), Regulations section 1.263A-4, and Pub. 225 for rules for property produced in a farming business.

**Transactions between related taxpayers.** Generally, an accrual basis taxpayer can only deduct business expenses and interest owed to a related party in the year payment is included in the income of the related party. See sections 163(e)(3) and 267(a)(2) for the limitations on deductions for unpaid interest and expenses.

**Limitations on business interest expense.** Business interest expense may be limited. See section 163(j) and Form 8990, Limitation on Business Interest Expense Under Section 163(k). Also, see [Limitation on deduction](#) and Schedule K, [Question 17](#) and [Question 18](#), later.

**Section 291 limitations.** Cooperatives may be required to adjust deductions for depletion of iron ore and coal, intangible drilling, exploration and development costs, and the amortizable basis of pollution control facilities. See section 291 to determine the amount of the adjustment.

**Election to deduct business startup and organizational costs.** A cooperative can elect to deduct a limited amount of startup and organizational costs it paid or incurred. Any remaining costs must generally be amortized over a 180-month period. See sections 195 and 248 and the related regulations.

**Time for making an election.** The cooperative generally elects to deduct startup or organizational costs by claiming the deduction on its income tax return filed by the due date (including extensions) for the tax year in which the active trade or business begins. For more details, see the Instructions for Form 4562.

If the cooperative timely filed its return for the year without making an election, it can still make an election by filing an amended return within 6 months of the due date of the return (excluding extensions). Clearly indicate the election on the amended return and enter "Filed pursuant to section 301.9100-2" at the top of the amended return. File the amended return at the same address the cooperative filed its original return. The election applies when figuring taxable income for the current tax year and all subsequent years.

The cooperative can choose to forgo the elections above by affirmatively electing to capitalize its startup or organizational costs on its income tax return filed by the due date (including extensions) for the tax year in which the active trade or business begins.



The election to either amortize or capitalize startup costs is irrevocable and applies to all startup costs that are related to the trade or business.

Report the deductible amount of startup and organizational costs and any amortization on line 23. For amortization that begins during the current tax year, complete and attach Form 4562, Depreciation and Amortization.

**Passive activity limitations.** Limitations on passive activity losses and credits under section 469 apply to closely held cooperatives (defined later).

Generally, the two kinds of passive activities are:

- Trade or business activities in which the cooperative did not materially participate for the tax year; and
- Rental activities, regardless of its participation.

Cooperatives subject to the passive activity limitations must complete Form 8810, Corporate Passive Activity Loss and Credit Limitations, to compute their allowable passive activity loss and credit. Before completing Form 8810, see Temporary Regulations section 1.163-8T, which provides rules for allocating interest expense among activities. If a passive activity is also subject to the at-risk rules of section 465 or the tax-exempt use loss rules of section 470, those rules apply before the passive loss rules.

For more information, see section 469, the related regulations, and Pub. 925, Passive Activity and At-Risk Rules.

**Closely held cooperatives.** A cooperative is “closely held” (as defined in section 469(j)(1)) if at any time during the last half of the tax year more than 50% in value of its outstanding stock is owned, directly or indirectly, by or for not more than five individuals.

Certain organizations are treated as individuals for purposes of this test. See section 542(a)(2). For rules for determining stock ownership, see section 544 (as modified by section 465(a)(3)).

**Reducing certain expenses for which credits are allowable.** If the cooperative claims certain credits, it may need to reduce the otherwise allowable deductions for expenses used to figure the credit. This applies to credits such as the following.

- Work opportunity credit (Form 5884).
- Credit for increasing research activities (Form 6765).
- Orphan drug credit (Form 8820).
- Disabled access credit (Form 8826).
- Empowerment zone employment credit (Form 8844).
- Credit for employer social security and Medicare taxes paid on certain employee tips (Form 8846).
- Credit for small employer pension plan startup costs (Form 8881).
- Credit for employer-provided childcare facilities and services (Form 8882).
- Low sulfur diesel fuel production credit (Form 8896).
- Credit for employer differential wage payments (Form 8932).
- Credit for small employer health insurance premiums (Form 8941).
- Employer credit for paid family and medical leave (Form 8994).

If the cooperative has any of the credits listed above, figure the current-year credit before figuring the deduction for expenses on which the credit is based. If the cooperative capitalized any costs on which it figured the credit, it may need to reduce the amount capitalized by the credit attributable to these costs.

See the instructions for the form used to figure the applicable credit for more details.

### Limitations on deductions related to property leased to tax-exempt entities.

If a cooperative leases property to a governmental or other tax-exempt entity, the cooperative cannot claim deductions related to the property to the extent that they exceed the cooperative's income from the lease payments. This disallowed tax-exempt use loss can be carried over to the next tax year and treated as a deduction with respect to the property for that tax year. See section 470(d) for exceptions.

### Line 11. Compensation of Officers

Enter deductible officers' compensation on line 11. Do not include compensation deductible elsewhere on the return, such as amounts included in cost of goods sold, elective contributions to a section 401(k) cash or deferred arrangement, or amounts contributed under a salary reduction SEP agreement or a SIMPLE IRA plan.

If the cooperative's total receipts (line 1a plus lines 4 through 9) are \$500,000 or more, complete Form 1125-E, Compensation of Officers. Enter on Form 1120-C, line 11, the amount from Form 1125-E, line 4.

### Line 12. Salaries and Wages

Enter the total salaries and wages paid for the tax year. Do not include salaries and wages deductible elsewhere on the return, such as amounts included in officers' compensation, cost of goods sold, elective contributions to a section 401(k) cash or deferred arrangement, or amounts contributed under a salary reduction SEP agreement or a SIMPLE IRA plan.

If the cooperative provided taxable fringe benefits to its employees, such as personal use of a car, do not deduct as wages the amount allocated for depreciation and other expenses claimed on lines 18 and 23.

**Caution:** If the cooperative claims a credit for any wages paid or incurred, it may need to reduce any corresponding deduction for officers' compensation and salaries and wages. See [Reducing certain expenses for which credits are allowable](#), earlier.

### Line 13. Bad Debts

Enter the total debts that became worthless in whole or in part during the tax year. A cooperative that uses the cash method of accounting cannot claim a bad debt deduction unless the amount was previously included in income.

### Line 14. Rents

If the cooperative rented or leased a vehicle, enter the total annual rent or lease expense paid or incurred during the year. Also, complete Part V of Form 4562. If the cooperative leased a vehicle for a term of 30 days or more, the deduction for vehicle lease expense may have

to be reduced by an amount includible in income called the inclusion amount. The cooperative may have an inclusion amount if:

The lease term began:	And the vehicle's FMV on the first day of the lease exceeded:
<b>Cars (excluding Trucks and Vans)</b>	
After 12/31/23 but before 1/1/26 . . . . .	\$62,000
After 12/31/22 but before 1/1/24 . . . . .	\$60,000
After 12/31/21 but before 1/1/23 . . . . .	\$56,000
After 12/31/20 but before 1/1/22 . . . . .	\$51,000
After 12/31/17 but before 1/1/21 . . . . .	\$50,000
After 12/31/12 but before 1/1/18 . . . . .	\$19,000
<b>Trucks and Vans</b>	
After 12/31/23 but before 1/1/26 . . . . .	\$62,000
After 12/31/22 but before 1/1/24 . . . . .	\$60,000
After 12/31/21 but before 1/1/23 . . . . .	\$56,000
After 12/31/20 but before 1/1/22 . . . . .	\$51,000
After 12/31/17 but before 1/1/21 . . . . .	\$50,000
After 12/31/13 but before 1/1/18 . . . . .	\$19,500
After 12/31/09 but before 1/1/14 . . . . .	\$19,000

See Pub. 463, Travel, Gift, and Car Expenses, for instructions on figuring the inclusion amount. The inclusion amount for lease terms beginning in 2025 will be published in the Internal Revenue Bulletin in early 2025.

## Line 15. Taxes and Licenses

Enter taxes paid or accrued during the tax year but do not include the following.

- Federal income taxes.
- Foreign or U.S. territory income taxes if a foreign tax credit is claimed.
- Taxes not imposed on the cooperative.
- Taxes, including state or local sales taxes, that are paid or incurred in connection with an acquisition or disposition of property (these taxes must be treated as part of the cost of the acquired property, or in the case of a disposition, as a reduction in the amount realized on the disposition).
- Taxes assessed against local benefits that increase the value of the property assessed (such as for paving, etc.).
- Taxes deducted elsewhere on the return, such as those reflected in cost of goods sold.

See section 164(d) for information on apportionment of taxes on real property between seller and purchaser.

## Line 16. Interest

Do not offset interest income against interest expense. The cooperative must make an interest allocation if the proceeds of a loan were used for more than one purpose (for example, to purchase a portfolio investment and to acquire an interest in a passive activity). See Temporary Regulations section 1.163-8T for the interest allocation rules.

Do not deduct the following interest.

- Interest on indebtedness incurred or continued to purchase or carry obligations if the interest is wholly exempt from income tax. For exceptions, see section

265(b). Also, see section 139L(d) which coordinates with section 265 regarding interest on qualified real estate loans.

- For cash basis taxpayers, prepaid interest allocable to years following the current tax year. For example, a cash basis calendar year taxpayer who in 2025 prepaid interest allocable to any period after 2025 can deduct only the amount allocable to 2025.
- Interest and carrying charges on straddles. Generally, these amounts must be capitalized. See section 263(g).
- Interest on debt allocable to the production of designated property by a cooperative for its own use or for sale. The cooperative must capitalize this interest. Also, capitalize any interest on debt allocable to an asset used to produce the property. See section 263A(f) and Regulations sections 1.263A-8 through 1.263A-15 for definitions and more information.
- Interest paid or incurred on any portion of an underpayment of tax that is attributable to an understatement arising from an undisclosed listed transaction or an undisclosed reportable avoidance transaction (other than a listed transaction) entered into in tax years beginning after October 22, 2004.

**Special rules** apply to the following.

- Forgone interest on certain below-market-rate loans (see section 7872).
- Original issue discount (OID) on certain high-yield discount obligations. See section 163(e)(5) to determine the amount of the deduction for OID that is deferred and the amount that is disallowed on a high-yield discount obligation. See section 163(e)(5)(F).
- Interest paid on a disqualified debt instrument for indebtedness of the corporation which is payable in equity of the issuer or a related party or equity held by the issuer or any other person. See section 163(l)(3).
- Interest that is allocable to unborrowed policy cash values of life insurance, endowment, or annuity contracts issued after June 8, 1997. See section 264(f). Attach a statement showing the computation of the deduction.

**Limitation on deduction.** Under section 163(j), business interest expense is generally limited to the sum of business interest income, 30% of the adjusted taxable income, and floor plan financing interest. The amount of any business interest expense that is not allowed as a deduction for the tax year is carried forward to the following year. If section 163(j) applies, use Form 8990 to figure the amount of business interest expense the corporation can deduct for the current tax year and the amount that can be carried forward to the next year. See the Instructions for Form 8990. Also, see Schedule K, [Question 17](#) and [Question 18](#), later.

## Line 17. Charitable Contributions

Enter contributions or gifts actually paid within the tax year to or for the use of charitable and governmental organizations described in section 170(c) and any unused contributions carried over from prior years. Special rules and limits apply to contributions to organizations conducting lobbying activities. See section 170(f)(9).

Cooperatives reporting taxable income on the accrual method can elect to treat as paid during the tax year any contributions paid by the due date for filing the

cooperative's return (not including extensions) if the contributions were authorized by the board of directors during the tax year. Attach a declaration to the return stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year. The declaration must include the date the resolution was adopted.

**Limitation on deduction.** Generally, the total amount claimed cannot be more than 10% of taxable income (line 27) computed without regard to the following.

- Any deduction for contributions.
- The special deductions on line 26b.
- The limitation under section 249 on the deduction for bond premium.
- Any net operating loss (NOL) carryback to the tax year under section 172.
- Any capital loss carryback to the tax year under section 1212(a)(1).
- Any deduction for income attributable to domestic production activities of specified agricultural or horticultural cooperatives under section 199A(g).

**Carryover.** Charitable contributions over the 10% limitation cannot be deducted for the tax year but can be carried over to the next 5 tax years. See the exception below for farmers and ranchers and certain Native Corporations.

Special rules apply if the cooperative has an NOL carryover to the tax year. In figuring the charitable contributions deduction for the current tax year, the 10% limit is applied using the taxable income after taking into account any deduction for the NOL.

To figure the amount of any remaining NOL carryover to later years, taxable income must be modified (see section 172(b)). To the extent that contributions are used to reduce taxable income for this purpose and increase an NOL carryover, a contributions carryover is not allowed. See sections 170(d)(2)(B).

**Suspension of 10% limitation for farmers and ranchers and certain Native Corporations.** Certain cooperatives can deduct contributions of qualified conservation property without regard to the general 10% limit. This applies to:

- A qualified farmer or rancher (as defined in section 170(b)(1)(E)(v)) that does not have publicly traded stock, and
- A Native Corporation (as defined in section 170(b)(2)(C)(iii)) that contributes property that was land conveyed under the Alaska Native Claims Settlement Act.

The total amount of the contribution claimed for the qualified conservation property cannot exceed 100% of the excess of the cooperative's taxable income (as computed above substituting "100%" for "10%") over all other allowable charitable contributions. Any excess qualified conservation contributions can be carried over to the next 15 years, subject to the 100% limitation. See sections 170(b)(2)(B) and (C).

**Cash contributions.** For contributions of cash, check, or other monetary gifts (regardless of the amount), the cooperative must maintain a bank record or a receipt, letter, or other written communication from the donee organization indicating the name of the organization, the

date of the contribution, and the amount of the contribution.

**Contributions of \$250 or more.** A cooperative can deduct a contribution of \$250 or more only if it gets a written acknowledgment from the donee organization that shows the amount of cash contributed, describes any property contributed (but not its value), and either gives a description and a good faith estimate of the value of any goods or services provided in return for the contribution or states that no goods or services were provided in return for the contribution. The acknowledgment must be obtained by the due date (including extensions) of the cooperative's return or, if earlier, the date the return is filed. Do not attach the acknowledgment to the tax return but keep it with the cooperative's records.

**Contributions of property other than cash.** If a cooperative contributes property other than cash and claims over a \$500 deduction for the property, it must attach a statement to the return describing the kind of property contributed and the method used to determine its FMV. Complete and attach Form 8283, Noncash Charitable Contributions, for contributions of property (other than money) if the total claimed deduction for all property contributed was more than \$5,000. Special rules apply to the contribution of certain property. See the Instructions for Form 8283.

**Qualified conservation contributions.** Special rules apply to qualified conservation contributions, including contributions of certain easements on buildings located in a registered historic district. See section 170(h) and Pub. 526, Charitable Contributions.

**Other special rules.** The cooperative must reduce its deduction for contributions of certain capital gain property. See sections 170(e)(1) and 170(e)(5).

For more information on charitable contributions, including substantiation and recordkeeping requirements, see section 170 and the related regulations and Pub. 526. For special rules that apply to corporations, see Pub. 542.

## Line 18. Depreciation

Include on line 18 depreciation and the cost of certain property that the cooperative elected to expense under section 179 from Form 4562. Include amounts not claimed on Form 1125-A or elsewhere on the return. See Form 4562 and the Instructions for Form 4562.

## Line 20. Pension, Profit-Sharing, etc., Plans

Enter the deduction for contributions to qualified pension, profit-sharing, or other funded deferred compensation plans. Generally, employers who maintain such a plan must file one of the forms listed below unless exempt from filing under regulations or other applicable guidance, even if the plan is not a qualified plan under the Internal Revenue Code. The filing requirement applies even if the cooperative does not claim a deduction for the current tax year. There are penalties for failure to file these forms and for overstating the pension plan deduction. See sections 6652(e) and 6662(f). Also, see the instructions for the applicable form.

- Form 5500, Annual Return/Report of Employee Benefit Plan.



- Form 5500-SF, Short Form Annual Return/Report of Small Employee Benefit Plan. File this form instead of Form 5500 generally if there were under 100 participants at the beginning of the plan year.
- Form 5500-EZ, Annual Return of A One-Participant (Owners/Partners and Their Spouses) Retirement Plan or A Foreign Plan. File this form for a plan that only covers the owner (or the owner and spouse) or a foreign plan that is required to file an annual return and does not file the annual return electronically on Form 5500-SF. See the Instructions for Form 5500-EZ.

**Note:** Form 5500 and Form 5500-SF must be filed electronically under the computerized ERISA Filing Acceptance System (EFAST2). For more information, see the EFAST2 website at [EFAST.dol.gov](https://efast.dol.gov).

### Line 21. Employee Benefit Programs

Enter contributions to employee benefit programs not claimed elsewhere on the return (for example, insurance or health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 20.

### Line 22. Section 199A(g) Deduction

**Note:** This deduction applies only to specified agricultural and horticultural cooperatives (specified cooperatives).

Specified agricultural or horticultural cooperatives (specified cooperatives) to which Part I of subchapter T applies may qualify for a deduction under section 199A(g). A specified cooperative is a cooperative that markets or is engaged in the manufacturing, production, growth, or extraction of agricultural or horticultural products. Specified cooperatives that qualify under section 521 are considered "exempt" cooperatives. All other specified cooperatives are considered "nonexempt." Special rules apply to specified cooperatives with both patronage and nonpatronage income and losses.

A specified cooperative's section 199A(g) deduction generally equals 9% of the lesser of:

1. Qualified production activity income (QPAI), or
2. Taxable income.

**Note:** QPAI and taxable income are computed without regard to any deductions for patronage dividends, per-unit retain allocations, or nonpatronage distributions under section 1382(b) or (c).

A specified cooperative with oil-related QPAI must also reduce the deduction by 3% of the least of the following amounts.

- Oil-related QPAI.
- QPAI.
- Taxable income figured without the deduction.

The deduction shall not exceed 50% of the Form W-2 wages allocable to domestic production gross receipts (DPGR) of the specified cooperative for the tax year. See Rev. Proc. 2021-11, 2021-6 I.R.B. 833, available at [IRS.gov/irb/2021-6\\_IRB#REV-PROC-2021-11](https://www.irs.gov/irb/2021-6_IRB#REV-PROC-2021-11).

**Reporting the deduction.** Specified cooperatives may use Form 8903, Domestic Production Activities Deduction, to compute the section 199A(g) deduction. Write "Specified Cooperative Section 199A(g) deduction"

across the top of Form 8903. Form 8903 must be attached to the cooperative's return. See the Instructions for Form 8903. Alternatively, specified cooperatives may create and attach a schedule similar to Form 8903 to compute the section 199A(g) deduction.

### Line 23. Other Deductions

Attach a statement listing by type and amount all allowable deductions that are not deductible elsewhere on Form 1120-C. Enter the total on line 23.

Examples of other deductions include the following.

- Amortization. See Form 4562, Part VI.
- Any energy efficient commercial buildings deduction for property placed in service during the tax year. Complete and attach Form 7205.
- Certain business startup and organizational costs (discussed earlier under [Election to deduct business startup and organizational costs](#)).
- Reforestation costs. The cooperative can elect to deduct up to \$10,000 of qualifying reforestation expenses for each qualified timber property. The cooperative can elect to amortize over 84 months any amount not deducted. See the Instructions for Form T (Timber).
- Depletion. See sections 613 and 613A for percentage depletion rates applicable to natural deposits. Also, see section 291 for the limitation on the depletion deduction for iron ore and coal (including lignite). Attach Form T (Timber), Forest Activities Schedule, if a deduction for depletion of timber is taken.
- Insurance premiums.
- Legal and professional fees.
- Repairs and maintenance (discussed later).
- Supplies used and consumed in the business.
- Travel, meals, and entertainment expenses. Special rules apply (discussed later).
- Utilities.
- Ordinary losses from trade or business activities of a partnership (from Schedule K-1 (Form 1065)). Do not offset ordinary income against ordinary losses. Instead, include the income on line 9. Show the partnership's name, address, and EIN on a separate statement attached to this return. If the amount is from more than one partnership, identify the amount from each partnership.
- Any extraterritorial income exclusion (from Form 8873).
- Any net negative section 481(a) adjustment. See the instructions for [line 9](#).
- Dividends paid in cash on stock held by an employee stock ownership plan (ESOP).

However, a deduction may be taken for the dividends only if, according to the plan, the dividends are:

1. Paid in cash directly to the plan participants or beneficiaries;
2. Paid to the plan, which distributes them in cash to the plan participants or their beneficiaries no later than 90 days after the end of the plan year in which the dividends are paid;
3. At the election of such participants or their beneficiaries (a) payable as provided under (1) or (2) above, or (b) paid to the plan and reinvested in qualifying employer securities; or

4. Used to make payments on a loan described in section 404(a)(9).

See section 404(k) for more details and the limitation on certain dividends.

Do not deduct the following.

- Amounts paid or incurred to or at the direction of a government or governmental entity for the violation, or investigation or inquiry into the potential violation, of a law. See section 162(f) for more information and exceptions.
- Any amount that is allocable to a class of exempt income. See section 265(b) for exceptions.
- Lobbying expenses. However, see exceptions discussed later.
- Amounts paid or incurred for any settlement, payout, or attorney fees related to sexual harassment or sexual abuse, if such payments are subject to a nondisclosure agreement. See section 162(q).

**Repairs and maintenance.** Enter the cost of repairs and maintenance not claimed elsewhere on the return, such as labor and supplies, that are not payments to produce or improve tangible or real property. See Regulations section 1.263(a)-1. For example, amounts are paid for improvements if they are for betterments to the property, restorations of the property (such as the replacements of major components or substantial structural parts), or if they adapt the property to a new or different use. Amounts paid to produce or improve property must be capitalized. See Regulations sections 1.263(a)-2 and (a)-3.

The cooperative can deduct repair and maintenance expenses only to the extent they relate to a trade or business activity. See Regulations section 1.162-4. The cooperative may elect to capitalize certain repair and maintenance costs consistent with its books and records. See Regulations section 1.263(a)-3(n) for information on how to make the election.

**Travel, meals, and entertainment.** Subject to limitations and restrictions discussed below, a cooperative can deduct ordinary and necessary travel, meals, and nonentertainment expenses paid or incurred in its trade or business. Generally, entertainment expenses, membership dues, and facilities used in connection with these activities cannot be deducted. In addition, no deduction is generally allowed for qualified transportation fringe benefits. Special rules apply to deductions for gifts and convention expenses. See section 274 and Pub. 463 for details.

**Travel.** The cooperative cannot deduct travel expenses of any individual accompanying a cooperative officer or employee, including a spouse or dependent of the officer or employee, unless:

- That individual is an employee of the cooperative, and
- That individual's travel is for a bona fide business purpose and would otherwise be deductible by that individual.

**Meals.** Generally, the cooperative can deduct only 50% of the amount otherwise allowable for nonentertainment related meal expenses paid or incurred in its trade or business. Meals not separately stated from entertainment are generally not deductible. In addition (subject to exceptions under section 274(k)(2)):

- Meals must not be lavish or extravagant, and

- An employee of the cooperative must be present at the meal.

See section 274(n)(3) for a special rule that applies to expenses for meals consumed by individuals subject to the hours of service limits of the Department of Transportation.

**Qualified transportation fringes (QTFs).** Generally, no deduction is allowed for QTFs provided by employers to their employees. QTFs are defined in section 132(f)(1) and include:

- Transportation in a commuter highway vehicle between the employee's residence and place of employment,
- Any transit pass, and
- Qualified parking.

See section 274 and Pub. 15-B, Employer's Tax Guide to Fringe Benefits, for more information.

**Membership dues.** The cooperative can deduct amounts paid or incurred for membership dues in civic or public service organizations, professional organizations (such as bar and medical associations), business leagues, trade associations, chambers of commerce, boards of trade, and real estate boards. However, no deduction is allowed if a principal purpose of the organization is to entertain or provide entertainment facilities for members or their guests. In addition, cooperatives cannot deduct membership dues in any club organized for business, pleasure, recreation, or other social purpose. This includes country clubs, golf and athletic clubs, airline and hotel clubs, and clubs operated to provide meals under conditions favorable to business discussion.

**Entertainment facilities.** Generally, the cooperative cannot deduct an expense paid or incurred for a facility (such as a yacht or hunting lodge) used for an activity usually considered entertainment, amusement, or recreation.

**Amounts treated as compensation.** Generally, the cooperative may be able to deduct otherwise nondeductible entertainment, amusement, or recreation expenses if the amounts are treated as compensation to the recipient and reported on Form W-2, Wage and Tax Statement, for an employee or on Form 1099-NEC, Nonemployee Compensation, for an independent contractor.

However, if the recipient is an officer, director, beneficial owner (directly or indirectly), or other "specified individual" (as defined in section 274(e)(2)(B) and Regulations section 1.274-9(b)), special rules apply.

**Lobbying expenses.** Generally, lobbying expenses are not deductible. These expenses include amounts paid or incurred in connection with:

- Influencing legislation, or
- Any communication with certain federal executive branch officials in an attempt to influence the official actions or positions of the officials. See Regulations section 1.162-29 for the definition of "influencing legislation."

Dues and other similar amounts paid to certain tax-exempt organizations may not be deductible. If certain in-house expenditures do not exceed \$2,000, they are deductible. See section 162(e)(4)(B).

**Line 25a. Taxable Income Before Adjustments and Special Deductions**

**At-risk rules.** Generally, special at-risk rules under section 465 apply to closely held cooperatives (see [Passive activity limitations](#), earlier) engaged in any activity as a trade or business or for the production of income. These cooperatives may have to adjust the amount on line 25a. (See below.)

A taxpayer is generally considered “at-risk” for an amount equal to the taxpayer’s investment in the entity. That investment consists of money and other property contributed to the entity and amounts borrowed on behalf of the entity.

The at-risk rules do not apply to:

- Holding real property placed in service by the cooperative before 1987;
- Equipment leasing under sections 465(c)(4), (5), and (6); or
- Any qualifying business of a qualified cooperative under section 465(c)(7).

However, the at-risk rules do apply to the holding of mineral property.

If the at-risk rules apply, adjust the amount on this line for any section 465(d) losses. These losses are limited to the amount for which the cooperative is at risk for each separate activity at the close of the tax year. If the cooperative is involved in one or more activities, any of which incurs a loss for the year, report the losses for each activity separately. Attach Form 6198, At-Risk Limitations, showing the amount at risk and gross income and deductions for the activities with the losses.

If the cooperative sells or otherwise disposes of an asset or its interest (either total or partial) in an activity to which the at-risk rules apply, determine the net profit or loss from the activity by combining the gain or loss on the sale or disposition with the profit or loss from the activity. If the cooperative has a net loss, it may be limited because of the at-risk rules.

Treat any loss from an activity not allowed for the tax year as a deduction allocable to the activity in the next tax year.

Cooperatives are required to allocate income and deductions between patronage- and nonpatronage-related business. Cooperatives with gross receipts and assets of \$250,000 or more must complete Schedule G. See the instructions for [Schedule G](#).

**Line 25b. Deductions and Adjustments From Schedule H**

Complete Schedule H. Enter on line 25b the amount from Schedule H, line 5. See the instructions for [Schedule H](#).

**Line 25c. Taxable Income Before Net Operating Loss and Special Deductions**

Subtract line 25b from line 25a and enter the result on line 25c.

**Line 26a. Net Operating Loss Deduction**

A cooperative can use the NOL incurred in one tax year to reduce its taxable income in another tax year. Enter on

line 26a the total NOL carryovers from other tax years but do not enter more than the cooperative’s taxable income (after special deductions). Attach a statement showing the computation of the NOL deduction. Also, complete Schedule K, item 12, if applicable.

The cooperative must attach a statement separately accounting for patronage- and nonpatronage-sourced NOLs.

**Note:** Patronage-sourced NOLs cannot be used to reduce nonpatronage-sourced taxable income.

The following special rules apply.

- If an ownership change (described in section 382(g)) occurs, the amount of the taxable income of a loss cooperative that may be offset by the pre-change NOL carryovers may be limited. See section 382 and the related regulations. A loss cooperative must include the information statement as provided in Regulations section 1.382-11(a) with its income tax return for each tax year that it is a loss cooperative in which an ownership shift, equity structure shift, or other transaction described in Temporary Regulations section 1.382-2T(a)(2)(i) occurs. If the cooperative makes the closing-of-the-books election, see Regulations section 1.382-6(b).

The limitations under section 382 do not apply to certain ownership changes after February 17, 2009, made according to a restructuring plan under the Emergency Economic Stabilization Act of 2008. See section 382(n).

For guidance in applying section 382 to loss cooperatives whose instruments were acquired by Treasury under certain programs under the Emergency Economic Stabilization Act of 2008, see Notice 2010-2, 2010-2 I.R.B. 251.

- If a cooperative acquires control of another cooperative (or acquires its assets in a reorganization), the amount of pre-acquisition losses that may offset recognized built-in gain may be limited (see section 384).
- If a cooperative elects the alternative tax on qualifying shipping activities under section 1354, no deduction is allowed for an NOL attributable to the qualifying shipping activities to the extent that the loss is carried forward from a tax year preceding the first tax year for which the alternative tax election was made. See section 1358(b)(2).

For more details on the NOL deduction, see section 172 and the Instructions for Form 1139.

**Line 26b. Special Deductions**

See the instructions for [Schedule C](#). Then complete Schedule C and enter on line 26b the amount from Schedule C, line 24.

**Line 26c. Total NOL and Special Deductions**

Combine lines 26a and 26b and enter the result on line 26c.

**Tax, Refundable Credits, and Payments****Line 27. Taxable Income**

See Schedule K, Question 14, to determine if the cooperative needs to complete Schedule G. Taxable



income reported on line 27 cannot be less than the nonpatronage taxable income shown in Schedule G, line 10, column (b).

**Note:** Patronage-source losses cannot be used to offset nonpatronage income. See the instructions for [Schedule G](#).

**Minimum taxable income.** The cooperative's taxable income cannot be less than the inversion gain of the cooperative for the tax year if the cooperative is an expatriated entity or a partner in an expatriated entity. See section 7874(a).

**Net operating loss (NOL).** If line 27 (figured without regard to the minimum taxable income rule stated above) is zero or less, the cooperative may have an NOL that can be carried back or forward as a deduction to other tax years.

Only farming losses and losses of an insurance company (other than a life insurance company) can be carried back. The carryback period for these losses is 2 years. For NOLs that can be carried back, the cooperative can elect to waive the carryback period and instead carry the NOL forward to future tax years.

See the instructions for [Schedule K, Item 12](#), for information on making the election to waive the carryback period. See the Instructions for Form 1139 for other special rules and elections.

The NOL deduction for tax year 2025 cannot exceed the aggregate amount of NOLs arising in tax years beginning before January 1, 2018, carried to such year plus the lesser of:

1. The aggregate amount of NOLs arising in tax years beginning after December 31, 2017, carried to such tax year; or
2. 80% of the excess, if any, of taxable income determined without any NOL deduction, section 199A deduction, or section 250 deduction, over any NOL carryover to the tax year from tax years beginning before January 1, 2018.

An exception applies for NOLs of insurance companies other than life insurance companies. The 80% taxable income limit does not apply to these entities. See sections 172(b) and (f).

**Merchant Marine capital construction fund.** To take a deduction for amounts contributed to a capital construction fund (CCF), reduce the amount that would otherwise be entered on line 27 by the amount of the deduction. On the dotted line next to the entry space, enter "CCF" and the amount of the deduction. For more information, see section 7518.

### Line 29. First Installment of Section 1062 Applicable Net Tax Liability

Complete and attach Form 1062, Schedule(s) A (Form 1062), and a copy of the covenant if electing to defer the payment of the net income tax attributable to the gain from the sale or exchange of qualified farmland property during this tax year under section 1062. Enter the amount from Form 1062, Part III, line 15. See the Instructions for Form 1062 for more information. Also, see section 1062.

### Line 30b. Estimated Tax Payments

Enter any estimated tax payments the cooperative made for the tax year.

**Beneficiaries of trusts.** If the cooperative is the beneficiary of a trust and the trust makes a section 643(g) election to credit its estimated tax payments to its beneficiaries, include the cooperative's share of the payment in the total for line 30b. Enter "T" and the amount of the payment in the shaded space beside line 30b.

### Line 30c. Refund Applied for on Form 4466

If the cooperative overpaid estimated tax, it may be able to get a quick refund by filing Form 4466. The overpayment must be at least 10% of the cooperative's expected income tax liability and at least \$500. File Form 4466 after the end of the cooperative's tax year, and no later than the due date for filing the cooperative's tax return. Form 4466 must be filed before the cooperative files its tax return. See the instructions for Form 4466.

### Line 30e. Credit for Tax Paid on Undistributed Capital Gains

Enter any credit from Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains, for the cooperative's share of the tax paid by a regulated investment company (RIC) or a real estate investment trust (REIT) on undistributed long-term capital gains included in the cooperative's income. Attach Form 2439.

### Line 30f. Credit for Federal Tax Paid on Fuels

Enter the total income tax credit claimed on Form 4136, Credit for Federal Tax Paid on Fuels. Attach Form 4136.

### Line 30g. Section 1383 Adjustment

If the cooperative would pay less total tax by claiming the deduction for the redemption of nonqualified written notices of allocation or nonqualified per-unit retain certificates in the issue year versus the current tax year, refigure the tax for the years the nonqualified written notices or certificates were originally issued (deducting them in the issue year), then enter the amount of the reduction in the issue years' taxes on this line. Attach a statement showing how the adjustment was figured. This adjustment is treated as a payment, and any amount that is more than the tax on line 28 will be refunded.

### Line 30h. Elective Payment Election Amount From Form 3800

Enter on line 30h the total net elective payment election amount from Form 3800, Part III, line 6, column (j). See the Instructions for Form 3800.

### Line 30i. Section 1062 Applicable Net Tax Liability

If the cooperative is electing to defer the payment of the net income tax attributable to the gain from the sale or exchange of qualified farmland property, complete and attach Form 1062 and Schedule(s) A (Form 1062). Enter the amount from Form 1062, Part III, line 14. See the Instructions for Form 1062 for more information. Also, see section 1062.

**Line 30z. Other Credits and Payments**

Include on line 30z any other refundable credit payments the cooperative is claiming including the following. Attach a statement listing the type and the amount of credit or payment.

- Credit for tax on ozone-depleting chemicals. See section 4682(g)(2).
- Credit under section 1341 for repayments of amounts included in income from earlier years.
- Backup withholding. If the cooperative had federal income tax withheld from any payments it received because, for example, it failed to give the payer its correct EIN, include the amount withheld in the total for line 30z.

**Line 31. Total Payments, Refundable Credits, Section 1062 Net Tax Liability, and Adjustments**

Combine the amounts on lines 30a through 30z. Enter the total on line 31.

**Line 32. Estimated Tax Penalty**

Generally, the cooperative does not have to file Form 2220 because the IRS can figure the penalty amount, if any, and bill the cooperative. However, even if the cooperative does not owe the penalty, it must complete and attach Form 2220 if:

- The annualized income or adjusted seasonal installment method is used, or
- The cooperative is a large corporation (as defined in the Instructions for Form 2220) computing its first required installment based on the prior year's tax. See the Instructions for Form 2220.

If Form 2220 is attached, check the box on line 32 and enter any penalty on this line.

**Note:** If the cooperative's tax liability includes a CAMT liability, the cooperative must complete and attach Form 2220. The affected cooperative must also include an amount of estimated tax penalty on Form 1120-C, line 32, even if that amount is zero. Failure to follow these instructions could result in the cooperative receiving a penalty notice that will require an abatement request to apply any penalty relief. See [Notice 2025-27](#).

**Line 33. Amount Owed**

Generally, the cooperative must pay any tax due in full no later than the due date for filing its tax return (excluding extensions). Payment of the tax due must be made electronically. See [Electronic Deposit Requirement](#), earlier, for the payment options for the cooperative. Also, go to [IRS.gov/Payments](https://www.irs.gov/Payments) for more detailed information.

If the cooperative cannot pay the full amount of tax owed, it can apply for an installment agreement online. The cooperative can apply for an installment agreement online if:

- It cannot pay the full amount shown on line 33,
- The total amount owed is \$25,000 or less, and
- The cooperative can pay the liability in full in 24 months.

To apply using the Online Payment Agreement Application, go to [IRS.gov/OPA](https://www.irs.gov/OPA).

Under an installment agreement, the cooperative can pay what it owes in monthly installments. There are certain

conditions that must be met to enter into and maintain an installment agreement, such as paying the liability within 24 months and making all required deposits and timely filing tax returns during the length of the agreement.

If the installment agreement is accepted, the cooperative will be charged a fee and it will be subject to penalties and interest on the amount of tax not paid by the due date of the return.

**Line 34. Overpayment**

Enter the amount of any overpayment that should be refunded or applied to next year's estimated tax.

If there is an overpayment on line 34, enter the amount the cooperative wants refunded on line 35b. See the instructions for line 35b, later. The cooperative can also choose to have all or part of the overpayment credited to next year's estimated tax by completing line 35a. See the instructions for line 35, later.

**Line 35a. Credited to Estimated Tax**

The cooperative can elect to apply all or part of the cooperative's overpayment to next year's estimated taxes.

**Note:** This election to apply some or all of the overpayment amount to the cooperative's 2026 estimated tax cannot be changed at a later date.

**Line 35b. Refunded**

Enter the amount to be refunded to the cooperative on line 35b. If the cooperative has access to U.S. banking services, it should use direct deposit for any refunds, whenever possible. The benefits of a direct deposit include a faster refund, the added security of a paperless payment, and the savings of tax dollars associated with the reduced processing costs.

**Direct deposit of refund.** If the cooperative wants its refund directly deposited into its checking or savings account at any U.S. bank or other financial institution, complete lines 35c through 35e. See the instructions for lines 35c, 35d, and 35e, later.

The cooperative is not eligible to request a direct deposit if:

- The receiving financial institution is a foreign bank or a foreign branch of a U.S. bank, or
- The cooperative has applied for an EIN but is filing its tax return before receiving one.

**Line 35c. Routing Number**

The routing number must be nine digits. The first two digits must be between 01 and 12 or 21 through 32. Ask the cooperative's financial institution for the correct routing number to enter on line 35c if:

- The routing number on a deposit slip is different from the routing number on the cooperative's checks,
- The cooperative's checks state they are payable through a financial institution different from the one at which the cooperative has the checking account, or
- The deposit is to a savings account that does not allow the cooperative to write checks.

**Line 35d. Type of Account**

Check the appropriate box for the type of account. Don't check more than one box. The cooperative must check the correct box to ensure the deposit is accepted.

**Line 35e. Account Number**

The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. Don't include the check number.

If the direct deposit to the cooperative's account is different from the amount it expected, the cooperative will receive an explanation in the mail about 2 weeks after the refund is deposited.

**Conditions Resulting in a Refund Check**

If the IRS is unable to process the request for a direct deposit, a refund by check will be generated instead. Reasons for not processing a request include the following.

- The name of the cooperative on the tax return does not match the name on the account.
- The financial institution rejects the direct deposit because of an incorrect routing or account number.
- The cooperative fails to indicate the type of account the deposit is to be made to (that is, checking or savings).

**Note:** The IRS isn't responsible for a lost refund if the cooperative enters the wrong account information. Check with the cooperative's financial institution to get the correct routing and account numbers and to make sure the direct deposit will be accepted.

**Schedule C. Dividends, Inclusions, and Special Deductions**

**Note:** Do not report income from patronage dividends on Schedule C. Report income from patronage dividends and per-unit retain allocations on line 9.

For purposes of the 20% ownership test on lines 1 through 7, the percentage of stock owned by the cooperative is based on voting power and value of the stock. Preferred stock described in section 1504(a)(4) is not taken into account.

**Consolidated returns.** Cooperatives filing a consolidated return should see Regulations sections 1.1502-13, 1.1502-26, and 1.1502-27 before completing Schedule C.

Cooperatives filing a consolidated return must not report as dividends on Schedule C any amounts received from corporations within the consolidated group. Such dividends are eliminated in consolidation rather than offset by the dividends-received deduction.

**Line 1, Column (a)**

Enter dividends (except those received on certain debt-financed stock acquired after July 18, 1984— see section 246A) that are:

- Received from less-than-20%-owned domestic corporations subject to income tax, and
- Qualified for the 50% deduction under section 243(a)(1).

Also, include on line 1 the following.

- Taxable distributions from an interest charge domestic international sales corporation (IC-DISC) or former domestic international sales corporation (former DISC) that are designated as eligible for the 50% deduction and certain dividends of Federal Home Loan Banks. See section 246(a)(2).
- Dividends (except those received on debt-financed stock acquired after July 18, 1984) from a RIC. The amount of dividends eligible for the dividends-received deduction under section 243 is limited by section 854(b). The cooperative should receive a notice from the RIC specifying the amount of dividends that qualify for the deduction.

Report so-called dividends or earnings received from mutual savings banks, etc., as interest. Do not treat them as dividends.

**Line 2, Column (a)**

Enter on line 2:

- Dividends (except those received on certain debt-financed stock acquired after July 18, 1984) that are received from 20%-or-more-owned domestic corporations subject to income tax and that are subject to the 65% deduction under section 243(c), and
- Taxable distributions from an IC-DISC or former DISC that are considered eligible for the 65% deduction.

**Line 3, Column (a)**

Enter the following.

- Dividends received on certain debt-financed stock acquired after July 18, 1984, from domestic and foreign corporations subject to income tax that would otherwise be subject to the dividends-received deduction under section 243(a)(1), 243(c), or 245(a). Generally, debt-financed stock is stock that the cooperative acquired by incurring a debt (for example, it borrowed money to buy the stock).
- Dividends received from a RIC on debt-financed stock. The amount of dividends eligible for the dividends-received deduction is limited by section 854(b). The cooperative should receive a notice from the RIC specifying the amount of dividends that qualify for the deduction.

**Line 3, Columns (b) and (c)**

Dividends received on certain debt-financed stock acquired after July 18, 1984, are not entitled to the full 50% or 65% dividends-received deduction under section 243 or 245(a). The 50% or 65% deduction is reduced by a percentage that is related to the amount of debt incurred to acquire the stock. See section 246A. Also, see section 245(a) before making this computation for an additional limitation that applies to certain dividends received from foreign corporations. Attach a statement to Form 1120-C showing how the amount in line 3, column (c), was figured.



**Line 4, Column (a)**

Enter dividends received on preferred stock of a less-than-20%-owned public utility that is subject to income tax and is allowed the 23.3% deduction provided in sections 244 and 247 (as affected by P.L. 113-295, Div. A, section 221(a)(41)(A), December 19, 2014, 128 Stat. 4043) for dividends paid.

**Line 5, Column (a)**

Enter dividends received on preferred stock of a 20%-or-more-owned public utility that is subject to income tax and is allowed the 26.7% deduction provided in sections 244 and 247 (as affected by P.L. 113-295, Div. A, section 221(a)(41)(A), December 19, 2014, 128 Stat. 4043) for dividends paid.

**Line 6, Column (a)**

Enter the U.S.-source portion of dividends that:

- Are received from less-than-20%-owned foreign corporations, and
- Qualify for the 50% deduction under section 245(a). To qualify for the 50% deduction, the cooperative must own at least 10% of the stock of the foreign corporation by vote and value.

Also, include dividends received from a less-than-20%-owned foreign sales corporation (FSC) that:

- Are attributable to income treated as effectively connected with the conduct of a trade or business within the United States (excluding foreign trade income), and
- Qualify for the 50% deduction under section 245(c)(1) (B).

**Line 7, Column (a)**

Enter the U.S.-source portion of dividends that:

- Are received from 20%-or-more-owned foreign corporations, and
- Qualify for the 65% deduction under sections 243 and 245(a).

Also, include dividends received from a 20%-or-more-owned FSC that:

- Are attributable to income treated as effectively connected with the conduct of a trade or business within the United States (excluding foreign trade income), and
- Qualify for the 65% deduction under section 245(c)(1) (B).

**Line 8, Column (a)**

Enter dividends received from wholly owned foreign subsidiaries that are eligible for the 100% deduction under section 245(b).

In general, the deduction under section 245(b) applies to dividends paid out of the earnings and profits of a foreign corporation for a tax year during which:

- All of its outstanding stock is directly or indirectly owned by the domestic cooperative receiving the dividends, and
- All of its gross income from all sources is effectively connected with the conduct of a trade or business within the United States.

**Line 9, Column (c)**

Generally, line 9, column (c), cannot exceed the amount on line 29 of the Worksheet for Schedule C, Lines 9 and 22. However, in a year in which an NOL occurs, the limitation in section 246(b)(1) does not apply even if the loss is created by the dividends-received deduction. See sections 172(c), 172(d)(5), and 246(b).

## Worksheet for Schedule C, Lines 9 and 22

Keep for Your Records



Use this worksheet to figure the dividends-received deduction after the section 246(b) limitation, including the section 250 deduction. Also, use this worksheet to figure the section 250 deduction after the section 246(b) limitation. Before completing this worksheet, complete Form 1120-C, line 25a, and Schedule C, lines 1 through 8 and 10 through 13. Also, complete Form 8993, Part III, lines 28 and 29.

- |  |           |
|--|-----------|
| 1. Refigure Form 1120-C, line 25a, without any deduction under section 199A, any adjustment under section 1059, and any capital loss carryback to the tax year under section 1212(a)(1) . . . . .  | 1. _____  |
| 2. Complete Schedule C, lines 10, 11, 12, and 13, column (c), and enter the total here . . . . .   | 2. _____  |
| 3. Subtract line 2 from line 1 . . . . .   | 3. _____  |
| 4. Multiply line 3 by 65% (0.65) . . . . .   | 4. _____  |
| 5. Add Schedule C, lines 2, 5, 7, and 8, column (c), and the part of the deduction in line 3, column (c), that is attributable to dividends from 20%-or-more-owned corporations . . . . .  | 5. _____  |
| 6. Enter the sum of the amounts on Form 8993, Part III, lines 28 and 29 . . . . .  | 6. _____  |
| 7. Add lines 5 and 6 . . . . .   | 7. _____  |
| 8. Subtract line 7 from line 4. If zero or more, enter the amount from line 5, skip lines 9 through 15, and go to line 16. If less than zero, leave line 8 blank and go to line 9 . . . . .  | 8. _____  |
| 9. Divide line 5 by line 7. Enter the result as a decimal (rounded to at least three places) . . . . .   | 9. _____  |
| 10. Subtract line 4 from line 7 . . . . .  | 10. _____ |
| 11. Multiply line 10 by line 9 . . . . .   | 11. _____ |
| 12. Subtract line 11 from line 5 . . . . .   | 12. _____ |
| 13. Subtract line 9 from 1.000 . . . . .   | 13. _____ |
| 14. Multiply line 13 by line 10 . . . . .  | 14. _____ |
| 15. Subtract line 14 from line 6 . . . . .   | 15. _____ |
| 16. Add the total amount of dividends from 20%-or-more-owned corporations that are included in Schedule C, lines 2, 3, 5, 7, and 8, column (a) . . . . .   | 16. _____ |
| 17. Subtract line 16 from line 3 . . . . .   | 17. _____ |
| 18. Multiply line 17 by 50% (0.50) . . . . .   | 18. _____ |
| 19. Add Schedule C, lines 1, 4, and 6, column (c), and the part of the deduction in line 3, column (c), that is not attributable to dividends from 20%-or-more-owned corporations . . . . .  | 19. _____ |
| 20. Add line 15 (or, if line 15 is blank, line 6) and line 19 . . . . .  | 20. _____ |
| 21. Subtract line 20 from line 18. If zero or more, enter the amount from line 19, skip lines 22 through 28, and go to line 29. If less than zero, leave line 21 blank and go to line 22 . . . . .   | 21. _____ |
| 22. Divide line 19 by line 20. Enter the result as a decimal (rounded to at least three places) . . . . .  | 22. _____ |
| 23. Subtract line 18 from line 20 . . . . .  | 23. _____ |
| 24. Multiply line 23 by line 22 . . . . .  | 24. _____ |
| 25. Subtract line 24 from line 19 . . . . .  | 25. _____ |
| 26. Subtract line 22 from 1.000 . . . . .  | 26. _____ |
| 27. Multiply line 23 by line 26 . . . . .  | 27. _____ |
| 28. Subtract line 27 from line 15 (or, if line 15 is blank, line 6) . . . . .  | 28. _____ |
| 29. <b>Dividends-received deduction after limitation (sec. 246(b)).</b> Add line 12 (or if line 12 is blank, line 8) and line 25 (or, if line 25 is blank, line 19). Enter the result here and in Schedule C, line 9, column (c) . . . . . | 29. _____ |
| 30. <b>Section 250 deduction after limitation (sec. 246(b)).</b> Enter the amount on line 28 (or, if line 28 is blank, line 15, or, if line 28 and line 15 are blank, line 6) here and in Schedule C, line 22, column (c) . . . . .        | 30. _____ |

**Line 10, Columns (a) and (c)**

Small business investment companies operating under the Small Business Investment Act of 1958 must enter dividends that are received from domestic corporations subject to income tax even though a deduction is allowed for the entire amount of those dividends. To claim the 100% deduction in line 10, column (c), the cooperative must file with its return a statement that it was a federal licensee under the Small Business Investment Act of 1958 at the time it received the dividends.

**Line 11, Columns (a) and (c)**

Enter only dividends that qualify under section 243(b) for the 100% dividends-received deduction described in section 243(a)(3). Cooperatives taking this deduction are subject to the provisions of section 1561.

The 100% deduction does not apply to affiliated group members that are joining in the filing of a consolidated return.

**Line 12, Columns (a) and (c)**

Enter in column (a) dividends from FSCs that are attributable to foreign trade income and that are eligible for the 100% deduction provided in section 245(c)(1)(A).

For cooperatives described in section 1381 that are engaged in the marketing of agricultural or horticultural products and are shareholders in an FSC, multiply the total dividends reported in column (a) by  $\frac{16}{23}$  (or 0.6957) for the exempt portion of the dividends that are attributable to foreign trade income and enter the amount in column (c). See sections 245(c)(2) and 923(a)(4) (repealed by P. L. 106-519, section 2, November 15, 2000) for additional information.

**Line 13, Column (a)**

Enter the foreign-source portion of dividends that:

- Are received from specified 10%-owned foreign corporations (as defined in section 245A(b)), including, for example, gain from the sale of stock of a foreign corporation that is treated as a dividend under sections 1248(a) and (j); and
- Qualify for the section 245A deduction.

**Line 14, Column (a)**

Enter foreign dividends not reportable in column (a) of lines 3, 6, 7, 8, 11, 12, or 13.

Include on line 14 the foreign-source portion of any dividend that does not qualify for the section 245A deduction (for example, hybrid dividends within the meaning of section 245A(e), ineligible amounts of dividends within the meaning of Regulations section 1.245A-5(b), dividends that fail to meet the holding period requirement under section 246(c)(5), etc.).

Also, include on line 14 the cooperative's share of distributions from a section 1291 fund from Form 8621, to the extent that the amounts are taxed as dividends under section 301. See Form 8621 and the Instructions for Form 8621.

Attach a statement identifying the amount of each dividend reported on line 14 and the provision pursuant to

which a deduction is not allowed with respect to such dividend.

**Line 15**

Reserved for future use.

**Line 16a, Column (a)**

Enter the foreign-source portion of any subpart F inclusions attributable to the sale or exchange by a controlled foreign corporation (CFC) of stock in another foreign corporation described in section 964(e)(4). This should equal the sum of the amounts reported by the U.S. shareholder on Form(s) 5471, Schedule I, line 1a. (Do not include on line 16a any portion of such subpart F inclusion that is not eligible for the section 245A deduction pursuant to Regulations section 1.245A-5(g)(2). Include such amounts on line 16c.)

**Line 16b, Column (a)**

Enter the total subpart F inclusions attributable to tiered hybrid dividends. This should equal the sum of the amounts reported by the U.S. shareholder on Form(s) 5471, Schedule I, line 1b.

**Line 16c, Column (a)**

Enter all other amounts included in income under section 951. This should equal the sum of the amounts reported by the U.S. shareholder on Form(s) 5471, Schedule I, lines 1c through 1h, 2, and 4.

**Line 17, Column (a)**

Enter amounts included in income under section 951A. See Form 8992, Part II, line 5, and the Instructions for Form 8992. Also, if applicable, attach Form(s) 5471.

**Note:** Consider the applicability of section 951A with respect to CFCs owned by domestic partnerships in which the cooperative has an interest.

**Line 18, Column (a)**

Include gross-up for taxes deemed paid under section 960.

**Line 19, Column (a)**

Enter taxable distributions from an IC-DISC or former DISC that are designated as not eligible for a dividends-received deduction.

No deduction is allowed under section 243 for a dividend from an IC-DISC or former DISC (as defined in section 992(a)) to the extent the dividend:

- Is paid out of the cooperative's accumulated IC-DISC income or previously taxed income, or
- Is a deemed distribution under section 995(b)(1).

**Line 20, Column (a)**

Include the following.

1. Dividends (other than capital gain distributions reported on Schedule D (Form 1120), Capital Gains and Losses, and exempt-interest dividends) that are received from RICs and that are not subject to the 50% deduction.
2. Dividends from tax-exempt organizations.



3. Dividends (other than capital gain distributions) received from a REIT that, for the tax year of the trust in which the dividends are paid, qualifies under sections 856 through 860.

4. Dividends not eligible for a dividends-received deduction, which include the following.

a. Dividends received on any share of stock held for less than 46 days during the 91-day period beginning 45 days before the ex-dividend date. When counting the number of days the cooperative held the stock, you cannot count certain days during which the cooperative's risk of loss was diminished. See section 246(c)(4) and Regulations section 1.246-5 for more details.

b. Dividends received on any share of preferred stock that are attributable to periods totaling more than 366 days if such stock was held for less than 91 days during the 181-day period that began 90 days before the ex-dividend date. When counting the number of days the cooperative held the stock, you cannot count certain days during which the cooperative's risk of loss was diminished. See section 246(c)(4) and Regulations section 1.246-5 for more details. Preferred dividends attributable to periods totaling less than 367 days are subject to the 46-day holding period rule above.

c. Dividends on any share of stock to the extent the cooperative is under an obligation (including a short sale) to make related payments with respect to positions in substantially similar or related property.

5. Any other taxable dividend income not properly reported elsewhere on Schedule C.

### Line 21, Column (c)

Section 247 (as affected by P.L. 113-295, Div. A, section 221(a)(41)(A), December 19, 2014, 128 Stat. 4043) allows public utilities a deduction of 40% of the smaller of: (a) dividends paid on their preferred stock during the tax year or (b) taxable income computed without regard to this deduction. In a year in which an NOL occurs, compute the deduction without regard to section 247(a)(1)(B).

### Line 22, Column (c)

Generally, line 22, column (c), cannot exceed the amount on line 30 of the Worksheet for Schedule C, Lines 9 and 22. See the worksheet, earlier. However, in a year in which an NOL occurs, the limitation in section 246(b)(1) does not apply. See sections 172(c), 172(d)(5), and 246(b).

## Schedule G. Allocation of Patronage and Nonpatronage Income and Deductions

If the cooperative's total receipts (line 1a plus lines 4 through 9) for the tax year and its total assets at the end of the tax year are less than \$250,000, the cooperative is not required to complete Schedule G. See Schedule K, Question 14.

Cooperatives are required to allocate income and deductions between patronage and nonpatronage business. If the transaction producing the income merely enhances the overall profitability of the cooperative, being merely incidental to the cooperative's operation, the

income is from a nonpatronage source. But if the source of income or loss is from an activity that is an integral part of the cooperative's business (such as inventory), then the source may be patronage.

Special rules also apply if a cooperative has acquired the assets of another cooperative under a section 381(a) transaction. Cooperatives may elect to net earnings against losses under section 1388(j) and still be eligible for tax-exempt treatment.

### Line 6a

For agricultural and horticultural cooperatives only, special rules apply in determining and reporting the section 199A(g) deduction. See the instructions for [line 22](#). Also, see the Instructions for Form 8903.

### Line 8, Columns (a) and (b)

Complete Schedule H before entering an amount on this line. Allocate the amount on Schedule H, line 5, between patronage and nonpatronage. Only farmers' cooperatives exempt under section 521 are allowed to take a deduction in column (b) for nonpatronage distributions under section 1382(c).

### Line 9a, Columns (a) and (b)

Compute and carry back or carry over patronage and nonpatronage NOLs separately. Under section 1388(j)(1), cooperatives can use losses from one or more allocation units to offset earnings of one or more other allocation units, as permitted by their bylaws, but only to the extent that the earnings and losses are from business done with or for patrons. If a cooperative exercises this option, it must provide the information specified in section 1388(j)(3) in a written notice to its patrons.

### Line 9b, Columns (a) and (b)

Allocate the amount of total special deductions reported on Schedule C, line 24, between patronage and nonpatronage business.

### Line 10, Columns (a) and (b)

The taxable income reported on line 27, may not be less than the nonpatronage taxable income shown in Schedule G, line 10, column (b).

### Line 11, Column (a)

Combine columns (a) and (b) of line 10.

**Note:** Any patronage-source losses (line 10, column (a)) cannot be used to offset nonpatronage income (line 10, column (b)).

### Line 12, Column (a)

Enter any unused patronage loss from line 10, column (a).

### Line 13, Column (b)

Enter any unused nonpatronage loss from line 10, column (b).

## Schedule H. Deductions and Adjustments Under Section 1382

### Line 1. Dividends Paid on Capital Stock (Section 521 Cooperatives Only)

Enter the amount actually or constructively paid as dividends during the tax year on:

- Common stock (whether voting or nonvoting),
- Preferred stock,
- Capital retain certificates,
- Revolving fund certificates,
- Letters of advice, or
- Other documentary evidence of a proprietary interest in the cooperative association.

See Regulations section 1.1382-3(b) for more information.

### Line 2. Nonpatronage Income Allocated to Patrons (Section 521 Cooperatives Only)

Enter nonpatronage income allocated to patrons. Payment may be in:

- Money,
- Qualified written notices of allocation, or
- Other property (except nonqualified written notices of allocation).

The amounts must be paid during the payment period that begins on the 1st day of the tax year and ends on the 15th day of the 9th month after the end of the tax year in which the income was earned.

**Nonpatronage income.** Nonpatronage income includes incidental income from sources not directly related to:

- Marketing, purchasing, or service activities of the cooperative; or
- Income from business done with or for the U.S. Government, or any of its agencies.

See the instructions for [line 3b](#) for a definition of “qualified written notice of allocation.” See section 1382(c)(2)(B) for deductibility of amounts paid in redemption of nonqualified written notices of allocation. See section 1388(d) for a definition of a nonqualified written notice of allocation.

### Line 3. Patronage Dividends

To be deductible, patronage dividends must be paid during the payment period that begins on the 1st day of the tax year in which the patronage occurs and ends on the 15th day of the 9th month after the end of that tax year.

See sections 1382(e) and (f) for special rules for the time when patronage occurs if products are marketed under a pooling arrangement or if earnings are includible in the gross income of the cooperative for a tax year after the year in which the patronage occurred.

Patronage dividends include any amount paid to a patron by a cooperative based on the quantity or value of business done with or for that patron under a pre-existing obligation to pay that amount. The amount is determined by reference to the net earnings of the organization from business done with or for its patrons.

**Note:** Net earnings are not reduced by dividends paid on capital stock of the organization if there is a legally enforceable agreement that such dividends are in addition to amounts otherwise payable to patrons derived from business done with or for patrons.

Patronage dividends may be paid in:

- Money;
- Qualified written notices of allocation; or
- Other property (except nonqualified written notices of allocation).

**Line 3b. Qualified written notices of allocation.** A written notice of allocation means:

- Any capital stock;
- Revolving fund certificate;
- Retain certificate;
- Certificate of indebtedness;
- Letter of advice; or
- Other written notice, that states the dollar amount allocated to the patron by the cooperative and the part, if any, that is a patronage dividend.

In general, a qualified written notice of allocation is a written notice of allocation that is:

- Paid as part of a patronage dividend, in money or by qualified check equal to at least 20% of the patronage dividend, and
- One of the following conditions is met.

1. The patron must have at least 90 days from the date the written notice of allocation is paid to redeem it in cash and must receive written notice of the right of redemption at the time the patron receives the allocation.

2. The patron must agree to have the allocation treated as constructively received and reinvested in the cooperative. See section 1388(c)(2) and the related regulations for information on how this consent must be made.

**Line 3d. Nonqualified written notices of allocation.** If a written notice of allocation does not qualify, no deduction is allowable at the time it is issued. However, the cooperative is entitled to a deduction or refund of tax when the nonqualified written notice of allocation is finally redeemed if that notice was paid as a patronage dividend during the payment period for the tax year during which the patronage occurred. The deduction or refund is allowed, but only to the extent that amounts paid to redeem the nonqualified written notices of allocation are paid in money or other property (other than written notices of allocation) that do not exceed the stated dollar amounts of the nonqualified written notices of allocation. See section 1382(b) and Regulations sections 1.1382-2 and 1383.

Section 1383 provides special rules for figuring the cooperative's tax in the year nonqualified written notices of allocation are redeemed. See Regulations section 1.1383-3 and the instructions for [line 30g](#), for the adjustment, if any, to report on line 30g.

Amounts paid to patrons are not patronage dividends if paid:

- 1. Out of earnings not from business done with or for patrons;

2. Out of earnings from business done with or for other patrons to whom no amounts or smaller amounts are paid for substantially identical transactions;

3. To redeem capital stock, certificates of indebtedness, revolving fund certificates, retain certificates, letters of advice, or other similar documents; or

4. Without reference to the net earnings of the cooperative organization from business done with or for its patrons.

**Line 4. Section 199A(g) deduction allocated to patrons.** For agricultural and horticultural cooperatives only, cooperatives engaged in the marketing or manufacture, production, growth, or extraction of agricultural or horticultural products may be eligible to compute a deduction under section 199A(g). See the instructions for [line 22](#).

An agricultural or horticultural cooperative, as defined in section 199A(g), must reduce its section 1382 deduction by the amount of the section 199A(g) deduction that was passed through to patrons.

**Note:** Only include on line 4 the portion of the section 199A(g) deduction attributable to the qualified payments reported on this schedule. Marketing cooperatives that distribute patronage as per-unit retain allocations must attach a statement showing the amount of the section 199A(g) deduction attributable to the per-unit retain allocations.

## Schedule J. Tax Computation

### Line 1 Chapter 1 Taxes

**Line 1a. Income tax.** Multiply taxable income (line 27) by 21% (0.21). Enter this amount on line 1a.

**Line 1b. Section 1291 tax from Form 8621.** If the cooperative was a shareholder in a PFIC and received an excess distribution or disposed of its investment in the PFIC during the year, enter on line 1b the increase in taxes due under section 1291(c)(2) from Form 8621.

Do not include on line 1b any interest due under section 1291(c)(3). Instead, include the amount of interest owed on Schedule J, line 8z.

For more information on reporting the deferred tax and interest, see the Instructions for Form 8621.

**Line 1c. Tax adjustments from Form 8978.** If the cooperative is filing Form 8978, Partner's additional Reporting Year Tax, to report adjustments shown on Form 8986, Push Out to Partner's under IRC 6226(a)(2), they received from partnerships that have been audited and have elected to push out imputed underpayments to their partners, include any increase in taxes due (positive amount) from Form 8978, line 14, on Form 1120-C, Schedule J, line 1c. Attach Form 8978. If Form 8978, line 14, shows a decrease in tax, see [Line 5z](#), later.

**Line 1d. Base erosion minimum tax from Form 8991.** If the cooperative had gross receipts of at least \$500 million in any 1 of the 3 tax years preceding the current tax year, complete and attach Form 8991, Base Erosion

Minimum Tax. Enter on line 1d the amount from Form 8991, Part IV, line 5e. See section 59A and the Instructions for Form 8991. Also, see Schedule K, [Question 16](#), later.

**Line 1e. Amount from Form 4255, Part I, line 3, column (q).** Enter on line 1e the tax that can be reduced by nonrefundable credits from Form 4255, Certain Credit Recapture, Excessive Payments, and Penalties, Part I, line 3, column (q), if applicable. See the Instructions for Form 4255.

**Line 1z. Other chapter 1 tax.** Enter on line 1z any other chapter 1 tax that can be offset or reduced by nonrefundable credits such as the foreign tax credit or general business credit.

### Line 3. Corporate Alternative Minimum Tax

Enter on line 3 the amount from Form 4626, Alternative Minimum Tax-Corporations, Part II, line 13, if applicable. See the Instructions for Form 4626.

### Line 5. Tax Credits

**Line 5a. Foreign tax credit.** To find out when a cooperative can take the credit for payment of income tax to a foreign country or U.S. territory, see Form 1118, Foreign Tax Credit—Corporations.

**Line 5b. Credit from Form 8834.** Enter any qualified electric vehicle passive activity credits from prior years allowed for the current tax year from Form 8834, Qualified Electric Vehicle Credit, line 7. Attach Form 8834.

**Line 5c. General business credit.** Use Form 3800, General Business Credit, to claim any general business credits. Enter on line 5c the allowable credit from Form 3800, Part II, line 38. See the Instructions for Form 3800.

**Elective allocations of credits to patrons of subchapter T cooperatives.** The cooperative may elect to allocate any or all of certain credits among the patrons based on the quantity or value of business done with or for such patrons. This includes the following, if applicable.

- Biofuel producer credit (Form 6478).
- Renewable electricity, refined coal, and Indian coal production credit (Form 8835).
- Biodiesel, renewable diesel, or sustainable aviation fuels credit (Form 8864).
- Low sulfur diesel fuel production credit (Form 8896).

For the allocation to take effect, the cooperative must designate the apportionment in a written notice mailed to its patrons before the due date of the cooperative's return. The credit amount allocated to patrons cannot be included on line 5c. Once made, the election cannot be revoked. For more information, see the instructions for the applicable credit form. Also, see the Instructions for Form 3800. For tax associated with a decrease in the credit allocated to patrons, see [Line 8z](#), later.

**Required allocations of credits to patrons of subchapter T cooperatives.** Any excess of the certain credits that are not used by the cooperative because of the tax liability limitation **must** be passed through to the patrons. This includes the following credits, if applicable.



- Investment credit (Form 3468).
- Work opportunity credit (Form 5884).
- Empowerment zone employment credit (Form 8844).
- Indian employment credit (Form 8845).
- Credit for employer differential wage payments (Form 8932).
- Credit for small employer health insurance premiums (Form 8941).

These credits cannot be carried back or over by the cooperative. See the applicable form and related instructions for details. For tax associated with a recapture of credit, see [Line 8z](#), later.

**Line 5d. Credit for prior year minimum tax.** Enter any allowable credit from Form 8827, Credit for Prior Year Minimum Tax—Corporations, line 11. Complete and attach Form 8827.

**Line 5e. Bond credits.** Enter allowable credits from Form 8912, Credit to Holders of Tax Credit Bonds, line 12.

**Line 5z. Other.** Include any other applicable credits. Attach a statement showing the computation of each item included in the total for line 5z and identify the applicable Code section and the type of credit.

**Decrease attributable to partner's audit liability under section 6226.** If the cooperative is filing Form 8978 to report adjustments shown on Form 8986 they received from partnerships which have been audited and have elected to push out imputed underpayments to their partners, include any decrease in taxes due (negative amount) from Form 8978, line 14, on Form 1120-C, Schedule J, line 5z. Attach Form 8978. If Form 8978, line 14, shows an increase in tax, see the instructions for Schedule J, [line 1c](#), earlier.

## Line 6. Total Credits

Add lines 5a through 5e. Enter the total on line 6.

## Line 8. Other Taxes and Interest

Include the following taxes and interest on lines 8a through 8z. Enter the total on line 9.

**Line 8a. Amount from Form 4255, Part I, line 3, column (r).** Enter on line 8a the tax that cannot be reduced by nonrefundable credits from Form 4255, Part I, line 3, column (r), if applicable. See the Instructions for Form 4255.

**Line 8b. Recapture of low-income housing credit.** If the cooperative disposed of property (or there was a reduction in the qualified basis of the property) for which it took the low-income housing credit, and the cooperative did not follow the procedures that would have prevented recapture of the credit, it may owe a tax. See Form 8611, Recapture of Low-Income Housing Credit.

**Line 8c. Alternative tax on qualifying shipping activities.** Enter any alternative tax on qualifying shipping activities from Form 8902. Check the box for Form 8902.

**Line 8z. Other.** Include on line 8z any additional taxes and interest such as the following. Attach a statement showing the computation of each item included in the total for line 8z and identify the applicable Code section and the type of tax or interest.

- Recapture of Indian employment credit. Generally, if an employer terminates the employment of a qualified employee less than 1 year after the date of initial employment, any Indian employment credit allowed for a prior tax year because of wages paid or incurred to that employee must be recaptured. For details, see Form 8845, Indian Employment Credit, and section 45A.
- Recapture of new markets credit (see Form 8874, New Markets Credit, and Form 8874-B, Notice of Recapture Event for New Markets Credit).
- Recapture of employer-provided childcare facilities and services credit (see Form 8882).
- Interest on deferred tax attributable to (a) installment sales of certain timeshares and residential lots (section 453(l)(3)) and (b) certain nondealer installment obligations (section 453A(c)).
- Interest due on deferred gain (section 1260(b)).
- Interest due under section 1291(c)(3). See Form 8621 and the Instructions for Form 8621.

**Recapture of elective allocation of credit to patrons.** If the amount of any of the following elective credits apportioned to any patron is decreased, there is a tax imposed on the cooperative, **not** the patron.

- Biofuel producer credit (Form 6478). See section 40(g)(6)(B)(iii).
- Renewable electricity, refined coal, and Indian coal production credit (Form 8835). See section 45(e)(11)(C).
- Biodiesel, renewable diesel, or sustainable aviation fuels credit (Form 8864). See section 40A(e)(6)(B)(iii).
- Low sulfur diesel fuel production credit (Form 8896). See section 45H(f)(3).

For details on the recapture of the credits, see the instructions for the applicable form.

**Recapture of required excess credit allocated to patrons.** If the cooperative allocated excess credit to patrons, any credit recapture applies as if the cooperative had claimed the entire credit. For details, see section 46(h) (as in effect prior to enactment of the Revenue Reconciliation Act of 1990). This applies to the following credits.

- Investment credit (Form 3468).
- Work opportunity credit (Form 5884).
- Empowerment zone employment credit (Form 8844).
- Indian employment credit (Form 8845).
- Credit for small employer health insurance premiums (Form 8941).
- Credit for employer differential wage payments (Form 8932).

## Line 10. Deferred Taxes

**Line 10a. Total tax before deferred tax.** Add lines 7 and 9. Enter the total on line 10a. Include any deferred tax on the termination of a section 1294 election applicable to shareholders in a QEF in the amount entered on line 10a. See the instructions for Form 8621 Part VI.

**Line 10b. Deferred tax on undistributed earnings of a QEF.** Enter on line 10b any deferred tax on the cooperative's share of undistributed earnings of a QEF. See the instructions for Form 8621, Part III.

**Line 10z. Other deferred taxes.** Enter on line 10z any other deferred taxes. Attach a statement showing the

computation of each item included. Specify the applicable Code section, type of tax, and the amount of the tax.

## Schedule K. Other Information

Complete all items that apply to the cooperative.

### Item 2

See the list of [Principal Business Activity Codes](#), later. Using the list of codes and activities, determine from which activity the cooperative derives the highest percentage of its total receipts. Enter on lines 2a, 2b, and 2c the principal business activity code number, the cooperative's business activity, and a description of the principal product or service of the cooperative. For nonstore retailers, select the principal business activity (PBA) code by the primary product that your establishment sells. For example, establishments primarily selling prescription and nonprescription drugs, select PBA code 456110 Pharmacies & Drug Retailers.

### Question 5

Check the "Yes" box for Question 5 if:

- The cooperative is a subsidiary in an affiliated group (defined later) but is not filing a consolidated return for the tax year with that group, or
- The cooperative is a subsidiary in a parent-subsidiary controlled group. For a definition of a parent-subsidiary controlled group, see the Instructions for the Schedule O (Form 1120).

Any cooperative that meets either of the requirements above should check the "Yes" box. This applies even if the cooperative is a subsidiary member of one group and the parent corporation of another.

**Note:** If the cooperative is an "excluded member" of a controlled group (see definition in the Instructions for Schedule O (Form 1120)), it is still considered a member of a controlled group for this purpose.

**Affiliated group.** An affiliated group is one or more chains of includible corporations (as defined in section 1504(b)) connected through stock ownership with a common parent corporation. See section 1504(a). The common parent must be an includible corporation and the following requirements must be met.

1. The common parent must own directly stock that represents at least 80% of the total voting power and at least 80% of the total value of the stock of at least one of the other includible corporations.
2. Stock that represents at least 80% of the total voting power and at least 80% of the total value of the stock of each of the other corporations (except for the common parent) must be owned directly by one or more of the other includible corporations.

For this purpose, the term "stock" generally does not include any stock that (a) is nonvoting, (b) is nonconvertible, (c) is limited and preferred as to dividends and does not participate significantly in corporate growth, and (d) has redemption and liquidation rights that do not exceed the issue price of the stock (except for a reasonable redemption or liquidation premium). See section 1504(a)(4).

### Item 7

Enter the cooperative's total assets (as determined by the accounting method regularly used in keeping the cooperative's books and records) at the end of the tax year. If there are no assets at the end of the tax year, enter -0-.

If the cooperative is required to complete Schedule L, enter total assets from Schedule L, line 13, column (d). If filing a consolidated return, report total consolidated assets for all cooperatives and corporations joining in the return.

### Question 8

Check the "Yes" box if one foreign person owned at least 25% of (a) the total voting power of all classes of stock of the cooperative entitled to vote or (b) the total value of all classes of stock of the cooperative.

The constructive ownership rules of section 318 apply in determining if a cooperative is foreign owned. See section 6038A(c)(5) and the related regulations.

If the cooperative checked "Yes," enter on line 8a the percentage owned by the foreign person specified in Question 8. On line 8b, enter the name of the owner's country.

**Note:** If there is more than one 25%-or-more foreign owner, complete lines 8a and 8b for the foreign person with the highest percentage of ownership.

**Foreign person.** The term "foreign person" means:

- An individual who is not a citizen or resident of the United States;
- An individual who is a citizen or resident of a U.S. territory who is not otherwise a citizen or resident of the United States;
- Any partnership, association, company, or corporation that is not created or organized in the United States;
- Any foreign estate or trust within the meaning of section 7701(a)(31); or
- A foreign government (or one of its agencies or instrumentalities) to the extent that it is engaged in the conduct of a commercial activity, as described in section 892.

However, the term "foreign person" does not include any foreign person who consents to the filing of a joint U.S. income tax return.

**Owner's country.** For individuals, the term "owner's country" means the country of residence. For all others, it is the country where incorporated, organized, created, or administered.

**Requirement to file Form 5472.** If the cooperative checked "Yes," it may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Generally, a 25% foreign-owned cooperative that had a reportable transaction with a foreign or domestic related party during the tax year must file Form 5472. See the Instructions for Form 5472 for filing instructions and penalties for failure to file.

**Item 10**

Show any tax-exempt interest received or accrued. Include any exempt-interest dividends received as a shareholder in a mutual fund or other RIC. Also, if required, include the same amount on Schedule M-1, line 7 (or Schedule M-3 (Form 1120), Part II, line 13, if applicable).

**Item 12**

Generally, if the cooperative has an NOL for tax year 2025, it can elect to waive the entire carryback period for the NOL and instead carry the NOL forward to future tax years. To do so, check the box in item 12 and file the tax return by its due date, including extensions. Do not attach the statement described in Temporary Regulations section 301.9100-12T. Generally, once made, the election is irrevocable.

If the cooperative timely filed its return for the loss year without making the election, it can make the election on an amended return filed within 6 months of the due date of the loss year return (excluding extensions). Attach the election to the amended return and write "Filed pursuant to section 301.9100-2" on the election statement. See the Instructions for Form 1139.

Cooperatives filing a consolidated return that elect to waive the entire carryback period for the group must check the box in Item 12 and attach the statement required by Regulations section 1.1502-21(b)(3) or the election will not be valid.

**Item 13**

Enter the amount of the NOL carryover to the tax year from prior years, even if some of the loss is used to offset income on this return. The amount to enter is the total of all NOLs generated in prior years but not used to offset income (either as a carryback or carryover) in a tax year prior to 2025. Do not reduce the amount by any NOL deduction reported on line 26a.

**Question 16**

If the cooperative had gross receipts of at least \$500 million in any 1 of the 3 preceding tax years, complete Form 8991 and attach it to this return. For this purpose, the cooperative's gross receipts include the gross receipts of all persons aggregated with the cooperative, as specified in section 59A(e)(3). See the Instructions for Form 8991 to determine if the cooperative is subject to the base erosion minimum tax.

**Question 17**

The limitation on business interest expense applies to every taxpayer with a trade or business, unless the taxpayer meets certain specified exceptions. A taxpayer may elect out of the limitation for certain businesses otherwise subject to the business interest expense limitation. See [Question 18](#), later. Also, see the Instructions for Form 8990.

Certain real property trades or businesses and farming businesses qualify to make an election not to limit business interest expense. This is an irrevocable election. If you make this election, you are required to use the alternative depreciation system to depreciate any

nonresidential real property, residential rental property, and qualified improvement property for an electing real property trade or business and any property with a recovery period of 10 years or more for an electing farming business. See section 168(g)(1). Also, you are not entitled to the special depreciation allowance for that property. For a taxpayer with more than one qualifying business, the election is made with respect to each business.

Check "Yes" if the taxpayer has an election in effect to exclude a real property trade or business or a farming business from section 163(j). For more information, see the Instructions for Form 8990.

**Question 18**

Generally, a taxpayer with a trade or business must file Form 8990 to claim a deduction for business interest. In addition, Form 8990 must be filed by any taxpayer that owns an interest in a partnership with current-year or prior-year carryover excess business interest expense allocated from the partnership.

**Exclusions from filing.** A taxpayer is not required to file Form 8990 if the taxpayer is a small business taxpayer (defined below) and does not have excess business interest expense from a partnership. A taxpayer is also not required to file Form 8990 if the taxpayer only has business interest expense from the following excepted trades or businesses.

- An electing real property trade or business.
- An electing farming business.
- Certain utility businesses.

**Small business taxpayer.** A small business taxpayer is not subject to the business interest expense limitation and is not required to file Form 8990. A small business taxpayer is a taxpayer that (a) is not a tax shelter (as defined in section 448(d)(3) and (b) meets the gross receipts test of section 448(c), discussed next.

**Gross receipts test.** For 2025, a taxpayer meets the gross receipts test if the taxpayer has average annual gross receipts of \$31 million or less for the 3 prior tax years. A taxpayer's average annual gross receipts for the 3 prior tax years is determined by adding the gross receipts for the 3 prior tax years and dividing the total by 3. Gross receipts include the aggregate gross receipts from all persons treated as a single employer, such as a controlled group of corporations, commonly controlled partnerships, or proprietorships, and affiliated service groups. See section 448(c) and the Instructions for Form 8990 for additional information.

**Question 19**

If the cooperative is a member of a controlled group, check the "Yes" box. Complete and attach Schedule O (Form 1120), Consent Plan and Apportionment Schedule for a Controlled Group. Component members of a controlled group must use Schedule O to report the apportionment of certain tax benefits between the members of the group. See Schedule O and the Instructions for Schedule O for more information.



**Question 20**

Check the appropriate boxes to indicate if the cooperative is required to file Form 4626. If the cooperative does not meet the requirements of the safe harbor method, as provided under Proposed Regulations section 1.59-2(g) (2) or Notice 2025-27, Form 4626 must be completed and attached to the cooperative's return. See the Instructions for Form 4626.

Corporations that qualify for a corporate alternative minimum tax (CAMT) safe harbor should indicate "Yes" to Question 20(c) and are not required to file Form 4626. Corporations generally qualify for the CAMT safe harbor if the corporation's average annual adjusted financial statement income (AFSI) for the 3 preceding tax years is less than \$800 million. Special rules apply to members of a controlled group treated as a single employer with the corporation under section 52(a) or (b) or members of a Foreign-Parented Multinational Group.

## Schedule L. Balance Sheets per Books

The balance sheets should agree with the cooperative's books and records.

Cooperatives with total receipts (line 1a plus lines 4 through 9) **and** total assets at the end of the tax year less than \$250,000 are not required to complete Schedules L, M-1, and M-2 if the "Yes" box on Schedule K, Question 14, is checked.

Cooperatives with total assets nonconsolidated (or consolidated for all cooperatives and corporations included within the consolidated tax group) of \$10 million or more on the last day of the tax year must file Schedule M-3 (Form 1120). However, see the instructions for [Schedule M-1](#), later. See the separate Instructions for Schedule M-3 (Form 1120) for provisions that also affect Schedule L.

If filing a consolidated return, report total consolidated assets, liabilities, and shareholders' equity for all cooperatives and corporations joining in the return. See [Consolidated return](#), earlier.

**Line 1. Cash**

Include certificates of deposit as cash on this line.

**Line 5. Investments**

Include on this line:

- State and local government obligations, the interest on which is excludable from gross income under section 103(a); and
- Stock in a mutual fund or other RIC that distributed exempt-interest dividends during the tax year of the cooperative.

**Line 26. Adjustments to Shareholders' Equity**

Some examples of adjustments to report on this line include:

- Unrealized gains and losses on securities held "available for sale,"
- Foreign currency translation adjustments,
- The excess of additional pension liability over unrecognized prior service cost,

- Guarantees of employee stock (ESOP) debt.
- Compensation related to employee stock award plans.

If the total adjustment to be entered on line 26 is a negative amount, enter the amount in parentheses.

## Schedule M-1. Reconciliation of Income (Loss) per Books With Income per Return

In completing Schedule M-1, the following apply.

- Cooperatives with total receipts (line 1a plus lines 4 through 9) **and** total assets at the end of the tax year less than \$250,000 are not required to complete Schedules L, M-1, and M-2 if the "Yes" box on Schedule K, Question 14, is checked.
- Cooperatives with total assets nonconsolidated (or consolidated for all cooperatives/corporations included with the tax consolidation group) of \$10 million or more on the last day of the tax year must file Schedule M-3 (Form 1120) instead of Schedule M-1.
- A cooperative filing Form 1120-C that is not required to file Schedule M-3 (Form 1120) may voluntarily file Schedule M-3 instead of Schedule M-1. See the Instructions for Schedule M-3 (Form 1120) for more information.
- Cooperatives that (a) are required to file Schedule M-3 (Form 1120) and have less than \$50 million total assets at the end of the tax year or (b) are not required to file Schedule M-3 (Form 1120) and voluntarily file Schedule M-3 (Form 1120) must either (i) complete Schedule M-3 (Form 1120) entirely, or (ii) complete Schedule M-3 (Form 1120) through Part I and complete Form 1120-C, Schedule M-1 instead of completing Parts II and III of Schedule M-3 (Form 1120). If the cooperative chooses to complete Schedule M-1, instead of completing Parts II and III of Schedule M-3, the amount on Schedule M-1, line 1, must equal the amount on Schedule M-3, Part I, line 11. See the Instructions for Schedule M-3 (Form 1120) for more information.

**Line 5c. Travel and Entertainment**

Include any of the following if applicable.

- Meal expenses not deductible under section 274(n).
- Entertainment expenses not deductible under section 274(a).
- Qualified transportation fringes not deductible under section 274(a)(4).
- Expenses for the use of an entertainment facility.
- The part of business gifts over \$25.
- Expenses of an individual over \$2,000 that are allocable to conventions on cruise ships.
- Employee achievement awards of nontangible property or of tangible property over \$400 (\$1,600 if part of a qualified plan).
- Nondeductible club dues.
- The part of luxury water travel expenses not deductible under section 274(m).
- Expenses for travel as a form of education.
- Other nondeductible travel and entertainment expenses.

**Line 7. Tax-Exempt Interest**

Report any tax-exempt interest received or accrued, including any exempt-interest dividends received as a shareholder in a mutual fund or other RIC. Also, report this same amount on Schedule K, Item 10.

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**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for business taxpayers filing this form is approved under OMB control number 1545-0123 and is included in the estimates shown in the instructions for their business income tax return.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments through [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or write to the Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do **not** send Form 1120-C to this address. Instead, see [Where To File](#), earlier.

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**Form 1120-C****Principal Business Activity Codes**

This list of principal business activities and their associated codes is designed to classify an enterprise by the type of activity in which it is engaged to facilitate the administration of the Internal Revenue Code. These principal business activity codes are based on the North American Industry Classification System.

Using the list of activities and codes below, determine from which activity the company derives the largest percentage of its "total receipts." Total receipts is defined as the sum of gross receipts or sales (line 1a) plus all other income (lines 4 through 10). If the company purchases raw materials and supplies them to a subcontractor to produce the finished product, but retains title to the product, the company is considered a

manufacturer and must use one of the manufacturing codes (31110–339900).

Once the principal business activity is determined, entries must be made on Form 1120-C, Schedule K, lines 2a, 2b, and 2c. On line 2a, enter the six-digit code selected from the list below. On line 2b, enter the company's business activity. On line 2c, enter a brief description of the principal product or service of the company.

<b>Agriculture, Forestry, Fishing, and Hunting</b> <b>Crop Production</b> 111100 Oilseed & Grain Farming 111210 Vegetable & Melon Farming (including potatoes & yams) 111300 Fruit & Tree Nut Farming 111400 Greenhouse, Nursery, & Floriculture Production 111900 Other Crop Farming (including tobacco, cotton, sugarcane, hay, peanut, sugar beet, & all other crop farming) <b>Animal Production</b> 112111 Beef Cattle Ranching & Farming 112112 Cattle Feedlots 112120 Dairy Cattle & Milk Production 112210 Hog & Pig Farming 112300 Poultry & Egg Production 112400 Sheep & Goat Farming 112510 Aquaculture (including shellfish & finfish farms & hatcheries) 112900 Other Animal Production <b>Forestry and Logging</b> 113110 Timber Tract Operations 113210 Forest Nurseries & Gathering of Forest Products 113310 Logging <b>Fishing, Hunting, and Trapping</b> 114110 Fishing 114210 Hunting & Trapping <b>Support Activities for Agriculture and Forestry</b> 115110 Support Activities for Crop Production (including cotton ginning, soil preparation, planting, & cultivating) 115210 Support Activities for Animal Production (including farriers) 115310 Support Activities for Forestry <b>Mining</b> 211120 Crude Petroleum Extraction 211130 Natural Gas Extraction 212110 Coal Mining 212200 Metal Ore Mining 212310 Stone Mining & Quarrying 212320 Sand, Gravel, Clay, & Ceramic & Refractory Minerals Mining & Quarrying 212390 Other Nonmetallic Mineral Mining & Quarrying 213110 Support Activities for Mining <b>Utilities</b> 221100 Electric Power Generation, Transmission & Distribution 221210 Natural Gas Distribution 221300 Water, Sewage, & Other Systems 221500 Combination Gas & Electric <b>Construction</b> <b>Construction of Buildings</b> 236110 Residential Building Construction 236200 Nonresidential Building Construction <b>Heavy and Civil Engineering Construction</b> 237100 Utility System Construction 237210 Land Subdivision	237310 Highway, Street, & Bridge Construction 237990 Other Heavy & Civil Engineering Construction <b>Specialty Trade Contractors</b> 238100 Foundation, Structure, & Building Exterior Contractors (including framing carpentry, masonry, glass, roofing, & siding) 238210 Electrical Contractors 238220 Plumbing, Heating, & Air-Conditioning Contractors 238290 Other Building Equipment Contractors 238300 Building Finishing Contractors (including drywall, insulation, painting, wall covering, flooring, tile, & finished carpentry) 238900 Other Specialty Trade Contractors (including site preparation) <b>Manufacturing</b> <b>Food Manufacturing</b> 311110 Animal Food Mfg 311200 Grain & Oilseed Milling 311300 Sugar & Confectionery Product Mfg 311400 Fruit & Vegetable Preserving & Specialty Food Mfg 311500 Dairy Product Mfg 311610 Animal Slaughtering & Processing 311710 Seafood Product Preparation & Packaging 311800 Bakeries, Tortilla, & Dry Pasta Mfg 311900 Other Food Mfg (including coffee, tea, flavorings, & seasonings) <b>Beverage and Tobacco Product Manufacturing</b> 312110 Soft Drink & Ice Mfg 312120 Breweries 312130 Wineries 312140 Distilleries 312200 Tobacco Manufacturing <b>Textile Mills and Textile Product Mills</b> 313000 Textile Mills 314000 Textile Product Mills <b>Apparel Manufacturing</b> 315100 Apparel Knitting Mills 315210 Cut & Sew Apparel Contractors 315250 Cut & Sew Apparel Mfg (except Contractors) 315990 Apparel Accessories & Other Apparel Mfg <b>Leather and Allied Product Manufacturing</b> 316110 Leather & Hide Tanning & Finishing 316210 Footwear Mfg (including rubber & plastics) 316990 Other Leather & Allied Product Mfg <b>Wood Product Manufacturing</b> 321110 Sawmills & Wood Preservation 321210 Veneer, Plywood, & Engineered Wood Product Mfg 321900 Other Wood Product Mfg	<b>Paper Manufacturing</b> 322100 Pulp, Paper, & Paperboard Mills 322200 Converted Paper Product Mfg <b>Printing and Related Support Activities</b> 323100 Printing & Related Support Activities <b>Petroleum and Coal Products Manufacturing</b> 324110 Petroleum Refineries (including integrated) 324120 Asphalt Paving, Roofing, & Saturated Materials Mfg 324190 Other Petroleum & Coal Products Mfg <b>Chemical Manufacturing</b> 325100 Basic Chemical Mfg 325200 Resin, Synthetic Rubber, & Artificial & Synthetic Fibers & Filaments Mfg 325300 Pesticide, Fertilizer, & Other Agricultural Chemical Mfg 325410 Pharmaceutical & Medicine Mfg 325500 Paint, Coating, & Adhesive Mfg 325600 Soap, Cleaning Compound, & Toilet Preparation Mfg 325900 Other Chemical Product & Preparation Mfg <b>Plastics and Rubber Products Manufacturing</b> 326100 Plastics Product Mfg 326200 Rubber Product Mfg <b>Nonmetallic Mineral Product Manufacturing</b> 327100 Clay Product & Refractory Mfg 327210 Glass & Glass Product Mfg 327300 Cement & Concrete Product Mfg 327400 Lime & Gypsum Product Mfg 327900 Other Nonmetallic Mineral Product Mfg <b>Primary Metal Manufacturing</b> 331110 Iron & Steel Mills & Ferroalloy Mfg 331200 Steel Product Mfg from Purchased Steel 331310 Alumina & Aluminum Production & Processing 331400 Nonferrous Metal (except Aluminum) Production & Processing 331500 Foundries <b>Fabricated Metal Product Manufacturing</b> 332110 Forging & Stamping 332210 Cutlery & Handtool Mfg 332300 Architectural & Structural Metals Mfg 332400 Boiler, Tank, & Shipping Container Mfg 332510 Hardware Mfg 332610 Spring & Wire Product Mfg 332700 Machine Shops; Turned Product; & Screw, Nut, & Bolt Mfg 332810 Coating, Engraving, Heat Treating, & Allied Activities 332900 Other Fabricated Metal Product Mfg <b>Machinery Manufacturing</b> 333100 Agriculture, Construction, & Mining Machinery Mfg 333200 Industrial Machinery Mfg	333310 Commercial & Service Industry Machinery Mfg 333410 Ventilation, Heating, Air-Conditioning, & Commercial Refrigeration Equipment Mfg 333510 Metalworking Machinery Mfg 333610 Engine, Turbine, & Power Transmission Equipment Mfg 333900 Other General Purpose Machinery Mfg <b>Computer and Electronic Product Manufacturing</b> 334110 Computer & Peripheral Equipment Mfg 334200 Communications Equipment Mfg 334310 Audio & Video Equipment Mfg 334410 Semiconductor & Other Electronic Component Mfg 334500 Navigational, Measuring, Electromedical, & Control Instruments Mfg 334610 Manufacturing & Reproducing Magnetic & Optical Media <b>Electrical Equipment, Appliance, and Component Manufacturing</b> 335100 Electric Lighting Equipment Mfg 335200 Household Appliance Mfg 335310 Electrical Equipment Mfg 335900 Other Electrical Equipment & Component Mfg <b>Transportation Equipment Manufacturing</b> 336100 Motor Vehicle Mfg 336210 Motor Vehicle Body & Trailer Mfg 336300 Motor Vehicle Parts Mfg 336410 Aerospace Product & Parts Mfg 336510 Railroad Rolling Stock Mfg 336610 Ship & Boat Building 336990 Other Transportation Equipment Mfg <b>Furniture and Related Product Manufacturing</b> 337000 Furniture & Related Product Manufacturing <b>Miscellaneous Manufacturing</b> 339110 Medical Equipment & Supplies Mfg 339900 Other Miscellaneous Manufacturing <b>Wholesale Trade</b> <b>Merchant Wholesalers and Durable Goods</b> 423100 Motor Vehicle & Motor Vehicle Parts & Supplies 423200 Furniture & Home Furnishings 423300 Lumber & Other Construction Materials 423400 Professional & Commercial Equipment & Supplies 423500 Metal & Mineral (except Petroleum) 423600 Household Appliances & Electrical & Electronic Goods 423700 Hardware, Plumbing, Heating Equipment & Supplies 423800 Machinery, Equipment, & Supplies 423910 Sporting & Recreational Goods & Supplies 423920 Toy & Hobby Goods & Supplies

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423930 Recyclable Materials	<b>Gasoline Stations &amp; Fuel Dealers</b>	<b>Scenic &amp; Sightseeing Transportation</b>	<b>Activities Related to Credit Intermediation</b>
423940 Jewelry, Watch, Precious Stone, & Precious Metals	457100 Gasoline Stations (including convenience stores with gas)	487000 Scenic & Sightseeing Transportation	522300 Activities Related to Credit Intermediation (including loan brokers, check clearing, & money transmitting)
423990 Other Miscellaneous Durable Goods	457210 Fuel Dealers (including Heating Oil & Liquefied Petroleum)	<b>Support Activities for Transportation</b>	<b>Securities, Commodity Contracts, and Other Financial Investments and Related Activities</b>
<b>Merchant Wholesalers and Nondurable Goods</b>	<b>Clothing and Accessories Retailers</b>	488100 Support Activities for Air Transportation	523150 Investment Banking & Securities Intermediation
424100 Paper & Paper Products	458110 Clothing & Clothing Accessories Retailers	488210 Support Activities for Rail Transportation	523160 Commodity Contracts Intermediation
424210 Drugs & Druggists' Sundries	458210 Shoe Retailers	488300 Support Activities for Water Transportation	523210 Securities & Commodity Exchanges
424300 Apparel, Piece Goods, & Notions	458310 Jewelry Retailers	488410 Motor Vehicle Towing	523900 Other Financial Investment Activities (including portfolio management & investment advice)
424400 Grocery & Related Products	458320 Luggage & Leather Goods Retailers	488490 Other Support Activities for Road Transportation	<b>Insurance Carriers and Related Activities</b>
424500 Farm Product Raw Materials	<b>Sporting, Hobby, Book, Musical Instrument &amp; Miscellaneous Retailers</b>	488510 Freight Transportation Arrangement	524110 Direct Life, Health, & Medical Insurance Carriers
424600 Chemical & Allied Products	459110 Sporting Goods Retailers	488990 Other Support Activities for Transportation	524120 Direct Insurance (except Life, Health, & Medical) Carriers
424700 Petroleum & Petroleum Products	459120 Hobby, Toy, & Game Retailers	<b>Couriers and Messengers</b>	524210 Insurance Agencies & Brokerages
424800 Beer, Wine, & Distilled Alcoholic Beverages	459130 Sewing, Needlework, & Piece Goods Retailers	492110 Couriers & Express Delivery Services	524290 Other Insurance Related Activities (including third-party administration of insurance & pension funds)
424910 Farm Supplies	459140 Musical Instrument & Supplies Retailers	492210 Local Messengers & Local Delivery	<b>Funds, Trusts, and Other Financial Vehicles</b>
424920 Book, Periodical, & Newspapers	459210 Book Retailers & News Dealers (including newsstands)	<b>Warehousing and Storage</b>	525100 Insurance & Employee Benefit Funds
424930 Flower, Nursery Stock, & Florists' Supplies	459310 Florists	493100 Warehousing & Storage (except lessors of miniwarehouses & self-storage units)	525910 Form 1120-RIC, Open-End Investment Funds
424940 Tobacco Products & Electronic Cigarettes	459410 Office Supplies & Stationery Retailers	<b>Information</b>	525920 Trusts, Estates, & Agency Accounts
424950 Paint, Varnish, & Supplies	459420 Gift, Novelty, & Souvenir Retailers	<b>Publishing Industries</b>	525990 Other Financial Vehicles (including mortgage REITs & closed-end investment funds)
424990 Other Miscellaneous Nondurable Goods	459510 Used Merchandise Retailers	513110 Newspaper Publishers	<b>Real Estate, Rental, and Leasing</b>
<b>Wholesale Trade Agents &amp; Brokers</b>	459910 Pet & Pet Supplies Retailers	513120 Periodical Publishers	<b>Real Estate</b>
425120 Wholesale Trade Agents & Brokers	459920 Art Dealers	513130 Book Publishers	531110 Lessors of Residential Buildings & Dwellings (including equity REITs)
<b>Retail Trade</b>	459930 Manufactured (Mobile) Home Dealers	513140 Directory & Mailing List Publishers	531120 Lessors of Nonresidential Buildings (except Miniwarehouses) (including equity REITs)
<b>Motor Vehicle and Parts Dealers</b>	459990 All Other Miscellaneous Retailers (including tobacco, candle, & trophy retailers)	513190 Other Publishers	531130 Lessors of Miniwarehouses & Self-Storage Units (including equity REITs)
441110 New Car Dealers	<b>General Merchandise Retailers</b>	513210 Software Publishers	531190 Lessors of Other Real Estate Property (including equity REITs)
441120 Used Car Dealers	455110 Department Stores	<b>Motion Picture and Sound Recording Industries</b>	531210 Offices of Real Estate Agents & Brokers
441210 Recreational Vehicle Dealers	455210 Warehouse Clubs, Supercenters, & Other General Merch. Retailers	512100 Motion Picture & Video Industries (except video rental)	531310 Real Estate Property Managers
441222 Boat Dealers	<b>Nonstore Retailers</b>	512200 Sound Recording Industries	531320 Offices of Real Estate Appraisers
441227 Motorcycle, ATV, & All Other Motor Vehicle Dealers	Nonstore retailers sell all types of merchandise using such methods as Internet, mail-order catalogs, interactive television, or direct sales. These types of Retailers should select the PBA associated with their primary line of products sold. For example, establishments primarily selling prescription and nonprescription drugs, select PBA code 456110 Pharmacies & Drug Retailers.	<b>Broadcasting, Content Providers, &amp; Telecommunications</b>	531390 Other Activities Related to Real Estate
441300 Automotive Parts, Accessories, & Tire Retailers	<b>Transportation and Warehousing</b>	516100 Radio & Television Broadcasting Stations	<b>Rental and Leasing Services</b>
<b>Furniture and Home Furnishings Retailers</b>	<b>Air, Rail, and Water Transportation</b>	516210 Media Streaming, Social Networks, & Other Content Providers	532100 Automotive Equipment Rental & Leasing
449110 Furniture Retailers	481000 Air Transportation	517000 Telecommunications (including Wired, Wireless, Satellite, Cable & Other Program Distribution, Resellers, Agents, Other Telecommunications, & Internet Service Providers)	532210 Consumer Electronics & Appliances Rental
449121 Floor Covering Retailers	482110 Rail Transportation	<b>Data Processing, Web Search Portals, &amp; Other Information Services</b>	532281 Formal Wear & Costume Rental
449122 Window Treatment Retailers	483000 Water Transportation	518210 Computing Infrastructure Providers, Data Processing, Web Hosting, & Related Services	532282 Video Tape & Disc Rental
449129 All Other Home Furnishings Retailers	<b>Truck Transportation</b>	519200 Web Search Portals, Libraries, Archives, & Other Info. Services	532283 Home Health Equipment Rental
<b>Electronics and Appliance Retailers</b>	484110 General Freight Trucking, Local	<b>Finance and Insurance</b>	532284 Recreational Goods Rental
449210 Electronics & Appliance Retailers (including computers)	484120 General Freight Trucking, Long-distance	<b>Depository Credit Intermediation</b>	532289 All Other Consumer Goods Rental
<b>Building Material and Garden Equipment and Supplies Dealers</b>	484200 Specialized Freight Trucking	522110 Commercial Banking	532310 General Rental Centers
444110 Home Centers	<b>Transit and Ground Passenger Transportation</b>	522130 Credit Unions	532400 Commercial & Industrial Machinery & Equipment Rental & Leasing
444120 Paint & Wallpaper Retailers	485110 Urban Transit Systems	522180 Savings Institutions & Other Depository Credit Intermediation	<b>Lessors of Nonfinancial Intangible Assets (except copyrighted works)</b>
444140 Hardware Retailers	485210 Interurban & Rural Bus Transportation	<b>Nondepository Credit Intermediation</b>	533110 Lessors of Nonfinancial Intangible Assets (except copyrighted works)
444180 Other Building Material Dealers	485310 Taxi & Ridesharing Services	522210 Credit Card Issuing	
444200 Lawn & Garden Equipment & Supplies Retailers	485320 Limousine Service	522220 Sales Financing	
<b>Food and Beverage Retailers</b>	485410 School & Employee Bus Transportation	522291 Consumer Lending	
445110 Supermarkets & Other Grocery Retailers (except Convenience)	485510 Charter Bus Industry	522292 Real Estate Credit (including mortgage bankers & originators)	
445131 Convenience Retailers	485990 Other Transit & Ground Passenger Transportation	522299 Intl, Secondary Market, & Other Nondepos. Credit Intermediation	
445132 Vending Machine Operators	<b>Pipeline Transportation</b>		
445240 Meat Retailers	486000 Pipeline Transportation		
445250 Fish & Seafood Retailers			
445230 Fruit & Vegetable Retailers			
445291 Baked Goods Retailers			
445292 Confectionery & Nut Retailers			
445298 All Other Specialty Food Retailers			
445320 Beer, Wine, & Liquor Retailers			
<b>Health and Personal Care Retailers</b>			
456110 Pharmacies & Drug Retailers			
456120 Cosmetics, Beauty Supplies, & Perfume Retailers			
456130 Optical Goods Retailers			
456190 Other Health & Personal Care Retailers			

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	<b>Educational Services</b> 611000 Educational Services (including schools, colleges, & universities)	<b>Accommodation and Food Services</b> <b>Accommodation</b> 721110 Hotels (except Casino Hotels) & Motels 721120 Casino Hotels 721191 Bed & Breakfast Inns 721199 All Other Traveler Accommodation 721210 RV (Recreational Vehicle) Parks & Recreational Camps 721310 Rooming & Boarding Houses, Dormitories, & Workers' Camps <b>Food Services and Drinking Places</b> 722300 Special Food Services (including food service contractors & caterers) 722410 Drinking Places (Alcoholic Beverages)	<b>Other</b> 999000 Unclassified Establishments (unable to classify)
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