CORPORATE INCOME TAX AGENCY
BERMUDA

Form I-104: Instructions for preparation of the Creditable Foreign Tax Allocation Schedules

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Introduction

Pursuant to the CIT Regulations, BCE Groups are required to file a return (referred to herein as the "CIT Return") for each fiscal year beginning on or after January 1, 2025. Article 1.1 of these instructions outlines the structure of the CIT Return as prescribed by the Agency and summarises the circumstances in which the **Creditable Foreign Tax Allocation Schedules** must be filed as a component of the CIT Return.

These instructions are intended to provide further information related to the preparation of the **Creditable Foreign Tax Allocation Schedules**, and are structured as follows:

Chapter 1	provides an overview of the prescribed structure of the CIT Return and other key filing considerations.
Chapter 2	provides an overview of the **Creditable Foreign Tax Allocation Schedules**, including the structure of the schedules, data entry requirements, and other general preparation guidance.
Chapter 3	provides an overview of the CIT election procedures.
Chapter 4	provides detailed instructions for specific items in the schedules, to the extent that the Agency has deemed that further elaboration or clarification of such items is merited.

These instructions should be read in conjunction with the separate instructions for the Standard CIT Return Schedules.

These instructions are intended to provide general guidance related to the preparation of the **Creditable Foreign Tax Allocation Schedules** and are not intended to provide technical or interpretive guidance related to the application of the CIT legislation or the Agency Guidance to a specific transaction, entity, or group.

Nothing in the **Creditable Foreign Tax Allocation Schedules** or these instructions is intended to modify the provisions of the CIT legislation or the Agency Guidance regarding the allocation of taxes between constituent entities.

Unless otherwise indicated, any references to specific legislative sections in these instructions or the **Creditable Foreign Tax Allocation Schedules** are to the CIT Act.

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Supplemental terms and acronyms

Unless otherwise noted, the terms referenced in the **Creditable Foreign Tax Allocation Schedules** or these instructions shall have the meanings given to such terms in the applicable CIT legislation or the Agency Guidance. Any reference to legislation (whether in statute or regulations) or guidance is a reference to that legislation or guidance as amended from time to time. Following is a list of the specific terms or acronyms which have been referenced in the **Creditable Foreign Tax Allocation Schedules** or these instructions, and which are not referenced in the CIT legislation or the Agency Guidance.

Agency Guidance	Guidance published by the Agency (see GN01/2025) related to the allocation of taxes between constituent entities.
BCE	Bermuda Constituent Entity
BCE Group	Bermuda Constituent Entity Group
BCE income inclusion	An income inclusion of a foreign parent entity which is attributable to a Bermuda Subsidiary Entity.
CIT	Corporate income tax chargeable pursuant to the CIT Act
CIT Act	Corporate Income Tax Act 2023
CIT legislation	Corporate Income Tax Act 2023 and Corporate Income Tax (Administrative) Regulations 2025
CIT Regulations	Corporate Income Tax (Administrative) Regulations 2025
CIT Return	The corporate income tax return prescribed by the Agency pursuant to CIT Regulation 4, including the various required components summarised in article 1.1 of these instructions.
CIT Online Return	The component of the CIT Return required to be completed in CITA Online (see article 1.1.1).
CITA Online	The digital platform developed to support Bermuda's corporate income tax and tax credit benefit regimes.
FANIL	Financial accounting net income or loss
Filing BCE	Filing Bermuda Constituent Entity
TIN	The taxpayer identification number assigned by the Agency to an entity.

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Chapter 1: Overview of the CIT Return

1.1 CIT Return components

Pursuant to the CIT Regulations, a BCE Group is required to file a CIT Return for each fiscal year.

The Agency has prescribed that the CIT Return of a BCE Group for a fiscal year shall be comprised of the following components:

1.1.1 CIT Online Return (Form 100)

The CIT Online Return provides a high-level summary of group information relevant to the determination of the CIT charge, if any, of the BCE Group for the fiscal year.

The CIT Online Return is a required component of the CIT Return and is accessed by logging into CITA Online.

Additional information regarding the CIT Online Return filing process can be found on the Agency website.

1.1.2 "Primary" CIT Return Schedules

The "primary" CIT Return Schedules provide detailed entity-level information relevant to the determination of the CIT charge of the BCE Group for the fiscal year.

The "primary" CIT Return Schedules are Excel-based templates which may be downloaded from the Agency website. The relevant "primary" CIT Return Schedules are required to be uploaded to the CIT Online Return prior to submission.

At present, there are two types of "primary" CIT Return Schedules – the Simplified CIT Return Schedules (Form S-102) and the Standard CIT Return Schedules (Form S-101). The CIT Return schedules applicable to the BCE Group (as discussed below) are a required component of the CIT Return. A BCE Group should not file both types of "primary" CIT Return Schedules for a given fiscal year.

1.1.2.1 Simplified CIT Return Schedules (Form S-102)

The Simplified CIT Return Schedules provide a streamlined reporting option for certain BCE Groups. A BCE Group shall only be eligible to file the Simplified CIT Return Schedules to the extent that the de minimis election has been made on

behalf of the BCE Group for the fiscal year (see article 1.1.2.1 of the instructions to the Standard CIT Return Schedules for additional qualification requirements).

Given that:

- the CIT charge of the BCE Group is deemed to be zero to the extent that a valid de minimis election has been made for the fiscal year; and

- the **Creditable Foreign Tax Allocation Schedules** are not a required component of the CIT Return to the extent that the CIT charge of the BCE Group is zero for the fiscal year (see article 1.1.3.2),

it is not anticipated that the Simplified CIT Return Schedules and the **Creditable Foreign Tax Allocation Schedules** will both be filed for the same fiscal year of a BCE Group.

1.1.2.2 Standard CIT Return Schedules (Form S-101)

To the extent that the BCE Group is not eligible to file (or the Filing BCE chooses not to file) the Simplified CIT Return Schedules, the Filing BCE must file the Standard CIT Return Schedules.

1.1.2.3 Failure to accurately file the "primary" CIT Return Schedules

To the extent that the CIT Online Return is not accompanied by an upload of the appropriate "primary" CIT Return Schedules, the Agency shall not regard the BCE Group as having satisfied its return filing requirement under the CIT Regulations.

Where the CIT Online Return is accompanied by an upload of the "primary" CIT Return Schedules, but where such Schedules are inaccurate, incomplete, or are inconsistent with the information reported in the CIT Online Return, the Agency may conclude that the BCE Group has not satisfied its return filing requirement under the CIT Regulations.

Penalties and interest may apply until the Agency is satisfied that the return filing requirement under the CIT Regulations has been satisfied through the submission of accurate and complete "primary" CIT Return Schedules.

1.1.3 "Secondary" CIT Return Schedules

The "secondary" CIT Return Schedules provide further information in support of specific technical provisions relevant to the determination of the CIT charge of certain BCE Groups.

The "secondary" CIT Return Schedules are Excel-based templates which may be downloaded from the Agency website. The relevant "secondary" CIT Return Schedules are required to be uploaded to the CIT Online Return prior to submission.

At present, there are two types of "secondary" CIT Return Schedules – the Opening Tax Loss Carryforward Schedules and the **Creditable Foreign Tax Allocation Schedules**.

1.1.3.1 Opening Tax Loss Carryforward Schedules (Form S-103)

The Opening Tax Loss Carryforward Schedules provide further information regarding the determination of opening tax loss carryforward amounts allocated to BCE members of the In Scope MNE Group pursuant to section 6(3)(a) of the CIT Act.

The Opening Tax Loss Carryforward Schedules prepared with respect to an In Scope MNE Group:

(i) are a required component of the CIT Return of a BCE Group for a fiscal year to the extent that:

a. the CIT Return is being submitted for a fiscal year immediately succeeding the period described in section 6(4)(a) of the CIT Act; and

b. the Opening Tax Loss Carryforward Schedules include an allocation of all or a portion of the In Scope MNE Group's opening tax loss carryforward to a BCE member of the BCE Group in accordance with section 6(3)(a) of the CIT Act; and

(ii) are not a required component of the CIT Return of the BCE Group for a fiscal year to the extent that:

a. either or both of paragraphs (i)a. or (i)b. above are not applicable to the BCE Group; or

b. both of paragraphs (i)a. and (i)b. are applicable to the BCE Group, but the Filing BCE has made an election pursuant to section 6(6) of the CIT Act to permanently disregard all opening tax loss carryforward amounts

allocated to BCE members of the BCE Group pursuant to Method #2 below.

There are two methods by which the Filing BCE may elect to permanently disregard all opening tax loss carryforward amounts pursuant to section 6(6) of the CIT Act:

- Method #1: The Filing BCE may make the election in item E39 of the Opening Tax Loss Carryforward Schedules and fully exclude all opening tax loss carryforward amounts allocated to BCE members of the BCE Group in Schedule 2, item S2B6 of the Opening Tax Loss Carryforward Schedules.

- Method #2: The Filing BCE may forego the filing of the Opening Tax Loss Carryforward Schedules, and may instead:

  - make the election in item E39 of the Standard CIT Return Schedules filed with respect to the BCE Group for the fiscal year immediately succeeding the period described in section 6(4)(a) of the CIT Act; and

  - leave item S4D1 of the Standard CIT Return Schedules blank (or enter zero) for all BCE members of the BCE Group,

  in which case the Filing BCE shall be regarded as electing to permanently disregard all opening tax loss carryforward amounts allocated to BCE members of the BCE Group.

Further information may be found in the instructions to the Standard CIT Return Schedules.

1.1.3.2 Creditable Foreign Tax Allocation Schedules (Form S-104)

The **Creditable Foreign Tax Allocation Schedules** supplement Schedule 5 of the Standard CIT Return Schedules, providing further information regarding the allocation of local taxes from a foreign parent entity to a BCE member of the BCE Group (including, for example, CFC taxes imposed under the local tax regime of the foreign parent entity with respect to its ownership interest in the BCE).

Except as noted below, the **Creditable Foreign Tax Allocation Schedules** are a required component of the CIT Return to the extent that the local taxes of a foreign parent entity described in paragraph 3(1)(a) of the Agency Guidance are required to be allocated to a BCE member of the BCE Group.

The **Creditable Foreign Tax Allocation Schedules** are not a required component of the CIT Return to the extent that the pre-credit CIT charge of the BCE Group is Nil for the fiscal year, given that the foreign tax credit amount of the BCE Group would be limited to Nil in these circumstances (see section 16 of the CIT Act).

1.1.3.3 Failure to accurately file the "secondary" CIT Return Schedules

If the CIT Online Return is submitted without the appropriate:

- Opening Tax Loss Carryforward Schedules, or if such schedules are inaccurate, incomplete, or are inconsistent with the opening tax loss carryforward information reported in item S4D1 of the Standard CIT Return Schedules, and such inaccuracies, omissions or inconsistencies are not remedied to the satisfaction of the Agency, then the Agency may assess any opening tax loss carryforward amount claimed on behalf of the BCE in item S4D1 pursuant to its power of assessment under CIT Regulation 31 (which may include assessing such item as nil); or

- **Creditable Foreign Tax Allocation Schedules**, or if such schedules are inaccurate, incomplete, or are inconsistent with the local tax allocation information reported in item S5C6 of the Standard CIT Return Schedules, and such inaccuracies, omissions or inconsistencies are not remedied to the satisfaction of the Agency, then the Agency may assess any allocation of creditable foreign taxes claimed on behalf of the BCE in item S5C6 pursuant to its power of assessment under CIT Regulation 31 (which may include assessing such item as nil).

Further, to the extent that:

- a BCE Group includes an item on the Standard CIT Return Schedules that is covered by "secondary" CIT Return Schedules (such as an allocation of adjusted creditable foreign taxes from a foreign parent entity to a BCE); and

- fails to include the relevant "secondary" CIT Return Schedules pertaining to the item with the CIT Online Return,

then the Agency may regard the Standard CIT Return Schedules as rendered incomplete or inaccurate by the failure to include the relevant "secondary" CIT Return Schedules, and penalties and interest for failure to file as outlined in section 1.1.2.3 may apply.

1.1.4 Uploading additional documentation

In certain circumstances, additional documentation may be required to be uploaded to the CIT Online Return prior to submission, including:

- Explanatory statement for an amended return (see article 1.3.2)
- Supplemental disclosures filed pursuant to section 46E(2)(b) of the CIT Act (see the instructions to item S1B2 in article 4.1.3)

In addition, the Filing BCE may (but is not required to) upload additional explanatory information which supports the preparation of the **Creditable Foreign Tax Allocation Schedules**. Any such explanatory information is not treated as part of the CIT Return (and is therefore not compulsory to satisfy the return filing requirement), but any relevant information disclosed in this manner will be considered by the Agency in reviewing the CIT Return.

1.2 Due date of the CIT Return

The due date for filing the CIT Return shall be the last day of the tenth month following the end of the fiscal year to which the CIT Return relates. If the last day of the tenth month does not fall on a business day in Bermuda, the due date shall be the first business day in Bermuda following the last day of the tenth month.

Penalties may apply with respect to the failure to timely file the CIT Return.

1.3 Amendment of a previously filed CIT Return

Pursuant to the CIT Regulations, the Filing BCE may amend a previously filed CIT Return. Generally, a previously filed CIT Return may be amended on or before the later of the date that is:

- three years after the original due date of the CIT Return; or

- in the case of a CIT Return filed in response to a notice issued pursuant to CIT Regulation 24, twelve months after the date that the CIT Return was filed.

1.3.1 Circumstances requiring the filing of an amended CIT Return

To the extent that the Filing BCE:

- becomes aware that any required component of the original CIT Return is inaccurate or incomplete; or

- intends to revise the treatment of any item in the original CIT Return (e.g. modify an annual election made in the original CIT Return),

the Filing BCE should file an amended CIT Return as soon as the inaccuracy, omission, or change in treatment is identified.

An amended CIT Return is required to be filed regardless of the nature of the revision to the original CIT Return. For example, if a required change to the "primary" or "secondary" CIT Return Schedules does not result in a revision to the amounts disclosed in the CIT Online Return, an amended CIT Return (including an amended CIT Online Return and the amended "primary" or "secondary" CIT Return Schedules) must nevertheless be filed for the fiscal year.

1.3.2 Filing procedures for amended CIT Returns

The filing procedures for amended CIT Returns, including the required CIT Return components (see article 1.1), are generally consistent with the filing procedures for original CIT Returns.

- The amended CIT Online Return must be filed via CITA Online.
- The amended CIT Online Return must be accompanied by all relevant "primary" and "secondary" CIT Return Schedules. To the extent that the CIT Return Schedules:
  - have been amended since the filing of the original CIT Return, only the amended version of the CIT Return Schedules should be included with the CIT Online Return; or
  - have not been amended since the filing of the original CIT Return, the original version of the CIT Return Schedules should be included with the CIT Online Return.
- To the extent that the "primary" or "secondary" CIT Return Schedules have been amended, the amended status should be designated in the relevant schedules (e.g. see item S1B1 of the **Creditable Foreign Tax Allocation Schedules**).
- In addition to the CIT Return Schedules, the Filing BCE is required to upload a statement to the CIT Online Return which describes the nature of the amendment(s). The accompanying statement should clearly describe the nature of all changes made to the specific items in the CIT Return Schedules.

Chapter 2: Overview of the Creditable Foreign Tax Allocation Schedules

The **Creditable Foreign Tax Allocation Schedules** are intended to support the determination of the amount of local taxes allocated from foreign parent entities to BCE members of the BCE Group for the fiscal year.

Similar to the Standard CIT Return Schedules, the **Creditable Foreign Tax Allocation Schedules** must include all BCE members of the BCE Group regardless of whether local taxes of a foreign parent entity have been allocated to each such BCE member for the fiscal year.

2.1 Detailed data entry schedules (Schedules 1 to 7)

The **Creditable Foreign Tax Allocation Schedules** include the following schedules which are intended to gather information relevant to the determination of local tax allocations from foreign parent entities to the BCE members of the BCE Group for the fiscal year.

Schedule 1 includes general information regarding the BCE Group and each of its BCE members.

Schedule 2 summarises the aggregate amount of local taxes allocated to each BCE from foreign parent entities based on the information provided in Schedules 3 to 7.

Schedule 3 supports the determination of current local taxes which are required to be allocated from foreign parent entities to BCEs based on the simplified allocation method.

Schedule 4 supports the determination of current local taxes which are required to be allocated from foreign parent entities to BCEs based on the combined allocation method.

Schedule 5 supports the determination of current local taxes which are required to be allocated from foreign parent entities to BCEs based on the cross-credit allocation method.

Schedule 6 supports the determination of deferred local taxes which are required to be allocated from foreign parent entities to BCEs.

Schedule 7 supports the determination of the passive income limitation for the fiscal year.

See Chapter 4 for further information regarding the preparation of these schedules.

2.2 Structure and preparation of the detailed data entry schedules

The structure and the preparation methods applicable to Schedules 1 to 7 are generally consistent throughout the **Creditable Foreign Tax Allocation Schedules**.

2.2.1 Data entry

Data entry is only permitted in the **dark blue cells** in the schedules. All other cells in the schedules contain static data or automatically calculated amounts.

Depending on the item, data entry may be restricted to a specific format, including:

- selection of an option from a drop-down menu (e.g. see item S1A3);
- entry of a date in MM-DD-YY format (e.g. see item S1A1);
- entry of a positive or negative numerical value (e.g. see item S6B5); or
- entry of a positive numerical value only (e.g. see item S5B10).

To the extent that data is entered in a format which is not permitted for the specific item, an error message may appear and the entry may be rejected.

Data entry may also be restricted to the extent that the proposed entry is not consistent with other data elements in the **Creditable Foreign Tax Allocation Schedules**. For example, an error message may appear to the extent that an entry is made for an item (e.g. item S2A4) that is only relevant when the election has been made in item E50.

2.2.2 Item references and descriptions

Each item in the data entry schedules has been assigned a unique reference (see column C), as follows:

- each election has been assigned a unique reference which begins with "E" (see Chapter 3 for further information regarding CIT elections);
- all other items have been assigned a unique reference which begins with "S" and is followed:
  - first, by the number identifying the schedule which contains the item;
  - second, by the letter identifying the section which contains the item; and
  - last, by the number indicating the item's location in the section.

  For example, the item reference "S3B2" refers to the second item in Schedule 3, Section B.

In addition, column D of Schedules 1 to 7 generally includes a brief description of each item as well as relevant citations from the CIT Act, the Agency Guidance, and/or cross-references to other relevant items in the **Creditable Foreign Tax Allocation Schedules**.

All item references included in these instructions relate to the **Creditable Foreign Tax Allocation Schedules**, unless otherwise indicated.

2.2.3 BCE Group presentation

Information relevant to the overall BCE Group (including the aggregate of the values entered for each of the BCE members of the BCE Group) is summarised in column G of Schedules 1 to 7.

Information relevant to a specific BCE is included in the same column throughout Schedules 1 to 7. For example, to the extent that the name of a BCE is entered in item S1B4, column L:

- the BCE's name will generally appear in column L at the top of each section in Schedules 1 to 7;
- any elections which specifically relate to the BCE should only be made in column L of the relevant election item;
- any data relevant to the BCE should only be entered in column L in Schedules 1 to 7; and
- any data relevant to other BCEs should not be entered in column L.

At present, the **Creditable Foreign Tax Allocation Schedules** can accommodate 250 BCEs. To the extent that a BCE Group has more than 250 BCEs, please contact the Agency via CITA Online.

2.2.4 Foreign currency considerations

Adjusted creditable foreign taxes (including any such taxes incurred by a BCE or a foreign parent entity of the BCE) should be denominated in the currency in which the UPE prepares its consolidated financial statements for the fiscal year.
The currency in which the UPE prepares its consolidated financial statements is required to be entered in item S1A3.

To the extent that a specific item in Schedules 2 to 7 is required to be determined in the currency in which the UPE prepares its consolidated financial statements, the abbreviation

for the currency entered in item S1A3 will appear in column F with respect to the item. For example, if "Euro (EUR)" is selected in item S1A3 with respect to the group, the abbreviation "EUR" will appear in column F with respect to each item which is required to be determined in Euros.

2.2.5 Positive and negative values

Unless otherwise indicated, tax expenses (i.e. debit amounts in the consolidated financial statements) and benefits (i.e. credit amounts in the consolidated financial statements) should be reported as positive and negative values, respectively, in the **Creditable Foreign Tax Allocation Schedules**. Any other amounts which affect the determination of a tax expense or benefit amount should be reported in a consistent manner. For example, to the extent that:

- a deferred local tax benefit of $12,000 recognized by a foreign parent entity is reported in Schedule 6, Section B with respect to an income inclusion attributable to a BCE;

- the deferred local tax benefit is comprised of a $15,000 pre-credit deferred local tax benefit which is partially offset by a $3,000 expected credit deferred local tax amount;

- the pre-credit deferred local tax benefit is computed by applying the foreign parent entity's local tax rate of 15% to a temporary difference amount of $100,000; and

- the entire income inclusion is attributable to non-passive income,

it would generally be anticipated that the temporary difference would be reported as a negative value (in item S6B5), the local tax rate would be presented as a positive value (in item S6B16) and the expected credit deferred local tax amount would be reported as a positive value (in item S6B20)

Unless otherwise indicated, income (i.e. credit amount in the consolidated financial statements) and loss (i.e. debit amount in the consolidated financial statements) amounts should be reported as positive and negative values, respectively, in the **Creditable Foreign Tax Allocation Schedules**.

2.2.6 Rounding

Unless otherwise indicated, all numerical values entered in the **Creditable Foreign Tax Allocation Schedules** should be rounded to two decimal places.

Chapter 3: CIT elections

The **Creditable Foreign Tax Allocation Schedules** include the elections which may be made for the fiscal year pursuant to the Agency Guidance. All other elections which may be made for the fiscal year pursuant to the CIT Act or the CIT Regulations are included in the Standard CIT Return Schedules.

3.1 Overview of election procedures in the Creditable Foreign Tax Allocation Schedules

A Filing BCE is generally required to make all elections on behalf of the BCE Group. All elections are required to be made in the relevant CIT Return schedules for the fiscal year in the manner prescribed in the relevant instructions.

An election shall only be regarded as valid to the extent that the relevant election requirements in the CIT legislation and/or the Agency Guidance have been met.

3.1.1 How to make an election

The Filing BCE makes an election in the **Creditable Foreign Tax Allocation Schedules** by selecting the appropriate option from the drop-down menu for the election item.

- **BCE Group-level elections:** Elections relevant to the overall BCE Group are included in column G of Schedule 1, Section C. For example, the Filing BCE would select "Elected" in item E49, column G to utilise a passive income limitation of zero for the fiscal year.

- **BCE-level elections:** Elections which are relevant to a specific BCE are made by selecting the appropriate option from the election item drop-down menu in the column corresponding to the BCE (see article 2.2.3).

An election shall only be regarded as valid to the extent that the appropriate selection has been made in the relevant election item. The inclusion or exclusion of a numerical value in the data entry field corresponding to an election will not, by itself, be regarded as the making of a valid election.

3.1.2 When to complete an election item

The Filing BCE should select a non-blank value (e.g. "Elected") from the drop-down menu for an election item to the extent that the Filing BCE:

- is making the election for the fiscal year; or

- has made (and has not previously revoked) the election in a prior year and such election continues to apply for the current fiscal year.

The Filing BCE should leave a blank value for an election item to the extent that the Filing BCE:

- is not making the election for the fiscal year; and/or
- is revoking an election that had been made with respect to the BCE Group in a prior fiscal year.

3.2 Election types and requirements

The key categories of CIT elections are summarised as follows:

3.2.1 Annual elections

Annual elections are the most flexible category of CIT election and may be elected, revoked and/or subsequently re-elected with respect to any fiscal year by the electing entity.

An annual election applies for the fiscal year in which the election is made and all subsequent fiscal years, unless and until the election is modified or revoked. As discussed in article 3.1.2, the Filing BCE should select a non-blank value (e.g. "Elected") from the drop-down menu for an election item to the extent that an annual election made by the Filing BCE in a prior fiscal year continues to apply for the current fiscal year.

3.2.2 Five-year elections

Further limitations apply to elections which are categorised as five-year elections, including:

- once made, a five-year election shall generally apply (and may not be modified or revoked) for the fiscal year in which it is made and the four succeeding fiscal years; and

- if a five-year election is subsequently revoked, the election generally may not be made again with respect to the four fiscal years succeeding the year of revocation (see sections 49(6) and 49A for potential exceptions).

A five-year election shall continue to apply after the five-year period described above, unless and until the election is modified or revoked. As discussed in article 3.1.2, the Filing BCE should select a non-blank value (e.g. "Elected") from the drop-down menu for an election item to the extent that a five-year election made by the Filing BCE in a prior fiscal year continues to apply for the current fiscal year.

It is the responsibility of the Filing BCE to ensure that the election choices made in the **Creditable Foreign Tax Allocation Schedules** for the fiscal year are consistent with the requirements for five-year elections.

Chapter 4: Detailed instructions for Schedules 1 to 7

4.1 Schedule 1: Group Information

Schedule 1 includes general information regarding the BCE Group and each of its BCE members.

4.1.1 Structure of this schedule

Schedule 1 consists of the following sections:

Section A	includes information regarding various attributes of the In Scope MNE Group which includes the BCE Group for which the CIT return is being filed.
Section B	includes information regarding each BCE member of the BCE Group.
Section C	includes information related to the CIT elections applicable to the determination of creditable foreign tax allocations.

Further information regarding each section is summarised in articles 4.1.2 to 4.1.4 below.

4.1.2 Section A: In Scope MNE Group information

Following are further instructions related to the completion of Section A:

Items S1A1 and S1A2: The first and last day of the fiscal year should be entered in MM-DD-YY format.

Item S1A3: Select the currency in which the consolidated financial statements of the UPE are presented for the fiscal year (see article 2.2.4). A selection of "Other (FC)" should only be made to the extent that the relevant currency does not appear amongst the remaining options in the drop-down menu.

4.1.3 Section B: BCE Group information

Following are further instructions related to the completion of Section B:

Item S1B1: Select whether the **Creditable Foreign Tax Allocation Schedules** being filed are the original version or an amendment to a previously filed original version. See article 1.3 for further guidance related to amended CIT Return filing procedures.

Item S1B2: Select "Supplemental" to the extent that supplemental disclosures are being provided in accordance with section 46E(2)(b) of the CIT Act with respect to the **Creditable Foreign Tax Allocation Schedules**.

Supplemental disclosures must be uploaded to the CIT Online Return prior to submission and should be sufficiently detailed to enable the Agency to assess the nature, scope, and effect of the disclosed matter.

Item S1B3: Enter the first six digits (without dashes) of the Group TIN. The last three characters will auto-populate with "CIT".

Item S1B4: Enter the full name of each BCE in the BCE Group. The name entered in item S1B4 should align with the name of the BCE in its CITA Online profile. *As discussed in article 2.2.3, the name of the BCE entered in item S1B4 will generally appear at the top of each section in Schedules 1 to 7 in the relevant data entry column for such BCE.*

Item S1B5: Enter the nine digits (without dashes) of each BCE's Bermuda TIN.

Item S1B6: Indicate whether the BCE is a Bermuda Tax Resident Entity or a Bermuda Permanent Establishment ("PE").

4.1.4 Section C: Elections relevant to the allocation of taxes between constituent entities

Following are further instructions related to the completion of Section C:

Item E49: Select "Elected" from the drop-down menu to the extent that the Filing BCE is electing for the passive income limitation amount to be zero for the fiscal year (see paragraph 5(5) of the Agency Guidance). To the extent that this election has been made:

- no information should be entered in Schedule 7; and

- items S7A2 and S7B7 will be zero.

Item E50: Select "Elected" from the drop-down menu to utilise an alternative method for the purposes of allocating current local taxes of a foreign parent entity to a BCE (see paragraph 6(1)(d) of the Agency Guidance). To the extent that this election has been made:

- the current local taxes allocated to the BCE pursuant to the alternative method should be reported in items S2A4 or S2A13, as appropriate; and

- the Filing BCE must file an election statement which:

- confirms that the requirements in paragraph 6(1)(d) have been met; and

- provides a reasonable description of the alternative allocation method.

Item E51: To the extent that an election has been made in item E51 to forego the allocation of deferred taxes of foreign parent entities in one or more specific taxable locations:

- the name of each taxable location for which the election is being made should be reported in items S1C1 to S1C5; and

- no deferred tax amounts of foreign parent entities located in such locations should be reported in Schedule 6.

4.2 Schedule 2: Aggregate Local Taxes Allocated to the BCE Group from Foreign Parent Entities

Schedule 2 summarises the aggregate local taxes allocated to each BCE from foreign parent entities based on the information provided in Schedules 3 to 7.

With the exception of items S2A4 and S2A13 (see article 4.1.4 and the instructions to item E50), Schedule 2 will populate automatically based on the amounts reported in Schedules 3 to 7. Based on this information, the aggregate local taxes allocated from foreign parent entities to each BCE will be determined and reported in item S2A16.

The aggregate local tax allocation amounts in item S2A16 should be reported in item S5C6 of the Standard CIT Return Schedules.

4.3 Schedules 3 to 5: Allocation of Current Local Taxes to the BCE Group

Schedules 3 to 5 are intended to support the determination of the current local tax amounts required to be allocated from foreign parent entities to the BCE members of the BCE Group in accordance with:

- the simplified allocation method (Schedule 3);

- the combined allocation method (Schedule 4); or

- the cross-credit allocation method (Schedule 5).

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As summarised in the Agency Guidance, the applicability of each of the three allocation methods is determined by reference to the technical features of the local tax regime of the foreign parent entity which is recognising the income inclusion with respect to a BCE. For example, to the extent that:

- a foreign parent entity of BCE A is required, pursuant to its local tax regime, to recognise a CFC income inclusion attributable to BCE A;

- the CFC income inclusion is subject to tax, pursuant to the local tax regime, separately from other income or loss of the foreign parent entity; and

- the local tax regime does not apply cross-crediting provisions to the income inclusion,

then the allocation of the current local taxes of the foreign entity to BCE A with respect to the CFC income inclusion should be determined pursuant to the simplified method in Schedule 3.

Each of Schedules 3 to 5 are structured in a similar manner, as follows:

- Section A aggregates the current local tax allocations from Sections B to F based on whether such allocations:

    - are subject to the passive income limitation (i.e. current local taxes incurred with respect to passive income amounts included in a CFC, hybrid, or reverse-hybrid inclusions); or

    - are not subject to the passive income limitation.

- Sections B to F support the determination of the current local tax allocations to the BCE with respect to each type of income inclusion recognised by a foreign parent entity with respect to the BCE.

    - For any given Schedule, each of Sections B to F are identical and are provided to support the determination of multiple current local tax allocations to the BCE, including to the extent that:

        - a foreign parent entity of the BCE recognises current local taxes with respect to multiple income inclusions attributable to the BCE;

        - more than one foreign parent entity recognises current local taxes with respect to an income inclusion attributable to the BCE; or

        - multiple local tax types apply to an income inclusion attributable to the BCE.

For example, to the extent that:

- BCE B has two foreign parent entities, FPE 1 and FPE 2;
- pursuant to their respective local tax regimes:
    - FPE 1 and FPE 2 are each required to recognise CFC income inclusions attributable to BCE B; and
    - the simplified allocation method is applicable for the purposes of allocating current local taxes to BCE B,

information relevant to the determination of the current local tax amounts required to be allocated from each of FPE 1 and FPE 2 with respect to the CFC income inclusions attributable to BCE B should be reported separately in Sections B and C of Schedule 3 in the column corresponding to BCE B (see article 2.2.3).

Sections B to F are comprised of various Parts which support the determination of the relevant current local tax allocations. The specific Parts included in each Section vary between Schedules 3 to 5 depending on the specific technical requirements summarised in the Agency Guidance with respect to each allocation method.

Due to various factors (e.g. specific technical requirements of the relevant local tax regime, recognition methods for local tax expenses and benefits in the consolidated financial statements of the UPE), the computations supporting the relevant current local tax allocations for the fiscal year may be complex. Information should be reported in Schedules 3 to 5 in a manner which results in current local tax allocation amounts which are consistent with the detailed requirements of Part 4 of the CIT Act and the Agency Guidance.

4.4 Schedule 6: Allocation of Deferred Local Taxes to the BCE Group

Schedule 6 is intended to support the determination of the deferred local tax amounts required to be allocated from foreign parent entities to the BCE members of the BCE Group.

To the extent that an election has been made in item E51 to forego the allocation of deferred taxes of foreign parent entities in one or more specific taxable locations, no deferred tax amounts of foreign parent entities located in such locations should be reported in Schedule 6.

Schedule 6 is structured as follows:

- Section A aggregates the deferred local tax allocations from Sections B to F based on whether or not such allocations are subject to the passive income limitation (i.e. deferred local taxes incurred with respect to passive income amounts included in a CFC, hybrid, or reverse-hybrid inclusions). In addition, deferred local tax amounts attributable to substitute loss carryforwards should be reported directly in items S6A3 or S6A4, as applicable.

- Sections B to F support the determination of the deferred local tax allocations to the BCE with respect to each type of income inclusion recognised by a foreign parent entity with respect to the BCE.

    - Sections B to F are identical and are provided to support the determination of multiple deferred local tax allocations to the BCE, including to the extent that:

        - a foreign parent entity of the BCE recognises deferred local taxes with respect to multiple income inclusions attributable to the BCE;

        - more than one foreign parent entity recognises deferred local taxes with respect to an income inclusion attributable to the BCE; or

        - multiple local tax types apply to an income inclusion attributable to the BCE.

        For example, to the extent that:

        - BCE C has two foreign parent entities, FPE 1 and FPE 2;

        - pursuant to their respective local tax regimes, FPE 1 and FPE 2 are each required to recognise CFC income inclusions attributable to BCE C; and

        - FPE 1 and FPE 2 each recognise deferred local taxes with respect to such income inclusions for the fiscal year,

        information relevant to the determination of the deferred local tax amounts required to be allocated from each of FPE 1 and FPE 2 to BCE C with respect to the CFC income inclusions should be reported separately in Sections B and C of Schedule 6 in the column corresponding to BCE C (see article 2.2.3).

Due to various factors (e.g. specific technical requirements of the relevant local tax regime, recognition methods for local tax expenses and benefits in the consolidated financial statements of the UPE), the computations supporting the relevant deferred local tax allocations for the fiscal year may be complex.

Information should be reported in Schedule 6 in a manner which results in deferred local tax allocation amounts which are consistent with the detailed requirements of Part 4 of the CIT Act and the Agency Guidance.

4.5 Schedule 7: Passive Income Limitation

Schedule 7 supports the determination of the passive income limitation for the fiscal year.

To the extent that the election has been made in item E50 for the passive income limitation amount to be zero for the fiscal year:

- no information should be entered in Schedule 7; and

- items S7A2 and S7B7 will be zero.

Due to various factors (e.g. specific technical requirements of the relevant local tax regime, recognition methods for local tax expenses and benefits in the consolidated financial statements of the UPE), the computation of the passive income limitation may be complex. Information should be reported in Schedule 7 in a manner which results in the determination of a passive income limitation amount which is consistent with the detailed requirements of Part 4 of the CIT Act and the Agency Guidance.