



TEXAS A&M
AGRICULTURE

Office of the Texas State Chemist
P.O. Box 3160
College Station, TX 77841-3160
t. 979-845-1121 f. 979-845-1389
web: otscweb.tamu.edu

The Texas A&M University System

Originally Issued as General Admn. Memo 5-21 on March 31, 1993

Revised June 29, 1993

Revised Nov 13, 2006 to General Industry Memorandum

GENERAL INDUSTRY MEMORANDUM NO. 5-21

DEFINITION OF INTER-COMPANY TRANSFERS

OBJECTIVE:

To clarify inter-company transfers.

POLICY:

An inter-company transfer is a transaction, either actual or paper, that transfers a product from one branch of an organization to another at cost basis (zero effect on reported net income). This transfer must occur between branches of common ownership such as within a proprietorship, partnership or corporation (i.e., a feed business and a feed lot within the same entity) or between separate entities when the entities are a part of a controlled group as defined by the Internal Revenue Service (Controlled Corporate Group Code Sec. 1563[a][1]) and file a Consolidated Federal Income Tax Return. Transactions between legal entities listed on a Corporation's Affiliation's Schedule (Tax Form 851) are not considered inter-company transfers.

All transfers must be without markup, be treated as transfers on the entities' books and records and have a historical basis. If inter-company transfers are claimed to exempt a feed or fertilizer product from inspection fees under Section 141.071 or 63.071 of the Feed or Fertilizer Control Act of the Texas Agricultural Code, the registrant must provide sufficient documentation to support such a claim upon request.

Dr. Timothy J. Herrman
State Chemist & Director
Office of the Texas State Chemist

Teaching • Research • Extension • Service