

Deduction for Dividends Received 2012

The deduction for dividends received is not allowed if the corporation:

- includes the stock in its inventory;
- holds the stock primarily for sale to customers in the ordinary course of business; or
- conducts business that consists mainly of holding the stocks and collecting income and gains from them.

Name of corporation/designated filer	FEIN	Minnesota tax ID
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You must round amounts to nearest whole dollar.

Minnesota Adjustments

- 1** Total dividends included in federal income
(from federal Form 1120, line 4; unitary groups, see instructions) **1** _____
- 2** Dividends from less-than-20-percent-owned companies **2** _____
- 3** Dividends from foreign sales corporations **3** _____
- 4** Combined intercompany dividends **4** _____
- 5** Foreign dividend gross-up (from federal Form 1120, Sch. C, line 15) . **5** _____
- 6** Other dividends (from federal Form 1120, Sch. C, line 17) **6** _____
- 7** Total subtractions (add lines 2 through 6) **7** _____
- 8** Dividends less subtractions (subtract line 7 from line 1) **8** _____
- 9 a** Deemed dividends from foreign operating corporations (FOCs) (from M4I, line 2e) **9a** _____
- b** Deemed dividends from FOCs attributable to domestic activities (determine from instructions) **9b** _____
- Subtract line 9b from line 9a **9** _____
- 10** Dividends subject to 80 percent deduction (add lines 8 and 9) **10** _____

Dividend Totals

- 11** Deduction percentage **11** _____ 80%
- 12** Minnesota deduction (multiply line 10 by line 11) **12** _____
- 13** Dividends from less-than-20-percent-owned companies
(from line 2 above) **13** _____
- 14** Deduction percentage **14** _____ 70%
- 15** Minnesota deduction (multiply line 13 by line 14) **15** _____
- 16** Dividends subject to apportionment (add lines 12 and 15) **16** _____

Enter on M4T, line 8a.

Schedule DIV Instructions

Complete Schedule DIV to determine your deduction for dividends received.

Federal Line References Not Verified

At the time Minnesota Corporate Franchise Tax forms were created (11/12), federal tax forms were delayed indefinitely. As a result, the federal line references on this form have not been updated for 2012.

Line Instructions

Line 1

Enter your dividends received from federal Form 1120, line 4.

Unitary groups: Enter the sum of the dividends received by each corporation included on your combined return.

Line 4

Enter any dividends from line 1 that are received by a corporation included on your combined return from a corporation included on your combined return.

Line 9b

Corporations are required to reduce the deemed dividend of a foreign operating corporation (FOC) by amounts attributable to nonforeign activity. (MS 290.01, subd. 19c[11])

Include the following four amounts on line 9b:

- 1 the interest and intangible expenses, losses, and costs paid, accrued or incurred by any member of your unitary group to or for the benefit of the FOC. Intangible expenses and costs include:

- expenses, losses and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange or any other disposition of intangible property;
- losses incurred, directly or indirectly, from factoring transactions or discounting transactions;
- royalty, patent, technical and copyright fees;
- licensing fees; and
- other similar expenses and costs.

For this paragraph, “intangible property” includes stocks, bonds, patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets and similar types of intangible assets.

This paragraph does not apply to any item of interest or intangible expenses or costs paid, accrued or incurred, directly or indirectly, to the FOC with respect to such item of income to the extent that the income to the FOC is income from sources without the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code, as amended through March 18, 2010.

- 2 except as already entered pursuant to paragraph 1, any interest income and income generated from intangible property received or accrued by the FOC. Income generated from intangible property includes:

- income related to the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange or any other disposition of intangible property;
- income from factoring transactions or discounting transactions;
- royalty, patent, technical and copyright fees;
- licensing fees; and
- other similar income.

For this paragraph, “intangible property” includes stocks, bonds, patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets and similar types of intangible assets.

This paragraph does not apply to any item of interest or intangible income received or accrued by the FOC with respect to such item of income to the extent that the income is income from sources without the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code, as amended through March 18, 2010.

- 3 the dividends attributable to the income of the FOC in an amount that is equal to the dividends paid deduction of a real estate investment trust under IRC section 561(a) for amounts paid or accrued by the real estate investment trust to the foreign operating corporation.
- 4 the income of the FOC in an amount that is equal to gains derived from the sale of real or personal property located in the United States.

(MS 290.01, subd. 19c[20 through 23])