

REV-1200 PA Corporate Net Income Tax 2016

CT-1 INSTRUCTIONS

FOR CALENDAR YEAR 2016 AND FISCAL YEARS BEGINNING IN 2016

PLEASE CAREFULLY REVIEW HIGHLIGHTS BEFORE COMPLETING ANY TAX REPORTS OR SCHEDULES.

HIGHLIGHTS

- NEW:** The Capital Stock/Foreign Franchise tax has been phased out for tax years beginning on or after Jan. 1, 2016.
- NEW:** RCT-101, PA Corporate Net Income Tax Report for 2016 is a revised, year-specific, four page form. It includes a revised Page 1, eliminating CS-FF and LOANS from Step D. It also includes a revised Page 2, Bonus Depreciation, Corporate Net Income Tax and Sales Factor apportionment. This form **MUST** be used for filing all tax years beginning on or after Jan. 1, 2016.
- NEW:** Taxpayers claiming Add-Back on RCT-101, PA Corporate Net Income Tax Report, must include schedules REV-802 and REV-803 when filing the report. Act 52 of 2013 requires the add-back of intangible expenses to income for interest, royalties, patents, trademarks, etc., between affiliated entities in certain instances.
- NEW:** Amended reports filed for tax years beginning on or after Jan. 1, 2016, **MUST** be filed on the **revised, year-specific** RCT-101. You must check the amended report checkbox on Page 1, Step B. See Page 11 for details.
- IMPORTANT:** Amended reports filed for tax years beginning prior to Jan. 1, 2016, **MUST** be filed on the **non-year-specific** RCT-101. You must check the amended report checkbox on Page 1, Step B. See Page 11 for details.
- Failure to submit a properly completed and signed tax report may result in the delay of processing and the imposition of late filing penalties and/or estimated assessments.
- IMPORTANT:** Taxpayers granted an extension to file the federal income tax return will automatically be granted an extension to file RCT-101, PA Corporate Net Income Tax Report. Corporate taxpayers granted a federal extension **must indicate this by checking the "Federal Extension Granted" box under Step B on Page 1 of RCT-101**, and include a copy of the federal extension request with the report.
- Act 52 of 2013 increased the limitation of the net loss deduction from the greater of 25 percent of PA taxable income or \$4 million to the greater of 30 percent of PA taxable income or \$5 million.
- Corporations participating in a consolidated federal tax filing must provide consolidating income statements and balance sheets to the department, including separate company schedules and all consolidations and eliminations.
- Business income will be apportioned to Pennsylvania by use of the sales factor only.
- The electronic funds transfer requirement was reduced from \$10,000 to \$1,000; all payments of \$1,000 or more must be made electronically.
- The PA corporate tax report and schedules are available on the PA Department of Revenue's website at www.revenue.pa.gov and are indexed by form number. The form numbers for supporting schedules begin with "REV". These numbers can be found on Page 2 of the instructions.

IMPORTANT - Use the department's website to stay up-to-date on tax law changes, tax rates, tax forms and special instructions regarding form changes.

Estimated payments and requests for extension of time to file should be made online. Visit the Online Services Center at www.revenue.pa.gov.

All third party preparers who prepared 11 or more PA Corporate Net Income Tax Reports in the prior calendar year are required to electronically file all PA Corporate Net Income Tax Reports in subsequent years. Once a third-party preparer is subject to this filing mandate, the third-party preparer shall continue to be subject to the mandate regardless of how many PA Corporate Net Income Tax Reports the individual prepares during a calendar year.

For information on refunds and transfers of overpayment, see Page 14.

Page 1 of RCT-101 contains a check box labeled "E-File Opt Out." This box is used to indicate that the taxpayer has instructed the preparer to not file the report electronically. A list of software vendors approved for electronic filing of the PA Corporate Net Income Tax Report can be found by visiting the Online Services Center at www.revenue.pa.gov.

Page 1 of RCT-101 contains a checkbox labeled Regulated Investment Co/Sub Paragraph 18. This box must be checked for any report requiring a special calculation of tax liability or any of the conditions listed below. These reports cannot be submitted electronically and must be filed in paper form, with a complete explanation of the filing, to ensure timely and accurate processing. See Page 4 "Special Handling" for the mailing address.

Examples of reports having "Special Handling" status include those filed by:

- Corporations requesting extra-statutory treatment beyond that provided by law;
- Corporations with two distinct activities like warehousing/ trucking & distribution/trucking or persons/transportation & property/transportation;
- Corporations having net operating loss (NOL) limitations under IRC Section 381 and IRC Section 382; and
- Corporations filing any tax report for a tax year beginning prior to 2001.
- Corporations whose corporate net income tax or apportionment figure exceeds 13 digits.

Tax rates for years beginning in	2016	2017
Corporate Net Income Tax	9.99 %	9.99 %

TABLE OF CONTENTS

GENERAL INSTRUCTIONS

What must be included with the PA Corporate Net Income Tax Report	5
Assembly of the PA Corporate Net Income Tax Report RCT-101	7
Federal S Corporations	7
Inactive Corporations	7
Copy of Federal Form 1120, 1120C or 1120S	8
Confirmation of "Deposits on Account" for a Non-Filed Year	8
Electronic Payment Requirement	8
Due Date of Report and Payment	8
Filing Requirements	8
Out of Existence/Withdrawal	8
Bulk Sales	9
Reinstatement	9
Recording Dollar Amounts	9
Filing Period	9
Extension of Time to File	9
Penalties	9
Interest	9
Transfers/Refunds of Corporate Taxes	9
Assignment of Tax Credit (Overpayment)	10
Department Notices	10
Amended Reports/Reports of Change	11
Changes In Federal Taxable Income	11

SPECIFIC INSTRUCTIONS

LINE BY LINE INSTRUCTIONS FOR THE PA CORPORATE TAX REPORT, RCT-101

RCT-101-PAGE 1

IRS Filing Type	13
STEP A Tax Period	13
STEP B Check Special Filing Status	13
STEP C Name, Address, Federal EIN Business Activity Code, Revenue ID & Parent Corporation EIN	13
STEP D Tax Summary	13
STEP E Payment Due/Overpayment	14
STEP F Transfer/Refund Methods	14
E-File Opt Out	14
STEP G Signature	14

RCT-101-PAGE 2

<u>SECTION A: BONUS DEPRECIATION</u>	14
<u>SECTION B: PA CORPORATE NET INCOME TAX</u>	14
Taxable Built-in Gains	14
Deductions from and Additions to Income	14
Apportionment and Allocation	15
Net Operating Loss Deduction	16
Determination of Tax	16
<u>Schedule C-1 Apportionment</u>	16

SPECIFIC INSTRUCTIONS CONT.

RCT-101 – PAGE 3

<u>SECTION C: CORPORATE STATUS CHANGES</u>	16
---	----

<u>SECTION D: GENERAL INFORMATION QUESTIONNAIRE</u>	17
--	----

RCT-101 – PAGE 4

<u>SCHEDULE OF REAL PROPERTY</u>	17
---	----

<u>CORPORATE OFFICERS</u>	17
--	----

<u>PREPARER'S INFORMATION</u>	17
--	----

SUPPLEMENTAL SCHEDULES

REV-802, Schedule C-6	17
REV-803, Schedule C-7	17
RCT-106, Insert Sheet	17
REV-798, Schedule C-2	17
REV-798, Schedule X	17
RCT-103, Net Operating Loss Schedule	18
REV-860, Schedule C-5	18
REV-860, Schedule OA, Schedule OD	18
REV-861, Schedule DA	18
REV-934, Sched. of Non-business Income	19
REV-986, Claim of Exemption from CNIT	19
RCT-101D De Minimis Activity	19
REV-799, Schedule C-3	19
REV-799, Schedule C-4	20
REV-1175, Schedule AR	20

APPORTIONMENT, EXEMPTIONS AND ALLOCATION

Apportionment of Taxable Income	20
Sales Factor	20
Special Apportionment Fractions	21
Railroad, Truck, Bus or Airline Companies	21
Pipeline or Natural Gas Companies	21
Water Transportation Companies Operating on High Seas	21
Water Transportation Companies Operating on Inland Waters	21
Apportionment & Investments in Unincorporated Entities	21
Nonbusiness Income	21

MISCELLANEOUS

Restricted Credits	22
--------------------------	----

WHO MUST FILE

All business entities that have elected to file as a corporation with the IRS:

- Corporation
- Business Trust
- Limited Liability Company
- S Corporation that has Built-in Gains or
- Any other entity electing to file as a corporation under federal Check the Box rule
- Any corporation whose activity exceeds P.L. 86-272 Solicitation Only

CUSTOMER SERVICES AND ASSISTANCE

CONTACT NUMBERS

Estimated Payments 1-888-PATAXES (728-2937)
General BUSINESS Tax Questions 717-787-1064
Extension to File Annual Report 717-705-6225
Transfer/Refund of Overpayments. 717-705-6225
E-filed Reports. 717-346-1987

TAX CREDITS CONTACT NUMBERS

Keystone Opportunity Zone Credit. 717-346-0327
Educational Improvement/Opportunity Scholarship
Tax Credit 1-800-379-7448 or
717-787-7120
Neighborhood Assistance Credit 1-800-379-7448 or
717-787-1984
Employment Incentive Payment Credit. 1-800-345-2555
Jobs Creation Tax Credit 1-800-379-7448 or
717-787-7120
Pennsylvania Research & Development
Tax Credit. 717-705-6225
Organ and Bone Marrow Donor ACT. 717-787-8211
Mobile Telecommunications Broadband Investment
Tax Credit. 717-772-3896
Coal Refuse Energy and Reclamation Tax Credit . 717-772-3896

FORMS ORDERING SERVICES

To obtain tax instructions, single copies of PA corporation tax forms, coupons or brochures, use one of these services:

Internet: www.revenue.pa.gov

Toll-Free Phone Services

1-888-PATAXES (1-888-728-2937)

Touch-tone service is required for this automated 24-hour toll-free line.

Call to order forms or check the status of a corporate tax account.

FORMS ORDERING SERVICES CONT.

Automated 24-hour Forms Ordering Message Service

1-800-362-2050 Serves taxpayers without touch-tone phone service.

Services for Taxpayers with Special Hearing and/or Speaking Needs

1-800-447-3020 (TTY only)

Written Requests:

PA DEPARTMENT OF REVENUE
TAX FORMS SERVICE UNIT
1854 BROOKWOOD ST
HARRISBURG PA 17104-2244

ONLINE SERVICES

Online Customer Service Center

Find the answer to your question using the department's Online Customer Service Center at www.revenue.pa.gov.

Pennsylvania Tax Update

Stay up-to-date on Department of Revenue news with the *PA Tax Update*, a free, bi-monthly e-newsletter. Visit www.revenue.pa.gov to sign up for a *PA Tax Update* e-alert.

WHERE TO FILE

MAILING ADDRESSES

RCT-101-PA CORPORATE TAX REPORT, RCT-101-I-INACTIVE PA CORPORATE TAX REPORT, RCT- 101D-DECLARATION OF DE MINIMIS ACTIVITY, RCT-128C- REPORTS OF CHANGE IN CORPORATE NET INCOME TAX

If you are including payment, please use the following address:

PA DEPARTMENT OF REVENUE
PAYMENT ENCLOSED
PO BOX 280427
HARRISBURG PA 17128-0427

If you are requesting a refund or transfer of credit, please use the following address:

PA DEPARTMENT OF REVENUE
REFUND REQUESTED
PO BOX 280706
HARRISBURG PA 17128-0706

If you are neither including payment nor requesting a refund or transfer of credit, please use the following address. This includes reports when payment was made electronically.

PA DEPARTMENT OF REVENUE
NO PAYMENT, NO REFUND
PO BOX 280708
HARRISBURG PA 17128-0708

MAILING ADDRESSES CONT.

REV-857-ESTIMATED TAX PAYMENTS

PA DEPARTMENT OF REVENUE
BUREAU OF CORPORATION TAXES
327 WALNUT ST FL 3
PO BOX 280422
HARRISBURG PA 17128-2005

CT-V-FED/STATE PAYMENT VOUCHER

PA DEPARTMENT OF REVENUE
BUREAU OF CORPORATION TAXES
327 WALNUT ST FL 3
PO BOX 280427
HARRISBURG PA 17128-2005

REV-853-ANNUAL EXTENSION

PA DEPARTMENT OF REVENUE
BUREAU OF CORPORATION TAXES
327 WALNUT ST FL 3
PO BOX 280425
HARRISBURG PA 17128-2005

REV-854-EIN/FILING PERIOD/ADDRESS CHANGE

PA DEPARTMENT OF REVENUE
BUREAU OF CORPORATION TAXES
327 WALNUT ST FL 3
PO BOX 280701
HARRISBURG PA 17128-0701

REV-1605-SCHEDULE CO-NAME OF CORPORATE OFFICERS

PA DEPARTMENT OF REVENUE
BUREAU OF CORPORATION TAXES
327 WALNUT ST FL 3
PO BOX 280701
HARRISBURG PA 17128-0701

REV-976-ELECTION NOT TO BE TAXED AS A PENNSYLVANIA S CORPORATION

PA DEPARTMENT OF REVENUE
BUREAU OF CORPORATION TAXES
PA "S" UNIT
PO BOX 280701
HARRISBURG PA 17128-0701

PA-20S/PA-65, PA S CORPORATION/ PARTNERSHIP INFORMATION RETURN

PA DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
PO BOX 280509
HARRISBURG PA 17128-0509

OVERNIGHT MAILING

PA DEPARTMENT OF REVENUE
BUREAU OF IMAGING AND
DOCUMENT MANAGEMENT
1854 BROOKWOOD ST
HARRISBURG PA 17104-2244

SPECIAL HANDLING (see cover page for instruction and examples)

PA DEPARTMENT OF REVENUE
BUREAU OF CORPORATION TAXES
PO BOX 280704
HARRISBURG PA 17128-0704

EMAIL ADDRESSES

NOTICE OF ADJUSTMENT LETTER

If you believe the adjustments are in error, please contact the department via email at: ra-panoticeofadjustment@pa.gov

WHAT'S NEW

NEW FOR 2016

The Capital Stock/Foreign Franchise tax has been phased out for tax years beginning on or after Jan. 1, 2016. This means that many business types such as S corporations, LLC's taxed as pass-through entities and business trusts that are not federally taxed as a C corporation will need to file their final RCT-101 corporation tax report for the 2015 reporting period. These reports must be marked as final reports.

Corporations not subject to the PA corporate net income tax for the years mentioned above include, single member LLC's, Multi Member LLC's taxed as a partnership or S corporation, Business Trusts and PA S corporations (except PA S corporations that have Built-In-Gains). Solicitation only corporations would also no longer be required to file a RCT-101, PA Corporate Net Income Tax Report, unless activity exceeds solicitation only.

Corporations subject to the PA corporate net income tax (including PA S corporations that have Built-In-Gains) must continue to file a PA corporate net income tax report.

RCT-101 is a revised, year specific, four page form and includes a revised Page 1, eliminating CS-FF and LOANS from Step D. It also

includes a revised Page 2, Bonus Depreciation, Corporate Net Income Tax, and Sales Factor Apportionment (Schedule C-1). Use ONLY this year-specific RCT-101 for filing all tax years beginning on or after Jan. 1, 2016. All reports for tax years beginning prior to Jan. 1, 2016 MUST be filed on the non-year-specific RCT-101. These forms can be found on the department's website at www.revenue.pa.gov.

RCT-101-I, Inactive PA Corporate Net Income Tax Report, is a revised, year-specific form. It includes a revised Page 1, eliminating CS-FF and LOANS Tax. This form MUST be used for filing all tax years beginning on or after Jan. 1, 2016. All reports for tax years beginning prior to Jan. 1, 2016 MUST be filed on the non-year-specific RCT-101. These forms can be found on the department's website at www.revenue.pa.gov.

Amended reports filed for tax years beginning on or after Jan. 1, 2016, MUST be filed on the revised, year-specific RCT-101. You must check the Amended Report checkbox on Page 1, Step B, and include REV-1175 with the report. Amended reports filed for tax years beginning prior to Jan. 1, 2016, MUST be filed on the non-year-specific RCT-101. You must check the Amended Report checkbox on Page 1, Step B, and include REV-1175 with the report.

REMINDERS

Act 52 of 2013 requires the add-back of intangible expenses to income for interest, royalties, patents, trademarks, etc., between affiliated entities in certain circumstances.

Taxpayers claiming Add-Back on RCT-101, PA Corporate Net Income Tax Report, must provide schedules REV-802 and REV-803 by submitting them with RCT-101.

Completing the sales factor as 0/0, leaving the sales factor field blank or typing "none" in this field will result in apportionment being changed to 100 percent in Pennsylvania, automatically changing the reported tax liabilities. A corporation with no sales both inside and outside Pennsylvania should complete SCHEDULE C-1 on Page 2 of RCT-101, using "0" as the numerator and "1" as the denominator.

Failure to submit a properly completed and signed tax report may result in the delay of processing and the imposition of late filing penalties and/or estimated assessments.

The penalty imposed for failure to file reports when due is a minimum of \$500, regardless of the determined tax liability, plus an additional 1 percent of any determined tax liability over \$25,000.

Taxpayers filing a full year report and disclosing a bulk sale **should not** fill in the bulk sale checkbox on Page 3 of RCT-101, PA Corporate Net Income Tax Report. Rather, you must complete REV-181, Application for Tax Clearance Certificate and mail separately to the Bureau of Compliance. **DO NOT** send with RCT-101.

If a taxpayer is filing a short period report and has a bulk sale, you **must** fill in the bulk sale checkbox on Page 3 of RCT-101. You must also complete REV-181, Application for Tax Clearance Certificate and mail separately to the Bureau of Compliance. **DO NOT** send with RCT-101.

WHAT MUST BE INCLUDED WITH THE PA CORPORATE NET INCOME TAX REPORT

When filing a PA Corporate Net Income Tax Report, RCT-101, all corporate taxpayers are required to include forms and schedules to support the calculation of the tax liability. The type of information required depends on how the entity reports income to the IRS. The following chart lists the forms and schedules the taxpayer must include with the RCT-101 each year. This list is not meant to be all-inclusive. Explanation of forms appears on Pages 17-20.

IF TAXPAYER IS ORGANIZED AS	TAXPAYER FILES WITH THE IRS	TAXPAYER MUST PROVIDE THE FOLLOWING WITH RCT-101
Corporation Business Trust Limited Liability Company or S Corporations that have Built-in Gains Any other entity electing to file as a corporation under federal Check the Box rules	Federal Form 1120, Federal Form 1120C, Federal Form 1120S, (Taxpayer elected to not be taxed as a Pennsylvania S Corporation) Federal Form 1120F, or Any other Corporate Income Tax Return	1. Complete copy of federal income tax return, on separate company basis, with all supporting schedules. Corporations participating in a consolidated federal income tax filing must provide consolidating income statements and balance sheets to the department, including separate company schedules and all consolidations and eliminations. 2. Completed federal Schedules L, M-1 & M-2 regardless of federal requirements.* 3. Consolidated balance sheet (Corporation owns more than 50 percent of another corporation). See Page 11 of these instructions. 4. RCT-103 to support net operating loss carry-forward, if applicable. 5. Schedules C-3 and C-4 to support adjustments for bonus depreciation, if applicable. 6. REV-934, Schedule of Non-Business Income, if applicable. 7. Other supporting statements if necessary, with references to supporting statements on the applicable form. 8. REV-798, Schedule C-2, Dividend Deduction, if applicable and Schedule X, if applicable. 9. REV-860, Schedule C-5, OA and OD 10. RCT-106, Insert Sheet

*Taxpayers required to file federal Schedule M-3 may submit such in lieu of federal Schedule M-1.

In certain situations corporate taxpayers are also required to provide additional information when filing RCT-101. Examples of these are as follows.

IF THE CORPORATE TAXPAYER IS	TAXPAYER MUST ALSO PROVIDE
Apportioning income for the first time.	A copy of a tax return from another state.
Filing the final PA Corporate Net Income Tax Report.	A complete Schedule DA - Disposition of Assets Schedule (REV-861).
Claiming the Keystone Opportunity Zone/Keystone Opportunity Expansion Zone or Strategic Development Area Credit.	1. A completed RCT-101 KOZ, showing the calculation of the credit. 2. A copy of the Keystone Opportunity Zone approval letter issued by the Department of Community and Economic Development for the current year.
Claiming an Employment Incentive Payment Credit.	Schedule W – Certifications for New Employees.

WHEN IS A FORM OR SCHEDULE REQUIRED?

FORM	USED FOR	REQUIRED WHEN CORPORATE TAXPAYER
RCT-106	Support of Sales Factor Apportionment or Special Apportionment	Has taxable activity in at least one other state and is apportioning income to the other state based on sales. RCT-106 is also required by taxpayers who are required to utilize special apportionment methods (revenue miles, etc.).
RCT-103	Support of Net Operating Loss Deduction	Is deducting a net operating loss carry-forward in the calculation of corporate net income tax.
Schedule C-2 REV-798	Support of Dividend Deduction	Is claiming a Dividend Received Deduction in the calculation of corporate net income tax.
Schedule C-3 REV-799	Bonus Depreciation Adjustment	Is claiming a deduction to recover disallowed federal bonus depreciation in the calculation of corporate net income tax.
Schedule C-4 REV-799	Adjustment for Sale of Sec. 168(k) Property	Is claiming a deduction to recover remaining federal bonus depreciation in the calculation of corporate net income tax in the year an asset is sold.
Schedule C-5 REV-860	Schedule of Tax Expense	Is subject to corporate net income tax and reports taxes paid as an expense on the federal income tax return.
Schedule OA REV-860	Other Additions	Is reporting an "Other Addition" on RCT-101, Section C, Line 3E.
Schedule OD REV-860	Other Deductions	Is reporting an "Other Deduction" on RCT-101, Section C, Line 2D.
Schedule X REV-798	Parent and Subsidiary Corporations	Has more than 50 percent of its stock owned by another corporation, individual or other business entity or owns more than 50 percent of another corporation.
REV-934	Schedule of Non-Business Income	Is claiming non-business income.
REV-986	Schedule to Determine Corporate Net Income Tax Filing Requirement	Activity exceeds Solicitation Only - P.L. 86-272
Schedule AR REV-1175	Schedule to Provide Reason for Filing an Amended Report and Summary of Change in Tax Liability for Amended Report	Is amending a PA Corporate Net Income Tax Report.
REV-802	Add-Back for Intangible Expense or Related Interest Expense	Is adding back intangible expense or related interest expense.
REV-803	Claiming a Credit for Tax Paid by Affiliated Entities	Is claiming a credit for tax paid by affiliated entities.

ASSEMBLY OF THE COMPLETED PA CORPORATE TAX REPORT RCT-101 PACKAGE

Assemble the completed PA Corporate Net Income Tax Report in the following order. Failure to submit a properly completed and signed report may result in the delay of processing and the imposition of late filing penalties and/or estimated assessments.

1. RCT-101, PA Corporate Net Income Tax Report, Pages 1 through 4 completed and assembled in order.
2. RCT-103, Net Operating Loss Schedule, if applicable.
3. Federal Form 7004, if applicable
4. Pennsylvania Extension Approval Letter, if applicable
5. Pennsylvania schedules and forms, as required and in the following order:
 - REV-1175, Schedule AR - If filing an amended PA Corporate Net Income Tax Report.
 - REV-798, Schedule C-2, Dividend Deduction
 - REV-798, Schedule X
6. All other documentation to support the RCT-101, PA Corporate Net Income Tax Report
7. Complete federal tax return and supporting schedules, as required:
 - Federal Form 1120
 - Federal Form 1120C
 - Federal Form 1120S
8. Consolidating schedules, when applicable

PENNSYLVANIA CORPORATE TAX REPORT INSTRUCTIONS FOR FORM RCT-101

GENERAL INSTRUCTIONS

FEDERAL S CORPORATIONS

The Capital Stock/Foreign Franchise tax has been phased out for tax years beginning on or after Jan. 1, 2016. However, PA S Corporations that have built-in gains are required to file RCT-101.

Any federal subchapter S corporation that does not desire to be a Pennsylvania S corporation must file the Election Not to be Taxed as a Pennsylvania S Corporation, REV-976, on or before the due date or extended due date of the report for the first year in which the election is to be in effect. This election must be signed by all of the shareholders and once made cannot be revoked for five years. The completed REV-976 should be mailed to the following address:

**BUREAU OF CORPORATION TAXES
PA "S" UNIT
PO BOX 280701
HARRISBURG PA 17128-0701**

To revoke an election not to be taxed as a PA S Corporation, the corporation must send a letter signed by shareholders holding more than one-half of the shares of stock of the corporation on the day on which the revocation is made. This letter must contain the name of the corporation, federal EIN, Revenue ID number and the effective date of the revocation. If no effective date is provided, the revocation will be effective for the first tax period for which the revocation was timely submitted. In the case of a corporation with qualified subchapter S subsidiaries, the letter must also include the names and Revenue ID numbers of all qualified subchapter S subsidiaries doing business in Pennsylvania.

Qualified subchapter S subsidiaries may not be Pennsylvania S corporations, or elect not to be Pennsylvania S corporations, separate from the parent corporation. Federal subchapter S cor-

porations doing business in Pennsylvania that do not make this election are required to file both RCT-101 and PA-20S/PA-65, and the shareholders of these corporations must report the income from these corporations on their PA personal income tax returns.

IMPORTANT: This election must be filed by all federal subchapter S corporations that do not want to be taxed as Pennsylvania S corporations, regardless of any prior actions taken by a corporation on this issue.

If a corporation has elected to be taxed as an S corporation for federal tax purposes, but has elected not to be taxed as a PA S corporation, it must: (1) complete Section B of RCT-101, (2) include a copy of federal Form 1120S with the PA Corporate Net Income Tax Report, and (3) include a schedule reflecting adjustments to Line 21 of federal Form 1120S for the pass-through items on Schedule K, Shareholders' Share of Income, Credits, Deductions, etc. These adjustments should produce taxable income similar to that for a C corporation and must be reported in Section B, Line 1 of the RCT-101.

INACTIVE CORPORATIONS

Inactive corporations must complete and file form RCT-101-I. Only skeleton corporations - those performing no business activity and owning no assets anywhere - may use the RCT-101-I. Corporations that have business activity outside Pennsylvania must complete and file the PA Corporate Net Income Tax Report, RCT-101. A copy of federal Form 1120 must be included and apportionment fractions must be reported.

CAUTION: Prior period forms are not acceptable. Do not use forms for other years when filing a PA Corporate Net Income Tax Report, RCT-101, or an Inactive PA Corporate Net Income Tax Report, RCT-101-I.

COPY OF FEDERAL FORM 1120, 1120C OR 1120S

IMPORTANT: A copy of the federal income tax return - Form 1120, 1120C, 1120S, or other applicable federal form must be included with the PA Corporate Net Income Tax Report. This is in addition to any requirement to supply a copy of the federal tax return with any other filing.

Pennsylvania does not allow consolidated filing of corporate tax reports. A corporation filing a consolidated return to the federal government must include the following:

1. Separate company income statement reflecting taxable income that would have been returned to and ascertained by the federal government, if a separate return had been made to the federal government.
2. Separate company balance sheet reflecting financial position of the taxpayer at the beginning and end of the taxable period, if separate return had been made to the federal government. A corporation with subsidiaries also must include a consolidated balance sheet.
3. Schedules reflected on the federal Form 1120, 1120C or 1120S on a separate company basis, including a schedule of taxes expensed.
4. Corporations participating in a consolidated federal income tax filing must provide consolidating income statements and balance sheets to the department, including separate company schedules and all consolidations and eliminations.

CAUTION: Failure to submit a properly completed and signed report may result in the delay of processing and imposition of late filing penalties and/or estimated assessments.

CONFIRMATION OF “DEPOSITS ON ACCOUNT” FOR A NON-FILED TAX YEAR.

Prior to filing a PA Corporate Net Income Tax Report, taxpayers can confirm the total amount of deposits on account by calling 1-888-PATAXES (728-2937). You will be asked to enter your Revenue ID number and a specific tax year. Once confirmed, the system will provide:

1. Total deposits by tax type for a specific tax year; or
2. A detailed response for each cash deposit and credit by tax type for a specific tax year. (Note: “restricted credits” are NOT uniquely identified by name of program) The system will provide details on up to 20 transactions.

HOW TO PAY

If the total taxes owed are less than \$1,000, you may send a check, made payable to the PA Dept. of Revenue, enclosed with the tax report, to the address listed on Page 3.

ELECTRONIC PAYMENT REQUIREMENT

The PA Departments of Treasury and Revenue have implemented programs that enable taxpayers to pay certain taxes electronically. All payments of \$1,000 or more must be remitted electronically or by certified or cashier’s check remitted in person or by express mail courier. Failure to make a payment by an approved method may result in the imposition of a 3 percent penalty of the tax due, up to \$500. For information on electronic filing options, visit the Online Services Center at www.revenue.pa.gov.

DUE DATE OF REPORT AND PAYMENT

The PA Corporate Net Income Tax Report, RCT-101, is due 30 days after the federal due date for both calendar and fiscal year filers. Domestic International Sales Companies (DISC) must file on or before the 15th day of the 10th month following the close of the fiscal year. If the due date falls on a Saturday, Sunday or holiday, the report is due the next business day.

FILING REQUIREMENTS

First reports of domestic corporations must begin with the date of incorporation. All domestic corporations are required to file annual reports even if no business activity was conducted during the taxable period.

First reports of foreign corporations must begin with the beginning date of the fiscal period in which the Certificate of Authority was issued or the date Pennsylvania activity began, whichever date is earlier.

IMPORTANT: All corporations are required to file annual reports even if no business activity was conducted within the commonwealth during the tax period. In general, PA Corporate Net Income Tax Reports are due 30 days after the original due date of the federal tax return.

OUT-OF-EXISTENCE/WITHDRAWAL

A PA corporation that has ceased doing business and completely or totally divested itself of ALL assets, or a foreign corporation that has ceased to do business in Pennsylvania and liquidated ALL PA assets may be relieved of the responsibility of filing corporate tax reports by indicating Final Report in Section C, Corporate Status Change, found on Page 3 of RCT-101.

NOTE: Entities formed under the laws of the Commonwealth of Pennsylvania must answer the questions under “PA Corporations” in this section. Entities formed under the laws of another jurisdiction are required to answer the questions under “Foreign Corporations”.

By completing this section of RCT-101, a corporate taxpayer wishing to be removed from the active records of the PA Department of Revenue will no longer be required to file the Out of Existence/Withdrawal Affidavit. However, taxpayers desiring to dissolve or formally withdraw with the Department of State are still required to file an Application for Corporate Clearance, REV-181.

To qualify for out-of-existence or withdrawn status, the corporation must:

1. File all corporate tax reports and pay all taxes due the commonwealth up to and including the date of cessation of activities and divestiture of assets. Where capital assets have been sold prior to liquidation, complete in detail a schedule reflecting the gain or loss realized as a result of the sale.
2. Include with the corporate tax reports a “Disposition of Assets,” Schedule DA, REV-861, which must reflect the date or dates of divestiture of all assets. Where a distribution of assets is made directly by the corporation to its shareholders in return for their stock, include with the “Distribution of Assets,” a copy of federal Form 1099-DIV.

CAUTION: Failure to submit the “Distribution of Assets” could delay the acceptance of the return as a final report resulting in continued corporate tax reporting requirements. Corporate taxpayers reporting the disposition of PA real estate must provide evidence that the transfer of title has

been filed with the Recorder of Deeds of the respective county. This information must be provided in order to be removed from the active records of the Bureau of Corporation Taxes.

PA corporations that never transacted business or held title to assets, or foreign corporations that never transacted business in Pennsylvania, are required to file annual tax reports until they file final returns and qualify for out-of-existence or withdrawn status. Such inactive corporations should mail the executed Out-of-Existence/ Withdrawal Affidavit, REV-238, directly to:

**PA DEPARTMENT OF REVENUE
BUREAU OF COMPLIANCE
PO BOX 280947
HARRISBURG PA 17128-0947**

BULK SALES

Taxpayers filing a full year report and disclosing a bulk sale, should not fill in the bulk sale checkbox on Page 3 of the PA Corporate Net Income Tax Report. Rather, you must complete REV-181, Application for Tax Clearance Certificate and mail separately to the Bureau of Compliance. DO NOT send with the PA Corporate Net Income Tax Report.

If a taxpayer is filing a short period report and has a bulk sale, fill in the bulk sale checkbox on Page 3 of the PA Corporate Net Income Tax Report. You must also complete REV-181, Application for Tax Clearance Certificate, and mail separately to the Bureau of Compliance. DO NOT send with the PA Corporate Net Income Tax Report.

REINSTATEMENT

A corporation considered out-of-existence through the acceptance of an affidavit may reinstate with the PA Department of Revenue by confirming with the PA Department of State, that the corporation name is available for use by calling 717-787-1057. A corporation considered out-of-existence/withdrawn, must be reinstated on Department of Revenue records before its corporate franchise can again be utilized. This can be effected by filing PA Corporate Net Income Tax Reports from the date of out-of-existence status through the end of the last calendar or fiscal period of no activity. Taxpayer's filing RCT-101-I for this purpose must check the reinstatement box found in Step J, Corporate Status Changes, and enter the beginning date of the first tax period in which business resumed (effective date).

RECORDING DOLLAR AMOUNTS

All RCT-101 forms and schedules must show money amounts in whole-dollars. Eliminate any amount less than \$0.50 and increase any amount that is \$0.50 or more to the next highest dollar.

Negative amounts should be written as follows: -3,456.

FILING PERIOD

Reports must be filed on the same filing basis as reported to the federal government. Where a change in filing period has occurred, the taxpayer must provide the new month, day and year by electronically filing REV-854 using the Online Services Center at www.revenue.pa.gov. Indicate a permanent change in filing period on the RCT-101 (Page 1, Step B).

EXTENSION OF TIME TO FILE

A request for an extension of time to file must be submitted on or before the due date of the PA Corporate Net Income Tax Report.

Taxpayers granted an extension to file the federal income tax return will automatically be granted an extension to file PA Corporate Net Income Tax Report, RCT-101. Corporate taxpayers granted a federal extension must indicate this on Page 1 of RCT-101 and include a copy of the federal extension request with the report.

Corporations that do not request an extension to file the federal income tax return may still request a 60-day extension to file the PA Corporate Net Income Tax Report. To apply for an annual extension, complete the Annual Extension Request, REV-853, electronically using the Online Services Center at www.revenue.pa.gov. After review by the PA Department of Revenue, you will receive written notification as to whether your extension was approved or denied.

You may also use REV-853 to make an annual tax payment with the extension request. If the taxes total more than \$1,000, you must make the required payment by an electronic payment method. (Refer to Page 8, Electronic Payment Requirement.)

All payments of \$1,000 or more must be made electronically or by certified or cashier's check remitted in person or by express mail courier.

PENALTIES IMPOSED FOR FAILURE TO FILE REPORTS WHEN DUE

If a report is filed late, the taxpayer should wait until assessed by the department to remit the penalty amount. Interest does not accrue on penalties. Do not include penalty with tax amounts reported on form RCT-101.

The penalty imposed for failure to file reports when due is now a minimum of \$500, regardless of the determined tax liability, plus an additional one percent of any determined tax liability over \$25,000.

INTEREST

Interest is charged on late payments received after the due date of a tax report. Taxpayers should not precalculate interest or include interest with the tax amount reported on the RCT-101 (Step D, Column A). The department will forecast interest on unpaid tax balances and provide a notice to the taxpayer. Taxpayers may request a payoff of unpaid balances (that includes interest on unpaid tax and collection agency fees, if applicable) by contacting the Bureau of Corporation Taxes Accounting Division at 717-705-6225.

TRANSFERS/REFUNDS OF CORPORATE TAXES

After completing Step D on Page 1 of the RCT-101 Annual Report, if an overpayment exists taxpayers must instruct the department to either transfer any available credit to the next tax year or consider any available credit for refund, or both, under Step F. If no option is selected, the department will automatically transfer any overpayment to the next tax year for estimated tax purposes after offsetting current period liabilities and other unpaid liabilities within the account. A tax period overpayment summary will be mailed to the taxpayer confirming the disposition of the credit.

ASSIGNMENT OF TAX CREDIT (OVERPAYMENT)

Department regulation (61 Pa. Code 151.21-151.22) provides authorization for taxpayers to assign a credit to another taxpayer. To accomplish the assignment, the Department of Revenue requires both assignor and assignee to complete REV-774, Assignment of Tax Credit.

Only credits that meet the following conditions can be assigned:

- All taxes (corporate, sales/use, employer withholding, liquid fuels, etc), interest, penalties, fees and additions to tax owed by the taxpayer (assignor) must be paid in full.
- Restricted credits (credits originating from special credit programs) may be sold or assigned. These credits include the Research and Development Tax Credit (R&D), Film Production Tax Credit (FPT), Neighborhood Assistance Tax Credit (NAT), Resource Enhancement and Protection Tax Credit (REAP), Keystone Innovation Zone Tax Credit (KIZ), Keystone Special Development Zone Credit (KSDZ), Historic Preservation Tax Credit (HPTC), and Coal Refuse Energy and Reclamation Tax Credit (CRER).
- For information regarding the sale or assignment of R&D, KIZ, NAT, FPT, HPTC and KSDZ credits, call the Department of Community and Economic Development at 717-787-7120 or visit www.NewPa.com.
- For information regarding the sale or assignment of REAP tax credits, call the State Conservation Commission at 717-705-4032 or visit <http://www.agriculture.pa.gov/Protect/StateConservationCommission/REAP/Pages/default.aspx>

Additional information regarding the sale or assignment of tax credits can be obtained from Corporation Tax Bulletin 2014-04 found on the Department of Revenue website at www.revenue.pa.gov.

Call the Bureau of Corporation Taxes Accounting Division at 717-705-6225 if you have questions regarding credit assignment or restricted credits limitations or to request the REV-774 Assignment of Tax Credit Form. The form can also be found at www.revenue.pa.gov.

Send REV-774 directly to:

**PA DEPARTMENT OF REVENUE
BUREAU OF CORPORATION TAXES
ACCOUNTING DIVISION
PO BOX 280701
HARRISBURG PA 17128-0701**

DEPARTMENT NOTICES

Notice of Adjustment – This notice provides a copy of the changes if the department made one or more adjustment that resulted in a recalculation of tax. The accompanying worksheet details the amounts originally reported and the adjustments made by the department.

The notice also provides instructions for amending if taxpayers believe they submitted incorrect data on the original report, and instructions of what taxpayers should do if they believe the department's adjustments are in error.

Assessment Notice – This notice is provided to taxpayers as official notification of an unpaid or underpaid balance due the commonwealth. Balances include tax, interest, penalty, other fees and forecasted interest. The elements of the notice are unique to a specific tax type and tax period. The date of the

notice establishes a lien with the commonwealth and initiates the window to petition for reassessment. Taxpayers must file petitions for reassessment on or before the due dates specified on notices. For additional information visit the Board of Appeals website at www.boardofappeals.state.pa.us.

Basis of Assessment – Attached to every Assessment Notice is a Basis of Assessment, which explains the adjustments made by the department in the determination of the liability. This is in addition to other detailed worksheets that may have been prepared and provided to the taxpayer.

Estimated Assessment Notice – This notice identifies estimated liabilities that have been imposed for a specific tax type and tax period. Estimated liabilities are imposed for failure to file a complete PA Corporate Net Income Tax Report. The assessment includes tax, interest and penalties that represent a first lien upon the entity's franchise and property, both real and personal. These liabilities are not subject to appeal. To resolve the estimate, taxpayers must file a complete PA Corporate Net Income Tax Report. The Department of Revenue is required to remove estimated assessments 90 days following receipt of a complete PA Corporate Net Income Tax Report.

Tax Period Overpayment Summary – This notice confirms the disposition of a tax overpayment. Tax credits may develop from the filing of tax reports, adjustments to a tax liability by the Department of Revenue and the Department of the Auditor General, tax relief granted from various levels of appeal or from account maintenance initiated by the department.

Statement of Account – This notice provides a summary of a taxpayer's account. Three categories of information are contained on the notice:

- **Summary of Active (filed) tax periods** – Tax periods displayed include the three most recently filed periods and those with open, unpaid balances.
- **Summary of Non-filed tax periods (includes estimated tax and estimated prepayments)** – Tax periods displayed include the current non-filed tax period estimated prepayments and restricted credits.
- **Summary of Restricted Credits** – This section includes a summary of restricted tax credits available for future periods.
- Business taxpayers and tax practitioners now have the ability to electronically request and receive a more detailed version of the Statement of Account (e-SOA) in PDF format through the new Document Center section in e-TIDES. The e-SOA can be requested at any time and is made available in PDF format in the Document Center to print or download on the next business day. The new online delivery saves time and money and provides more up-to-date information. You can access the e-SOA by visiting www.revenue.pa.gov and selecting Online Services then select e-TIDES.

The exact steps needed to access the new functionality in the **e-TIDES Document Center** varies slightly based on your current access. To learn more, visit the **Get Assistance** section in e-TIDES for step-by-step instructions on getting setup to electronically request an e-SOA.

Audit Assessment Notice – This notice is provided to taxpayers as official notification of an unpaid or underpaid balance due the commonwealth as the result of a field audit. Balances include tax, interest, penalty, other fees and forecasted interest. The elements of the notice are unique to a specific tax type and tax period. The date of the notice establishes a lien with the commonwealth and initiates the window to petition for

reassessment. Taxpayers must file petitions for reassessment on or before the due dates specified on notices. For additional information visit the Board of Appeals website at www.boardofappeals.state.pa.us.

AMENDED REPORTS

Amended reports must be filed when requesting the Bureau of Corporation Taxes to adjust the corporate net income taxes for a particular year. Phone calls and/or letters submitted to the department are not acceptable and will not be considered an amended report.

CAUTION: Amended reports filed for tax years beginning on or after Jan. 1, 2016, **MUST** be filed on the **revised, year-specific** RCT-101. Taxpayers must complete all sections of the report; this includes those sections originally filed and those sections being amended. The apportionment must be completed with the factors as originally filed or being amended. This must be numeric with a numerator and a denominator present. If no activity anywhere, the numerator must be "0" and the denominator must be "1". The amended report check box under Step B, Page 1 of RCT-101 must be checked and REV-1175 must be included with the report.

CAUTION: Amended reports filed for tax years beginning prior to Jan. 1, 2016 **MUST** be filed on the **non-year specific** RCT-101. Taxpayers must complete all sections of the report; this includes those sections originally filed and those sections being amended. The apportionment must be completed with the factors as originally filed or being amended. This must be numeric with a numerator and a denominator present. If no activity anywhere, the numerator must be "0" and the denominator must be "1". The amended report check box under Step B, Page 1 of RCT-101 must be checked and REV-1175 must be included with the report.

A taxpayer may file an amended report anytime within three years of the filing of the original report. When filing the amended report the taxpayer must consent to an assessment period of three years from the filing of the original report or one year from the filing of the amended report, whichever expires last. If you fail to provide such consent the department might not consider the amended report. This consent to extend the assessment period is included as part of the affirmation statement at the bottom of Page 1 of RCT-101. If, after reviewing the amended report, the department determines the tax liability reflected on the taxpayer's PA corporate tax account is incorrect, an adjustment will be made to the liability. The department will then generate a credit for the amount of any overpayment, strike all or part of any previous assessment or issue an assessment for any additional tax liability.

An amended report should only be filed if an original PA Corporate Net Income Tax Report, RCT-101, was previously filed for the same tax period. An amended report must contain documentation to support the adjustment(s).

All amended tax reports must include Schedule AR, REV-1175, which includes a detailed explanation of the reason for filing the amended report and a summary of the change to the tax liability. In completing the Summary of Tax Change, enter the corporate net income tax; the tax liability currently reflected on the taxpayer's account; the amended tax liability; and the amount of change in the tax.

When filing an amended RCT-101, the tax liability in Column A of Step D should reflect the amended liability. Column B, Estimated Payments and Credits on Deposit, must reflect the payments and credits on the account at the time the amended report is filed. Column C, Restricted Credits, must report the

restricted credits the taxpayer is entitled to based on the filing of the amended report.

Amended reports cannot be filed for the following:

1. To challenge PA statute or regulations.
2. To challenge department policy or interpretation of statutes or regulations.
3. For the sole purpose of claiming the report is a final report. **IMPORTANT:** REV-238 or REV-181 must be filed instead.
4. To change or correct taxpayer information electronically such as the Revenue ID or EIN. Use REV-854 found at www.revenue.pa.gov and select Online Services, then e-Tides.
5. To change the end of the tax year. (A new original report must be filed including an explanation why the original tax year end was incorrect).

See the following section concerning changes in federal taxable income. **IMPORTANT:**

- The filing of an amended PA Corporate Net Income Tax Report does not replace the filing of a petition, nor does it extend a corporate taxpayer's time to file an appeal.
- The department is not obligated to revise tax due the commonwealth upon review of an amended report. Its failure to revise tax due the commonwealth is not an appealable action and will not change any existing appeal rights of the taxpayer.

CHANGES IN FEDERAL TAXABLE INCOME/REPORTS OF CHANGE

Changes in federal taxable income must be reported to the department within the statutory period to report the change. This includes changes in federal taxable income resulting from the taxpayer filing an amended federal income tax return and changes initiated by the federal government due to an audit or examination of the federal return. For tax years beginning prior to Jan. 1, 2013, changes in federal taxable income must be reported to the department within 30 days of the change. This has been extended to six months for tax years beginning after Dec. 31, 2012.

If a taxpayer files an amended federal income tax return for a period for which the department issued an Official Notice of Settlement, the taxpayer must report the change on an amended PA Corporate Net Income Tax Report. When completing an amended report, the taxpayer must indicate that the report is being filed due to the filing of an amended federal income tax return and enter the date on Page 1 that the amended federal return was filed.

If a taxpayer files an amended federal return for a period for which the department did not issue an Official Notice of Settlement, the taxpayer must report the change on RCT-128C, Report of Change in Corporate Net Income Tax.

Changes to federal taxable income initiated by the federal government as part of an audit or examination of the federal income tax return must be reported on RCT-128C and include the federal audit date or date filed with the IRS, regardless of whether the PA corporate net income tax for that period was settled by the department.

PREVENTING RCT-101 PROCESSING ERRORS

CAUTION

The business tax system enables a more robust and analytical review of the RCT-101, PA Corporate Net Income Tax Report data. To prevent a report from suspending, taxpayers are encouraged to provide a complete and accurate report that will process smoothly, following the below tips.

1. The Revenue ID **must** be present for processing of the report, along with all other applicable fields in STEP C.
2. NEVER input the word “none” in numeric fields.
3. Checkbox indicators-Pay close attention to all checkboxes within the report such as IRS Type (Page 1), STEP B (Page 1), SECTIONS C AND D (Page 3) and Schedule of Real Property (Page 4).
4. Taxpayer’s claiming Add-Back on Page 2 of RCT-101, SECTION B, Line 3E, must provide schedules REV-802 and REV-803 by submitting them with RCT-101.
5. If taking a deduction for bonus depreciation, Section A 1., Current Year Federal Depreciation of 168K Property, must be completed on Page 2. Also, REV-799, Schedule C-3, must be completed and included with the report.

IMPORTANT:

RCT-101 is a revised, year specific, four page form and includes a revised Page 1, eliminating CS-FF and LOANS from Step D. It also includes a revised Page 2, Bonus Depreciation, Corporate Net Income Tax, and Sales Factor Apportionment (Schedule C-1). Use ONLY this year-specific RCT-101 for filing all tax years beginning on or after Jan. 1, 2016. All reports for tax years beginning prior to Jan. 1, 2016 MUST be filed on the non-year specific RCT-101. These forms can be found on the department’s website at www.revenue.pa.gov.

Amended Reports

Amended reports filed for tax years beginning on or after Jan. 1, 2016, **MUST** be filed on the **revised, year-specific** RCT-101. You must check the amended report checkbox on Page 1, Step B, and include REV-1175 with the report.

Amended reports filed for tax years beginning prior to Jan. 1, 2016, **MUST** be filed on the **non-year-specific** RCT-101. You must check the amended report checkbox on Page 1, Step B, and include REV-1175 with the report.

Taxpayers must complete all sections of the amended report; this includes those sections originally filed and those sections being amended. The apportionment must be completed with the factors as originally filed or being amended. This must be numeric with a numerator and a denominator present. If no activity anywhere, the numerator must be “0” and denominator must be “1”. REV-1175 must be included with the report.

Apportionment

- a) Completing the sales factor as 0/0, leaving the sales factor field blank or typing “none” in this field **will** result in apportionment being changed to 100 percent in Pennsylvania, automatically changing the reported tax liabilities. Partnerships’ factors also must be provided per a corporation’s ownership percentage and not entered as zeros.

- b) Eligible corporations claiming sales factor apportionment must complete RCT-106 and carry to RCT-101, Page 2, Section B, Line 7 and Schedule C-1.
- c) Amounts differing from information on federal forms 1120, 1120C or 1120S must be reconciled.
- d) If a corporation owns underlying partnerships, the partnerships’ sales must be passed through to the corporate owner, in relation to the ownership percentage. A corporation’s ownership interest in a partnership or other unincorporated entity (hereinafter referred to as a partnership) must be included in the apportionment fraction as a direct interest of the corporation in the assets of the partnership.

The portion of the partnership’s gross receipts, net of returns and allowances, are included in the numerator and denominator of the corporation’s sales factor to the extent of the taxpayer’s interest in the partnerships for that period, as appropriate. Sales of tangible personal property are considered in-state if the property is delivered or shipped to a purchaser within Pennsylvania. This sales calculation should be reflected on the Partner’s Share of Sales from Partnerships line on RCT-106.

NOTE: For tax periods beginning on or after Jan. 1, 2013, all business income must be apportioned to PA by multiplying income by the sales factor ONLY.

IMPORTANT: A corporation with no sales both inside and outside Pennsylvania must complete RCT-106, using “0” as the numerator and “1” as the denominator.

Bulk Sales

- a) Taxpayers filing a full year report and disclosing a bulk sale **should not** fill in the bulk sale checkbox on Page 3 of the RCT-101, PA Corporate Net Income Tax Report. Rather, you must complete REV-181, Application for Tax Clearance Certificate and mail separately to the Bureau of Compliance. DO NOT send with RCT-101.
- b) If a taxpayer is filing a short period report and has a bulk sale, you **must** fill in the bulk sale checkbox on Page 3 of RCT-101. You must also complete REV-181, Application for Tax Clearance Certificate and mail separately to the Bureau of Compliance. DO NOT send with RCT-101.

Reports where the taxpayer is calculating a liability using a method other than the standard calculation, including any position granted as the result of an appeal in a prior year cannot be filed electronically. In such cases, the RCT-101, PA Corporate Net Income Tax Report and all required schedules, including the reason the report cannot be e-filed, **MUST** be mailed to:

PA DEPARTMENT OF REVENUE
BUREAU OF CORPORATION TAXES
PO BOX 280704
HARRISBURG PA 17128-0704

SPECIFIC INSTRUCTIONS

LINE BY LINE INSTRUCTIONS FOR THE RCT-101, PA CORPORATE NET INCOME TAX REPORT

RCT-101—PAGE 1

Indicate the type of return filed with the IRS. If the activity is included in the federal tax return of another company, either as part of a consolidated group or as a disregarded entity, indicate the type of return filed by the entity reporting the activity.

Step A TAX PERIOD (REQUIRED)

Taxpayers must enter the month, day and year for the tax period beginning and ending dates using the MMDDYYYY format.

Step B CHECK SPECIAL FILING STATUS

Amended Report – Check box if the corporation is amending a PA Corporate Net Income Tax Report previously filed with the department.

CAUTION: Federal Extension Granted – Check box if the corporation was granted an extension of time to file its federal income tax return. If not checked a penalty will be imposed. A copy of the extension request, federal Form 7004, must be included.

52-53 Week Filer – Check box if the corporation is a 52-53 week filer.

Address Change – Check box if the address reported in Step C is a change from prior tax periods. Be sure to file REV-854 electronically using the Online Services Center at www.revenue.pa.gov.

Change Fed Group – Check box if the corporate taxpayer is filing a PA Corporate Net Income Tax Report for less than a full year due to a change in federal consolidated group. This must be indicated on the last report prior to the change.

First Report – Check box if this is the corporation's first PA Corporate Net Income Tax Report filing.

KOZ/EIP/SDA Credit – Check box if the corporate taxpayer is claiming the Keystone Opportunity Zone Credit, Employer Incentive Payment Credit or the Strategic Development Area Credit.

ADD-BACK – Act 52 of 2013 requires the add-back of intangible expenses to income for interest, royalties, patents, trademarks, etc. between affiliated entities in certain instances.

File Period Change – Check box if the filing period (tax period ending) is a permanent change. Be sure to file REV-854 electronically using the Online Services Center at www.revenue.pa.gov. This must be indicated on the first report filed with the new tax year end.

S Corp Taxable Built-in Gains – PA S corporations and QSSS are subject to PA corporate net income tax. Their taxable income is their net recognized built-in gains as determined for federal income tax purposes pursuant to IRC Section 1374(d) (2). To report taxable built-in gains, check the box and complete Line 1 of Section B.

Regulated Investment Company – Check box if the corporation is a regulated investment company. Every domestic and foreign corporation that meets the following four parameters will be taxed as a regulated investment company for Pennsylvania purposes:

1. Is registered to do business in PA;
2. Maintains an office in PA;
3. Has timely filed an election to be taxed as a regulated investment company by the federal government; and
4. Duly qualifies to be taxed as a regulated investment company under the provisions of the IRC.

Sub Paragraph 18 – See cover page for details.

Step C NAME, ADDRESS, FEDERAL EIN, BUSINESS ACTIVITY CODE, REVENUE ID AND PARENT CORPORATION EIN.

Print or type the corporation name, complete address, 10-digit Revenue ID and nine-digit Federal ID (EIN).

You must provide the Revenue ID number on Page 1 of RCT-101. **DO NOT LEAVE BLANK.** If you do not know your Revenue ID number, please call 717-705-6225.

Failure to submit a properly completed report may result in the delay of processing and the imposition of late filing penalties and/or estimated assessments.

Be sure to use only address information for Address Line 1 and Address Line 2 on Page 1 of RCT-101 and all other tax forms. **IMPORTANT:** Do not include individual's names on these lines.

Foreign corporations filing from outside the United States must use Province, Country Code and Foreign Postal Code address fields, if applicable.

The six-digit Business Activity Code entered here is the same Business Activity Code reported to the IRS on the federal income tax return.

Parent Corporation EIN – Taxpayers that are included in a consolidated federal income tax return must provide the nine-digit EIN of the corporation that files the consolidated federal income tax return. If you are not included in a consolidated federal return, leave blank.

Step D TAX SUMMARY

Column A. Tax Liability from Tax Report. Carry tax liability from Page 2, Section B, Line 15 to Page 1:

All RCT-101 forms and schedules must show money amounts in whole-dollars. Eliminate any amount less than \$0.50 and increase any amount that is \$0.50 or more to the next highest dollar. Do not carry a value less than zero to Step D, Page 1, Column A.

Calculate the tax liability amount and enter on the CNI Line of Column A.

Column B. Estimated Payments & Credits on Deposit. See Confirmation of Deposits on Account,

Page 8. Enter the total of estimated payments and transferred credits applied to the current tax period.

Column C. Restricted Credits. Enter the amount of restricted credit to be applied to the current tax year. Restricted credits may include those originating from special tax credit programs administered by various state agencies. See Page 22.

Step E PAYMENT DUE/OVERPAYMENT

Determine the total payment due or overpayment by subtracting Column B and Column C from Column A. Negative amounts (identifying an overpayment) should be written as -1,000. If a net total overpayment develops, see instructions below for completing Step F.

Reminders:

- You must enter a value in the space provided, even if the amount is zero. Overpayments must be entered as a negative amount.
- See HOW TO PAY instructions on Page 8 for payments due of less than \$1,000 and payments due of \$1,000 or more.

Step F TRANSFER/REFUND METHODS

Transfer: Identify the amount to transfer from the current tax period overpayment to the next tax period for estimated tax purposes. Prior to any transfer, the department will offset current period liabilities and other unpaid liabilities within the account.

Refund: Identify the amount to refund from the current tax period overpayment. Prior to any refund, the department will offset current period liabilities and other unpaid liabilities within the account.

NOTE: Taxpayers may divide an overpayment between both options. If no option is selected, the department will automatically transfer any overpayment to the next tax year for estimated tax purposes after offsetting current period liabilities and other unpaid liabilities within the account. A tax period overpayment summary will be mailed to the taxpayer confirming the disposition of the credit.

E-File Opt Out – See cover page for details.

Step G SIGNATURE

A corporate officer must sign the report. The signature must be original; photocopies or faxes will not be accepted. Also provide telephone number, email address and title of the officer along with the date signed.

If a corporate officer and an electronic return originator elect to use a federal self-select PIN to electronically sign a corporation's electronic tax report, they must complete form PA-8879-C. Do not mail the form to the department; however, you are required to keep this form and attachments for three years.

RCT-101—PAGE 2

SECTION A: BONUS DEPRECIATION

This information is used by the Department of Revenue to help calculate the additional depreciation deduction and **must** be completed if claiming this deduction. See instructions for Schedule C-3 and C-4 for additional details.

See Page 23 for an example of the correct completion of this section.

SECTION B: PA CORPORATE NET INCOME TAX

A copy of federal Form 1120 or other applicable form on a separate company basis (federal income tax return) must accompany the PA Corporate Net Income Tax Report, RCT-101.

Taxable Built-in Gains – PA S corporations and QSSS are subject to PA corporate net income tax. Their taxable income is their net recognized built-in gains as determined for federal income tax purposes pursuant to IRC Section 1374(d) (2). To report taxable built-in gains, check the box on Page 1 and complete Line 1 of Section B.

DEDUCTIONS FROM AND ADDITIONS TO INCOME:

Line 1. Income represents “taxable income as returned to and ascertained by the federal government before the net operating loss deduction and special deductions.” (Line 28 of federal Form 1120.)

Line 2A. Corporate dividends received. Dividends received from U.S. corporations are deductible to the same extent as allowed to arrive at the federal dividend deduction as indicated on federal Schedule C, Column C. An additional deduction will be allowed for dividends received from foreign corporations and reported on Lines 13 and 14 of the federal Schedule C, plus a deduction will be allowed for dividends received under Section 78 (foreign dividend gross-up) of the Internal Revenue Code of 1986. Taxpayers must complete REV-798, Schedule C-2, PA Dividend Deduction Schedule. Specific instructions for Schedule C-2 are shown on Page 17 in these instructions.

Line 2B. Interest on U.S. Securities. Interest on U.S. securities is deductible, but must be reduced by:

- Any interest on indebtedness incurred to carry the securities;
- Any expenses incurred in the production of such interest income;
- Any other expenses deducted on the federal income tax return that would not have been allowed under Section 265 of the Internal Revenue Code of 1986, if the interest were exempt from federal income tax.

However, interest from repurchase agreements is not considered interest from U.S. securities. Therefore, it is not deductible.

To calculate the net U.S. interest deduction on Line (2B):

- Provide a detailed schedule showing the calculation of net U.S. interest deduction and include a listing of investments that generated the exempt interest income.

Pennsylvania allows a pass-through exemption from corporate net income for interest or dividend income received from a regulated investment company to the extent such distribution or dividend is derived from obligations free from state taxation. Such obligations include those issued by the U.S. Government; the Commonwealth of Pennsylvania; any public authority, commission, board or other agency created by the commonwealth; any

political subdivision of the commonwealth; or any public authority created by any such subdivision.

To support any claim for a pass-through deduction for corporate net income tax purposes, the taxpayer must submit evidence that the income was received from a regulated investment company. A schedule must be submitted indicating the percentage of income applicable to exempt obligations and the percentage of income applicable to nonexempt obligations, including repurchase agreements, obligations of the Federal National Mortgage Association, (Fannie Mae), the Government National Mortgage Association (Ginnie Mae) and any other obligations that were not actually issued by the U.S. Government.

All income claimed to be exempt must be reduced by any expenses incurred in the production of such income and this information must be included to support all entries on Line 2B.

Line 2C. This is the amount of additional depreciation allowed under Act 89 of 2002 for IRC Section 168(k) property. See instructions for Schedule C-3 for additional details.

Line 2D. Other allowable deductions. As an example, certain charitable contributions may be deductible for a subsidiary corporation which has income on a separate company basis. Targeted jobs credit wages is another deductible item. If issued prior to Feb. 4, 1994, net gains on the sale of U.S. or PA securities are deductible. FICA tax obligation on employee tips, if taken as a credit for federal purposes, are also deductible.

The 50 percent of travel and entertainment expense that is disallowed on the federal form is not permitted as a deduction for Pennsylvania purposes.

All other deductions must be reported on REV-860, Schedule OD, Other Deductions. Attach schedule if additional space is needed.

Add Lines 2A, 2B, 2C and 2D and enter the result on Line 2, Total Deductions.

Line 3A. Enter the total amount of taxes imposed on or measured by net income and deducted on the attached copy of the federal tax return. All taxpayers reporting expenses for taxes on federal income tax returns must complete REV-860, Schedule of Taxes, even if no taxes are imposed on or measured by net income. If a state's tax is based on the higher of a tax on net income or a tax on another item, such as gross receipts or net worth value, the taxpayer is required to add back the entire amount of the tax in periods where the liability is based on net income. If a state's tax is a combination of a tax on net income and a tax on another item, such as gross receipts or net worth, the income portion of the tax is added back.

NOTE: The portion of Philadelphia business tax measured by net income must be included.

Line 3B. Employment incentive payment credit adjustment. In calculating wages as a cost for tax purposes, employment incentive payment credits shall be deducted, reducing the wages cost item by any employment incentive payment credit taken by the corporation. Include PA Schedule W to the RCT-101.

Line 3C. This is the amount of bonus depreciation claimed by the corporate taxpayer under IRC Section 168(k) in the calculation of federal taxable income. See instructions for Schedule C-3 for additional details.

Line 3D. Act 52 of 2013 requires the add-back of intangible expense to income for interest, royalties, patents, trademarks, etc., between affiliated entities in certain instances. In order to report the add-back for tax years beginning in 2016, taxpayers must complete REV-802, Schedule C-6, Add-Back for Intangible Expense or Related Interest Expense. The total amount of additions from Schedule C-6, Line 11 should be carried to and included as a separate line item on RCT-101, Page 2, SECTION B, Line 3D. REV-802 can be found on the department's website at www.revenue.pa.gov.

IMPORTANT: REV-802, Schedule C-6, Add-back for Intangible Expenses or Cost and Related Interest, must be submitted with RCT-101.

Line 3E. The total of all additions from REV-860, Schedule OA, is carried to RCT-101, Page 2, Section B, Line 3E.

Add Lines 3A, 3B, 3C, 3D and 3E and enter the result on Line 3, Total Additions.

Line 4. Line 1 minus Line 2 plus Line 3.

If all business is transacted in Pennsylvania, skip Lines 5 through 9. Enter amount from Line 4 on Line 10.

APPORTIONMENT AND ALLOCATION:

A taxpayer must have income from business activities taxable by Pennsylvania and at least one other state to allocate and apportion income. For purposes of allocation and apportionment of income, a taxpayer is taxable in another state if, in that state, the corporation is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business or a corporate stock tax or if that state has jurisdiction to subject the taxpayer to a net income tax regardless of whether the state does or does not.

Business income is income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management or disposition of the property constitutes integral parts of the taxpayer's regular trade or business operations. Business income includes all income that is apportionable under the U.S. Constitution. Nonbusiness income is all income other than business income. The Schedule of Nonbusiness Income, REV-934, must be completed by all taxpayers allocating nonbusiness income and apportioning business income.

IMPORTANT: Refer to the "Apportionment, Exemptions and Allocation" on Page 20 for more detail.

Line 5. Enter the total amount of nonbusiness income or loss from REV-934, Column C Total. (Must be included with report.)

Line 6. Enter the amount of income or loss to be apportioned by adding the loss or subtracting the income reflected on Line 5 to or from Line 4.

Line 7. Enter the apportionment percentage from Schedule C-1.

Line 8. Enter the income or loss apportioned to Pennsylvania by multiplying Line 6 by Line 7.

Line 9. Enter the total amount of nonbusiness income or loss allocated to Pennsylvania from REV-934, Column A Total.

Line 10. Add the income or deduct the loss reflected on Line 9 to or from Line 8. If the entire business is transacted in Pennsylvania, enter the amount from Line 4 on Line 10. If a loss exists, add to RCT-103, Line 21.

NET OPERATING LOSS DEDUCTION

Line 11. Net Operating Loss Deduction. Enter the total of Column C from RCT-103. Complete RCT-103 and include it with your RCT-101.

See instructions for RCT-103, found on Page 18 for details.

Short periods are considered to be one tax year for purposes of computing the carryforward.

DETERMINATION OF TAX

Line 12. PA Taxable Income or Net Loss. Line 12 must equal Line 10 minus Line 11.

Line 13. Calculate and enter the PA corporate net income tax by multiplying the amount reflected on Line 12 by the current rate of 9.99 percent (0.0999). All taxes due should be shown in whole dollar amounts.

Line 14. For taxpayers calculating a credit for tax paid by affiliated entities, taxpayers must complete REV-803, Schedule C-7 Credit for Tax Paid by Affiliated Entities.

The credit is then carried to RCT-101, Page 2, Line 14. REV-803 can be found on the department's website at www.revenue.pa.gov.

IMPORTANT: REV-803, Schedule C-7, Credit for Tax Paid by Affiliated Entities, must be submitted with RCT-101.

Line 15. Tax Due (Line 13 minus Line 14.)

APPORTIONMENT

For tax years beginning on or after Jan. 1, 2013, income is apportioned by a sales factor only.

SCHEDULE C-1

Sales Factor

Line 1A. Enter the total from RCT-106, Column A, Sales inside Pennsylvania.

Line 1B. Enter the total from RCT-106, Column B, Sales inside and outside Pennsylvania.

Line 1C. Divide Line 1A by Line 1B, calculate to six decimal places. Enter here and SECTION B, Line 7.

IMPORTANT: Only corporations required to use special apportionment (such as railroad, truck, bus, airline, pipeline, natural gas and water transportation companies) should complete Special Apportionment.

Special Apportionment

Line 2A. Enter PA revenue miles or other special factor. (Numerator)

Line 2B. Enter total revenue miles or other special factor. (Denominator)

Line 2C. Divide Line 2A by Line 2B, calculate to six decimal places. Enter here and SECTION B, Line 7.

CAUTION: Complete either Sales or Special Apportionment. DO NOT combine the two methods.

For additional information on sales and special apportionment, see Page 20.

See Page 23 for examples of the correct completion of this section.

RCT-101—PAGE 3

SECTION C: CORPORATE STATUS CHANGES

Corporate taxpayers that ceased all business activity (domestic corporations) or ceased business activity in Pennsylvania (foreign corporations) and disposed of all assets or Pennsylvania assets may be removed from the active records of the Bureau of Corporation Taxes by doing the following:

1. Indicate in this section that the current year report is the final report by checking the box to the right of "Final Report".
2. Entities formed under the laws of the Commonwealth of Pennsylvania must answer the questions under "PA Corporations" in this section. If a PA corporation ever transacted business anywhere, the date business activity ceased must be provided. If a PA corporation ever held assets anywhere, it must provide the date of final disposition of the assets.
3. Entities formed under the laws of another jurisdiction are required to answer the questions under "Foreign Corporations". If a foreign corporation ever transacted business in Pennsylvania, the date Pennsylvania activity ceased must be provided. If a foreign corporation ever held assets in the commonwealth, it must disclose the date all PA assets were disposed of or moved outside of Pennsylvania.

Taxpayers who held any assets during the year must complete REV-861, Schedule DA, Disposition of Assets.

If a taxpayer sells 51 percent or more of any class of asset during the tax period, the taxpayer must check the box and provide the purchaser's name and address. This includes any stock of goods, wares, merchandise of any kind, fixtures, machinery, equipment, buildings or real estate.

CAUTION: Taxpayers filing a full year report and disclosing a bulk sale, **should not** fill in the bulk sale checkbox on Page 3 of the PA Corporate Net Income Tax Report. Rather, you **must complete REV-181**, Application for Tax Clearance Certificate and mail separately to the Bureau of Compliance. DO NOT send with the PA Corporate Net Income Tax Report.

If a taxpayer is filing a short period report and has a bulk sale, fill in the bulk sale checkbox on Page 3 of the PA Corporate Net Income Tax Report. You must also complete REV-181, Application for Tax Clearance Certificate, and mail separately to the Bureau of Compliance. DO NOT send with the corporate tax report.

A taxpayer who sells 51 percent or more of any class of asset is required to obtain a Bulk Sale Certificate by completing an Application for Corporate Clearance, REV-181, and filing RCT-101, PA Corporate Net Income Tax Report, up to the date of the sale. Include schedule if additional space is needed.

SECTION D: GENERAL INFORMATION QUESTIONNAIRE

Taxpayers are required to provide a brief description of business activities in Pennsylvania. Multistate corporations are required to provide a brief description of business activities outside of PA and indicate all other states where the taxpayer has business activity (use the two letter postal abbreviations). If taxpayer has no activity in Pennsylvania, indicate so in this area.

Taxpayers should indicate in this section if they are incorporated under the laws of the Commonwealth of Pennsylvania. Taxpayers incorporated under the laws of another jurisdiction whose only activity in Pennsylvania is the solicitation of sales, must indicate so in this section. Taxpayers are required to indicate by what means these sales are solicited.

The taxpayer must report the name of any corporation, individual or other business entity which holds all or a majority of the stock of the taxpayer, and the name(s) of any corporation in which the taxpayer owns all or a majority of the stock. This is done by checking the applicable box(es) and completing Schedule X.

If the federal government has changed the taxable income for any prior year, the taxpayer must indicate this on RCT-101 to include the first and last tax periods changed. The taxpayer must also file RCT-128C reporting the changes in income for each tax year.

Indicate the method of accounting used for federal income tax reporting and financial accounting purposes.

RCT-101—PAGE 4 SCHEDULE OF REAL PROPERTY IN PA

Taxpayers must report the location of any real property utilized in the Commonwealth of Pennsylvania during the current tax

period. Include an indication if the property was rented or owned by the taxpayer and if the property was located in a Keystone Opportunity Zone/Keystone Opportunity Expansion Zone or Strategic Development Area.

CORPORATE OFFICERS

IMPORTANT: Taxpayers annual affirmation of all corporate officer's information must be included on the RCT-101. When information is provided on RCT-101, REV-1605 is not required. REV-1605 should be filed electronically, using the Online Services Center at www.revenue.pa.gov, to report changes in corporate officers during the tax year.

When completing the affirmation of corporate officer section, LLCs, business trusts and other unincorporated entities required to file RCT-101 must enter the names and Social Security numbers of individuals who are responsible for the tax and/or business matters of the entity (i.e. Tax Matter Partner, Managing Partner, Trustee).

PREPARER'S INFORMATION

Enter "Y" or "N" in the box labeled "Mail to Preparer" to indicate if any notice resulting from the review of this tax report, or request for additional information is to be mailed to the preparer's address. If "Y" is entered in this box, the notices and all correspondence will be sent to the name and address provided in this section. If "N" is entered, all notices will be mailed to the corporation's address.

Paid preparers must sign and date all tax returns. The preparer's name, complete address, telephone number, email address, federal PTIN and the date prepared must be typed or printed in the appropriate boxes.

SUPPLEMENTAL SCHEDULES

REV-802—SCHEDULE C-6

Act 52 of 2013 requires the add-back of intangible expenses to income for interest, royalties, patents, trademarks, etc., between affiliated entities in certain instances. In order to report the add-back for tax years beginning in 2016, taxpayers must complete REV-802, Schedule C-6, Add-back for Intangible Expenses or Cost and Related Interest. The form is located on the department's website at www.revenue.pa.gov.

REV-803—SCHEDULE C-7

For taxpayers calculating a credit for tax paid by affiliated entities, taxpayers must complete REV-803, Schedule C-7, Credit for Tax Paid by Affiliated Entities. The form is located on the department's website at www.revenue.pa.gov.

RCT-106—APPORTIONMENT SCHEDULE FOR PA CORPORATE NET INCOME TAX

For tax years beginning on or after Jan. 1, 2013, income is apportioned by a sales factor only.

SALES FACTOR

Amount for interest, rents and royalties from RCT-106 should be added and reflected on the appropriate line of Schedule C-1.

Gross sales price of assets sold, excluding securities (not gains or losses) should be reflected on the appropriate line. All remaining income items should appear on the "Other Income" line. Do not list non-receipts such as discounts or receipts from sales of securities, unless you are a securities dealer.

IMPORTANT: Only corporations required to use special apportionment (such as railroad, truck, bus, airline, pipeline, natural gas and water transportation companies – refer to instructions) should complete Special Apportionment section.

REV-798, SCHEDULE C-2—PA DIVIDEND DEDUCTION

This schedule must be completed by all taxpayers claiming a Corporate Dividend Deduction on RCT-101, Page 2, Section B, Line 2A.

Line 1. Enter from federal Schedule C, Line 20, total deductions. S corporations must submit a schedule reflecting this information if subject to PA corporate net income tax.

Line 2. Enter federal Schedule C, Line 15 Foreign Dividend Gross-Up (Section 78 total Column A).

Line 3. Enter dividends from less than 20 percent owned foreign corporations listed on Lines 13 and 14 of federal Schedule C times 70 percent.

- Line 4.** Enter dividends from 20 percent or more owned foreign corporations listed on Lines 13 and 14 of federal Schedule C times 80 percent.
- Line 5.** Enter dividends listed on Lines 13 and 14 of federal Schedule C from foreign corporations that meet the 80 percent voting and value test of IRC Section 1504(a)(2) and otherwise would qualify for 100 percent deduction under IRC Section 243(a)(3), if they were from a domestic corporation.
- Line 6.** Enter the total PA dividend deduction by adding Lines 1, 2, 3, 4 and 5. Enter On RCT-101, Page 2, Section B, Line 2A.

RCT-103, NET OPERATING LOSS SCHEDULE

PART A—Calculation of Net Operating Loss Limitation

Act 52 of 2013 increased the net operating loss limitation. For years beginning after Dec. 31, 2014, the net operating loss limitation is the greater of \$5 million or 30 percent of the PA taxable income before the net operating loss deduction. To support the net operating loss carryforward allowed for the current tax period, taxpayers are required to complete Part A of RCT-103 as follows:

- Line 1.** Enter the taxable income from RCT-101, Section B, Line 10.
- Line 2.** Enter total net operating loss carryforward to current period from RCT-103, Part B, Column C.
- Line 3.** Multiply Line 1 by 30 percent (0.30).
If Line 3 is less than \$5 million, enter the lesser of Line 1 or Line 2 on Line 4, not to exceed \$5 million. If Line 3 is greater than \$5 million, enter the lesser of Line 2 or Line 3 on Line 4.
- Line 4.** This is your net operating loss deduction for the current period.

PART B

Complete this schedule to calculate the amount of net loss carryforward available to be deducted in the current period and the net loss carryforward to the next period. Enter all dates and amounts from periods with returns filed. If no net loss carryforward is available, enter "0". If short periods exist in calendar year or fiscal year, enter the month, day and year of the beginning and end of all short periods and the net loss carryforward for all short periods in the appropriate row of the table. Do not combine amounts.

- Column A.** Beginning with the first line, enter the month, day and year (MMDDYYYY) corresponding to the beginning date of each tax period. Start with tax periods beginning in 1998 or with the entity's very first tax period, whichever is more recent. Do not include the current tax period.
- Column B.** Enter the month, day and year (MMDDYYYY) corresponding to the ending date of the tax period indicated in Column A.
- Column C.** Enter the net loss carryforward corresponding to each tax period end from Column E of the RCT-103, Net Operating Loss Schedule, for the prior year.
- Column D.** Enter the amount to be used as a net loss deduction to offset income in the current tax period. The total amount of net loss carryforwards should not exceed the amount reported on Part A, Line 4.
- Column E.** Subtract Column D from Column C and enter the difference in this Column.

Net operating losses generated in tax periods beginning prior to Jan. 1, 1998, have expired and are no longer available. Net operating losses generated in tax periods beginning after Dec. 31, 1996, and before tax periods beginning prior to Jan. 1, 1998, may be carried forward for 10 tax periods. Net operating losses generated in tax periods beginning after Dec. 31, 1997, may be carried forward 20 periods. Short years are considered to be one tax period for purposes of calculating the carryforward.

REV-860, SCHEDULE C-5—SCHEDULE OF TAXES

Section 401(3)1.(o) of the Tax Reform Code of 1971 requires taxpayers to add-back taxes imposed on or measured by net income, expensed on the federal income tax return, in calculating PA corporate taxable income. Schedule of Taxes includes the most common taxes expensed by corporate taxpayers on the federal income tax return. This schedule must be completed and submitted by all corporate taxpayers who are subject to PA corporate net income tax, and the total must equal the total tax expense reported on the federal income tax return.

If a state's tax is based on the higher of a tax on net income or a tax on another item, such as gross receipts or net worth value, the entire amount of the tax is entered on the line labeled "Income Taxes – Other States" in years where the liability is based on net income. Otherwise the entire amount of the tax is included on the line labeled "Other Taxes–Not Based on Income".

If a state's tax is a combination of a tax on net income and a tax on another item, such as gross receipts or net worth, the income portion of the tax is entered on line labeled "Income Taxes–Other States". The remainder of tax is included on the line labeled "Other Taxes–Not Based on Income".

Please refer to Corporation Tax Bulletin 2008-05 for a list of taxes imposed on or measured by net income. Tax bulletins are available at www.revenue.pa.gov.

IMPORTANT: Not all corporations will have expensed every tax listed on this schedule.

REV-860: OTHER ADDITIONS REV-860: OTHER DEDUCTIONS

All taxpayers reporting other additions on RCT-101, Section B, Line 3E, and other deductions on RCT-101, Section B, Line 2D, are required to complete Schedule OA and/or Schedule OD on REV-860.

REV-861, SCHEDULE DA—DISPOSITION OF ASSETS SCHEDULE

This schedule replaces Page 2 of the Out-of-Existence/Withdrawal Affidavit and must be completed and submitted by all corporate taxpayers who have indicated they desire to be removed from the active records of the Bureau of Corporation Taxes.

The Description of Assets column should give a brief description of the assets sold, assigned or distributed in the final year of the corporate taxpayer's existence. Similar assets may be included on one line with a general description (i.e. automobiles) rather than listing each individual asset separately.

The Cost of Assets As Reported on Balance Sheets column should report the cost of the assets prior to depreciation, as would have been reported on the balance sheet immediately prior to the sale or distribution of the assets.

If the gain on the disposition of an asset is not reported on Schedule D or federal Form 4797, the taxpayer must provide an explanation why the gain is not reported in the calculation of federal taxable income.

REV-934—SCHEDULE OF NONBUSINESS INCOME

Taxpayers reporting nonbusiness income must include REV-934 when filing RCT-101.

REV-986, SCHEDULE TO DETERMINE CORPORATE NET INCOME TAX FILING REQUIREMENT

Taxpayers answering "YES" to any of the questions on REV-986 are subject to corporate net income tax and must complete and file RCT-101.

If a taxpayer answers "NO" to ALL questions on REV-986, they are not required to file REV-986 or RCT-101.

RCT-101D, DECLARATION OF DE MINIMIS PA ACTIVITY

IMPORTANT: RCT-101D is only for use by non-Pennsylvania corporations.

A non-Pennsylvania corporation whose Pennsylvania activity during a tax period is considered de minimis as outlined in Tax Bulletin 2004-01 is not required to file a complete PA Corporate Tax Report, RCT-101, for that period. Instead, such a corporation may file RCT-101D, affirming that PA activity during that period is de minimis. In filing RCT-101D a corporation is reminded of the following:

1. RCT-101D is not a tax report. For this reason the statute of limitations regarding the assessment of tax does not apply to RCT-101D.
2. For a taxpayer to realize any tax benefits from a year the taxpayer filed RCT-101D, the taxpayer will be required to file a complete RCT-101 for each year, beginning with the year the benefit is generated through the year the benefit is to be used.

In cases where the taxpayer files RCT-101D and later files RCT-101, the taxpayer will be liable for all taxes due for these periods. Applicable interest will also be imposed from the original due date of the report to the date the taxes are paid. The imposition of late filing penalties will be based on the filing date of the RCT-101D. Tax Bulletin 2004-1 is available on the PA Department of Revenue website at www.revenue.pa.gov.

REV-799, SCHEDULE C-3—ADJUSTMENT FOR BONUS DEPRECIATION

IMPORTANT: Taxpayers are not required to adjust Pennsylvania taxable income for 100 percent bonus depreciation of qualified property claimed and allowable for federal tax purposes under Section 168(k) of the IRC. See Corporation Tax Bulletin 2011-01.

Taxpayers who took advantage of the 100 percent bonus depreciation in calculating federal taxable income must enter the amount of the 100 percent bonus depreciation in the designated box at the bottom of Schedule C-3.

DECOUPLING FROM FEDERAL BONUS DEPRECIATION

Act 89 of 2002 requires corporate taxpayers who elect the bonus depreciation under IRC Section 168(k) to make the following adjustments in arriving at Pennsylvania taxable income:

- A. Add to federal taxable income the amount of bonus depreciation expensed on the federal income tax return.
- B. Deduct from federal taxable income additional PA depreciation, calculated as follows: federal depreciation on Section 168(k) property claimed in the current year X 3/7.
- C. In the year of disposition of an asset, the taxpayer may decrease taxable income by the amount of bonus depreciation on that asset disallowed in the year of acquisition and not deducted as additional depreciation.

These provisions apply to tax periods beginning after Sept. 10, 2001.

When filing PA Corporate Net Income Tax Reports, taxpayers who expensed federal bonus depreciation in the calculation of federal taxable income are required to include Schedule C-3, Adjustment for Bonus Depreciation, showing the calculation of these adjustments and the amount of bonus depreciation to be recovered in subsequent years. If the taxpayer disposes of Section 168(k) property during the tax period, the taxpayer must also include Schedule C-4 showing the calculation of the remaining recovered in the year of disposition.

IMPORTANT: This schedule must be updated each year and submitted with RCT-101 (i.e., Schedule C-3 for the current year will reflect the adjustments made for all prior years along with the adjustments made for the current year). Enter information for prior years from Schedule C-3 as filed for the immediate prior year.

Column A. End of Tax Year

Enter the end date of each tax year in which the taxpayer adjusted taxable income for federal bonus depreciation.

Column B. Federal Depreciation

This is the amount of depreciation expense, including the bonus depreciation, reported on the federal tax return for all property that qualified for the bonus depreciation and for which the taxpayer claimed the bonus depreciation, either in the current year or in a prior year, in the calculation of federal taxable income. Carry this amount to RCT-101, Section A, Line 1, current year federal depreciation of 168(k) property. This does not include Section 179 expenses related to this property.

Column C. Bonus Depreciation

This is the amount of bonus depreciation deducted in the current year. Carry this amount to RCT-101, Section B, Line 3C, Current Year Bonus Depreciation.

Column E. Additional PA Depreciation

Column D x 3/7.

Column F. Other Adjustment

In some cases, the remaining bonus depreciation to be recovered is less than 3/7 of current year depreciation on that asset. In those cases, enter the excess of 3/7 of current year depreciation over the bonus depreciation to be recovered. Carry this amount to RCT-101, Section A, Line 3, Other Adjustment.

Column G. Adjustment for Disposition of 168(k) Property

This is bonus depreciation disallowed for property disposed of during the tax period minus the additional PA depreciation deducted while this property was held. Schedule C-4 must be

included. Carry this amount to RCT-101, Section A, Line 2, Current Year Adjustment for Sale of 168(k) property.

Column H. Additional PA Depreciation plus Adjustment for Disposition

Column E minus Column F plus Column G. Carry this amount to RCT-101, Section B, Line 2C, Current Year Additional PA Depreciation Plus Adjustment for Disposition.

Column I. Balance

Prior balance plus Current-Year Column C minus Current-Year Column H. This is a running total of federal depreciation disallowed less additional PA depreciation, other adjustments and adjustment for disposition of assets. This column may not be less than zero.

REV-799, SCHEDULE C-4—ADJUSTMENT FOR DISPOSITION OF SECTION 168(K) PROPERTY & RECAPTURE OF DEPRECIATION ON LISTED PROPERTY

Column A. Tax Year End of Purchase

Enter the end date of each tax year if any property disposed of during the tax year was not fully adjusted by the Adjustment for Bonus Depreciation in a previous tax year on Schedule C-3.

Column B. Federal Accumulated Depreciation

Accumulated depreciation of Section 168(k) property disposed of during the year plus accumulated depreciation used to calculate recapture when business use falls to 50 percent or less.

This amount should not include Section 179 expense. Do not include depreciation on property for which all disallowed bonus depreciation has been recovered.

Column C. Disallowed Bonus Depreciation

Bonus depreciation disallowed in the calculation of PA corporate net income in the year of purchase. Do not include bonus depreciation fully recovered in prior years.

Column E. Additional PA Depreciation

Additional depreciation allowed in the calculation of PA corporate net income in the year of purchase and in subsequent years. (Column D x 3/7)

Column F. Adjustment for Disposition

Adjustment for the gain on sale of Section 168(k) property (Column C – Column E). Carry total to Column G of Schedule C-3.

An example of properly completed Schedules C-3 and C-4 is available at www.revenue.pa.gov.

REV-1175, AMENDED REPORTS—SCHEDULE AR

All amended RCT-101s must include Schedule AR, REV-1175, which includes a detailed explanation of the reason for filing the amended report and a summary of the change to the tax liability. In completing the Summary of Tax Change, enter the PA corporate net income tax; the tax liability currently reflected on the taxpayer's account; the amended tax liability; and the amount of change in the tax.

APPORTIONMENT, EXEMPTIONS AND ALLOCATION

APPORTIONMENT OF TAXABLE INCOME

Corporate taxpayers with activity in multiple states may be able to apportion taxable income. In order to apportion income, a corporation must be subject to tax in another state.

For tax years beginning on or after Jan. 1, 2013, unless the taxpayer is required to use a special apportionment method, the apportionment factor used in the calculation of the PA taxable income will consist only of sales attributable to PA divided by total sales of the taxpayer.

Sales Factor – The numerator is the total gross receipts of the taxpayer inside this state during the tax period, and the denominator is the total gross receipts of the taxpayer everywhere during the taxable period. Gross receipts are net of returns and allowances. Sales of tangible personal property are inside this state if the property is delivered or shipped to a purchaser within this state. The partnership's gross receipts shall be included in the denominator of the taxpayer's sales factor to the extent of the taxpayer's ownership interest in the partnership. The amount of such gross receipts attributable to Pennsylvania shall be included in the numerator of the sales factor. These figures should be reflected on the Partner's Share of Sales from Partnerships line of RCT-106. Amounts applicable to an ownership interest in an LLC or business trust that is a partnership or disregarded entity for federal income tax purposes must be included.

CAUTION: This must be numeric with a numerator and a denominator present. If no activity anywhere, the numerator must be "0" and the denominator must be "1".

Act 52 of 2013 established the following criteria for determining if receipts from other than the sale of tangible personal property are sourced to PA:

- Sales from the sale, lease, rental or other use of real property, if the real property is located in this state. If a single parcel of real property is located both inside and outside this state, the sale is in this state based upon the percentage of original cost of the real property located in this state.
- Sales from the rental, lease or licensing of tangible personal property, if the customer first obtained possession of the tangible personal property in this state. If the tangible personal property is subsequently taken out of this state, the taxpayer may use a reasonably determined estimate of usage in this state to determine the extent of sale in this state.
- Sales from the sale of service, if the service is delivered to a location in this state. If the service is delivered both to a location inside and outside this state, the sale is in this state based upon the percentage of total value of the service delivered to a location in this state.

If the state or states of assignment cannot be determined for a customer who is an individual who is not a sole proprietor, a service is deemed to be delivered at the customer's billing address.

- If the state or states of assignment cannot be determined for a customer who is a sole proprietor, a service is deemed to be delivered at the location from which the services were ordered in the customer's regular course of operations. If the location from which the services were ordered in the customer's regular course of operations cannot be determined, a service is deemed to be delivered at the customer's billing address.

Dividends and income from U.S. securities and receipts from sales of securities (unless a securities dealer) must be excluded from both the numerator and denominator of the sales factor.

SPECIAL APPORTIONMENT FRACTIONS

Railroad, Truck, Bus or Airline Companies – All business income of railroad, truck, bus or airline companies shall be apportioned to the Commonwealth of Pennsylvania by multiplying the income by a fraction. The numerator is the taxpayer's total revenue miles within the commonwealth during the taxable period. The denominator is the total revenue miles of the taxpayer everywhere during the taxable period. A revenue mile means the average receipts derived from the transportation by the taxpayer of persons or property one mile. Where revenue miles are derived from the transportation of both persons and property, the revenue mile fractions attributable to each such class of transportation are calculated separately. The average of the two fractions, weighted in accordance with the ratio of total receipts from each such class of transportation everywhere to total receipts from both such classes of transportation everywhere, is used in apportioning business income to the commonwealth.

Pipeline or Natural Gas Companies – All business income of pipeline companies is apportioned to the commonwealth by multiplying the income by a fraction. The numerator is the revenue ton miles, revenue barrel miles or revenue cubic feet miles of the taxpayer inside the commonwealth during the tax period. The denominator is the revenue ton miles, revenue barrel miles or revenue cubic feet miles of the taxpayer everywhere during the tax period. A revenue ton mile, revenue barrel mile or revenue cubic feet mile means, respectively, the receipts derived from the transportation by the taxpayer of one ton of solid property, one barrel of liquid property or one cubic foot of gaseous property transported one mile. All business income of natural gas companies subject to regulation by the Federal Power Commission or by the Pennsylvania Public Utility Commission is apportioned to the Commonwealth of Pennsylvania by multiplying the income by a fraction. The numerator is the cubic foot capacity of the taxpayer's pipelines inside the commonwealth. The denominator is the cubic foot capacity of the taxpayer's pipelines everywhere, at the end of the taxable period. Determine the cubic foot capacity of a pipeline by multiplying the square of its radius by its length in feet.

Water Transportation Companies Operating on High Seas – All business income of water transportation companies operating on high seas is apportioned to the Commonwealth of Pennsylvania by multiplying the business income by a fraction. The numerator is the number of port days spent inside the commonwealth. The denominator is the total number of port days spent inside and outside the commonwealth. Port days do not include periods when the ships are not in use because of strikes or withheld from service for repair or because of seasonal reduction of services. Days in port are calculated by dividing the aggregate number of hours in all ports by 24.

Water Transportation Companies Operating on Inland Waters – All business income of water transportation companies operating on inland waters is apportioned to the Commonwealth of Pennsylvania by multiplying the business income by a fraction. The numerator is the taxpayer's total revenue miles inside the commonwealth during the taxable period. The denominator is the total revenue miles of the taxpayer everywhere during the taxable period. In the determination of revenue miles, one-half of the mileage of all navigable waterways bordering between the commonwealth and another state shall be considered commonwealth miles. A revenue mile means the revenue receipts derived from the transportation by the taxpayer of persons or property one mile.

IMPORTANT: Corporations with two distinct activities like warehousing/trucking and distribution/trucking or personal transportation and property transportation must file a paper report to ensure timely processing. Mail the report to the "Special Handling" address found on Page 4.

APPORTIONMENT AND INVESTMENTS IN UNINCORPORATED ENTITIES

A corporate taxpayer's investment in an unincorporated entity is considered a direct ownership in the corporation's share of the assets of the unincorporated entity rather than an intangible interest. When determining the sales factor, the numerator and the denominator of the factor must include the sales of the corporate taxpayer plus the corporate taxpayer's share of the sales of the unincorporated entity. In situations where the corporate taxpayer has an investment in a business not subject to the corporate net income tax (i.e. an LLC that files federal Form 1065 with the IRS), the apportionment factor used in the calculation of the PA corporate net income tax will include only the sales of the LLC.

A corporate taxpayer with an investment in a LLC or business trust that files a federal partnership return or is disregarded for federal income tax purposes, would include the activity of the investee LLC or business trust in the single sales factor apportionment used in the calculation of the corporate net income tax.

NONBUSINESS INCOME

TRC § 401(3)2.(a)(1)(A) defines business income as income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if either the acquisition, the management or the disposition of the property is an integral part of the taxpayer's regular trade or business operations. The term includes all income apportionable under the U.S Constitution. Nonbusiness income means all income other than business income.

Rents and royalties from real or tangible personal property, gains, interest, patent or copyright royalties, to the extent that they constitute nonbusiness income, are allocated as reflected below:

1. Net rents and royalties from real property located in this state are allocable to this state.
2. Net rents and royalties from tangible personal property are allocable to this state to the extent the property is used in this state. The extent of utilization of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.

Net rents and royalties from tangible personal property are also allocated to this state if the commercial domicile of the taxpayer is in PA and the taxpayer is not organized or subject to tax in the state where the property is utilized. "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed

3. Interest is allocable to this state if the taxpayer's commercial domicile is in this state.

4. Patents and copyright royalties are allocable to this state if and to the extent that the patent or copyright is utilized by the payer in this state, or if and to the extent that the patent or copyright is utilized by the payer in a state in which the taxpayer is not taxable and the taxpayer's commercial domicile is in this state. A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing or other processing in the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in the state in which the taxpayer's commercial domicile is located. A copyright is utilized in a state to the

extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the copyright is utilized in the state in which the taxpayer's commercial domicile is located.

IMPORTANT: Taxpayers claiming non-business income must include REV-934, Schedule of Non-Business Income, when filing RCT-101.

IMPORTANT: Nonbusiness income of railroad, truck, bus or airline companies; pipeline or natural gas companies; and water transportation companies operating on high seas or inland waters also is allocated as noted above.

MISCELLANEOUS

RESTRICTED CREDITS

Depending on the type of business, employers may be eligible for tax credits offered by the state.

For more information on the following tax credits, visit the Department of Revenue's website at www.revenue.pa.gov:

- Research and Development Tax Credit
- Employment Incentive Payment Credit
- Organ and Bone Marrow Donor Tax Credit
- Mobile Telecommunications Broadband Investment Tax Credit

For more information and sale/assign procedures on the following tax credits, visit the Department of Community & Economic Development's website at www.newpa.com:

- Historic Preservation Tax Credit
- Coal Refuse Energy and Reclamation Tax Credit

- Community Based Services Tax Credit
- Neighborhood Assistance Program Tax Credit
- Keystone Opportunity Zone (KOZ) Credit
- Keystone Innovation Zone Credit
- Film Production Tax Credit
- Educational Improvement/Opportunity Scholarship Tax Credit
- Jobs Creation Tax Credit
- Keystone Special Development Zone Credit
- Research and Development Tax Credit (Sale or assign only)

For more information on the following tax credit, visit the Department of Agriculture's website at <http://www.agriculture.pa.gov/Protect/StateConservationCommission/REAP/Pages/default.aspx>:

- Resource Enhancement and Protection Tax Credit

2016 Corporate Net Income Tax

TAX PERIOD BEGINNING	TAX RATE	WEIGHTING OF FACTORS	NET LOSS LIMITATION	
		SALES	PERCENT OF INCOME	AMOUNT
2016	9.99%	100	30%	\$5,000,000

Section B-Bonus Depreciation Deduction

RCT-101 (FI) PAGE 2 OF 4 PA CORPORATE TAX REPORT

SECTION A: Bonus Depreciation

1. Current year fed. deprec. of 168k prop.	1	<input type="text" value="0"/>	Business
2. Current year adj. for disp. of 168k prop.	2	<input type="text" value="0"/>	Solicitati
3. Other adjustments (Attach REV-799, Schedule C-3, if claiming bonus depreciation.)	3	<input type="text" value="0"/>	Single-M Multi-Me PA S Co Taxable



RCT-101 (FI) PAGE 2 OF 4 PA CORPORATE TAX REPORT

SECTION A: Bonus Depreciation

1. Current year fed. deprec. of 168k prop.	1	<input type="text" value="12000"/>	Business
2. Current year adj. for disp. of 168k prop.	2	<input type="text" value="100"/>	Solicitati
3. Other adjustments (Attach REV-799, Schedule C-3, if claiming bonus depreciation.)	3	<input type="text" value="1000"/>	Single-M Multi-Me PA S Co Taxable



Correct Method to Reflect No Sales Anywhere

SCHEDULE C-1: Apportionment Schedule For Corporate Net Income Tax (Include Form RCT-106.)

Sales Factor				Single Factor			
Sales - PA	1A	<input type="text" value="0"/>	1C	<input type="text" value="00.00000000"/>	Numerator	2A	<input type="text" value=""/>
Sales - Total	1B	<input type="text" value="0"/>			Denominator	2B	<input type="text" value=""/>
					Apportionment Proportion	2C	<input type="text" value="0.00000000"/>