



WHO MUST FILE

Any business organization with income and deductions reported on Federal Form 1120S, Schedule K as flow-through items to the shareholders. New Hampshire treats subchapter "S" corporations as if they were "C" corporations. These instructions explain how Federal Schedule K amounts will be treated on the NH-1120 at the entity level.

FILE ONLY ONE FORM combining all S-Corp entities reporting as part of a combined return. Include a statement detailing each entity separately, similar to the method used for consolidated federal pages.

CONFIDENTIAL INFORMATION

Tax information disclosed to the New Hampshire Department of Revenue Administration is held in strict confidence by law. The information may be disclosed to the United States Internal Revenue Service, agencies responsible for the administration of taxes in other states in accordance with compacts for the exchange of information, and as otherwise authorized by RSA 21-J:14.

TAXPAYER IDENTIFICATION

The Commissioner of the Department of Revenue Administration is authorized pursuant to RSA 21-J:27-a to require submission of an SSN, FEIN, or any other identifying number used in filing or preparing federal tax documents. If you do not have any such identifying number, or share one with another taxpayer, then, under Rev 2903.01, you must obtain a Department Identification Number (DIN). If you have a DIN, use it on all New Hampshire filings. To ensure that your filings and payments are applied to the correct account, the sequence of names and taxpayer ID numbers on all filings must be consistent. Failure to provide a taxpayer identification number may result in the rejection of filed documents. Failure to timely file documents, complete with a consistent taxpayer identification number, may result in the imposition of penalties and interest, the disallowance of claimed exemptions, exclusions, credits, or deductions, and/or an adjustment that may result in increased tax liability.

NEED FORMS?

To obtain additional forms, please visit our website at www.revenue.nh.gov, call the Forms Line at (603) 230-5001, or request them through Granite Tax Connect at gtc.revenue.nh.gov/TAP.

NEED HELP?

Call the Department of Revenue Administration, Taxpayer Services at (603) 230-5920. Individuals with hearing or speech impairments may call TDD Access: Relay NH 1-800-735-2964.

LINE-BY-LINE INSTRUCTIONS

Continue onto page 2 for line-by-line instructions.



NAME, TAXPAYER IDENTIFICATION NUMBER, AND TAXABLE PERIOD

Enter the business organization's name and taxpayer identification number (Social Security Number (SSN), Federal Employer Identification Number (FEIN), or Department Identification Number (DIN)) in the spaces provided.

Enter the beginning and ending dates of the taxable period.

LINES 1(a)-1(k) ADDITIONS TO INCOME TO DETERMINE 1120 S-CORPORATION GROSS BUSINESS PROFITS

Round every entry to the nearest whole dollar (if 49 cents or less round down, if 50 cents or more round up).

REPORT NEGATIVE AMOUNTS USING A MINUS SIGN.

LINE 1(a)

Enter Schedule K, Line 1 ordinary business income (loss).

LINE 1(b)

Enter Schedule K, Line 2 net rental real estate income (loss).

LINE 1(c)

Enter Schedule K, Line 3c net income (loss) from rental activities other than those reported on Federal Form 8825. The gain or loss from the sale of an asset used as a rental as reported on Line 17 of Federal Form 4797 is reflected on Line 1(c).

LINE 1(d)

Enter Schedule K, Line 4 interest income.

LINE 1(e)

Enter Schedule K, Line 5a dividend income.

LINE 1(f)

Enter Schedule K, Line 6 royalty income.

LINE 1(g)

Enter the amount of net short-term capital gain reported on Federal Form 1120S, Schedule K, Line 7 less the amount of net long-term capital loss reported on Federal Form 1120S, Schedule K, Line 8a, but not less than zero.

LINE 1(h)

Enter the amount of net long-term capital gain reported on Federal Form 1120S, Schedule K, Line 8a, less the amount of net short-term capital loss reported on Federal Form 1120S, Schedule K, Line 7, but not less than zero.

If the sum of the capital gains and losses from Schedule K, Line 7 and Schedule K, Line 8a is less than zero, report the net loss in the box below Line 1(h). Excess capital losses must be carried back three years to offset prior capital gains and then be carried forward for 5 succeeding years.

LINE 1(i)

Enter Schedule K, Line 9 net section 1231 gain or loss from the sale of assets used in the business as reported on Federal Form 4797.

LINE 1(j)

Enter the amount from Schedule K, Line 10. Any other item of income (loss) not reported above is reported here and includes such items as other portfolio income not reported as interest, ordinary dividends, royalty, and capital gain (loss) on prior add backs to corporate income on the NH-1120. Cancellation of debt is recognized as income to the corporation and should also be reported here.

LINE 1(k)

Enter the amount of any other item of income (loss) not reported on Federal Form 1120S, Schedule K, that should be included in gross business profits. Sales of property for which IRC §179 expense deduction has been passed through to a shareholder should be reported here. Also include global intangible low-taxed income from controlled foreign corporations owned by the business organization and reported on the returns of the shareholders of the business organization under Treasury Regulations 1.951A-1(e)(i).

LINES 1(l)-1(q) AND 2 - DEDUCTIONS TO INCOME TO DETERMINE 1120 S-CORPORATION GROSS BUSINESS PROFITS

LINE 1(l)

Enter Schedule K, Line 11 IRC §179 expense reported on Federal Form 1120S.

LINE 1(m)

Enter Schedule K, Line 12a and Line 12b deductions for charitable contributions to tax exempt organizations by 1120S corporations (must follow the C-Corporation limitations for charitable contributions).

LINE 1(n)

Enter Schedule K, Line 12c investment interest expense related to assets held for investment purposes. This is deductible if the assets or debt is associated with the production of income for the corporation.

LINE 1(o)

Enter Schedule K, Line 12c IRC §59(e)(2) expenditures. These are deductible on the Form NH-1120.

LINE 1(p)

Enter Schedule K, Line 12e. This line includes only business expenses allowed as deductions for BPT adjustments not reported on Schedule K, Lines 12a, 12b, 12c, or 12d. New Hampshire does not have any limitations placed on portfolio deductions, thus the 2% limitations to AGI at the shareholder level does not apply to this deduction for the corporation.

LINE 1(q)

Enter Schedule K, Line 16f Deduct the amount of foreign taxes paid or accrued on this line. Foreign taxes deducted on this line would be an add back to income on NH-1120, Additions and Deductions, Line 6(b), or NH-1120-WE Additions and Deductions Line 12(c).

LINE 2

Combine Lines 1(a) through 1(k) and from the result subtract the sum of Lines 1(l) through 1(q). Report on Form NH-1120-WE, Schedule 1-A, Line 2 or Form NH-1120, Line 1.