2017 Minnesota Corporation Franchise Tax

Includes instructions for Forms M4, M4I, M4A and M4T.

Corporate Tax Information

Website
www.revenue.state.mn.us

Phone
651-556-3075

E-mail
businessincome.tax@state.mn.us

Forms
Download forms and other tax information at www.revenue.state.mn.us.

This material is available in alternate formats.

Contents

What's New

Federal Adjustments
Definitions used in determining Minnesota tax are based on the Internal Revenue Code, as amended through December 16, 2016. Since that date, the federal Disaster Tax Relief and Airport and Airway Extension Act of 2017 (Pub. L. 115-63), and Tax Cuts and Jobs Act (Pub. L. 115-97), and Bipartisan Budget Act of 2018 (Pub. L. 115-123) have been enacted by Congress. These laws contain a number of provisions that may affect your Minnesota tax. See *Federal Adjustments for Businesses* on page 13 to determine if you need to adjust your return.

Continue to check our website for further updates.

Financial Institutions
The definition of a financial institution is clarified and expanded to include entities other than corporations. See instructions on page 11.

Insurance Companies
Certain insurance companies must be included in combined returns filed by unitary groups. See *Insurance Companies* on page 2, *Filing a Combined Return* on page 4, and line 1 *Unitary Businesses* on page 6.

Credit for Increasing Research Expenditures
The second-tier credit, for qualified research expenses over $2,000,000, is raised from 2.5 percent to 4 percent.

Revenue Notices
Revenue Notices are policy statements that provide interpretation, details or supplementary information concerning Minnesota state tax laws or rules. Recently released Revenue Notices regarding corporation franchise tax include:

- 17-02 Individual Income and Corporate Franchise Tax – Nadler v. Commissioner – Minnesota Allocation Policy
- 17-01 Corporate Franchise Tax – Apportionment of Income – Revocation of Revenue Notice # 08-04
- 16-06 Administration and Compliance - Subpoenas - Reimbursement of Third-Party Record Keepers' Reasonable Costs; Revocation of Revenue Notice # 04-06

For a complete list of revenue notices and to download copies, go to our website at www.taxes.state.mn.us.

Filing Requirements
Corporations must file a Minnesota tax return if they transact business or own property in Minnesota, regardless of their state of incorporation.

Before You File

Complete Your Federal Return
Before you complete Form M4, complete federal Form 1120 and supporting schedules. You will need to reference them.

You Need a Minnesota Tax ID
Your Minnesota Tax ID is the seven-digit number you're assigned when you register with the department. Generally, this is the same as your sales and use tax or Minnesota employer's withholding tax number.

You must include your Minnesota Tax ID on your return so that any payments you make are properly credited to your account.

If you don't have a Minnesota Tax ID, apply for one online at www.revenue.state.mn.us or call 651-282-5225 or 1-800-657-3605.

Forms

Which Form Should You File?
Most corporations, other than S corporations, file Form M4, *Corporation Franchise Tax Return.*

S corporations filing federal Form 1120S file Minnesota Form M8, *S Corporation Return.*

Nonresident entertainers file Form ETR, *Nonresident Entertainer Tax.*

Exempt organizations file Form M4NP, *Unrelated Business Income Tax Return.* Exempt organizations include:

- exempt organizations with unrelated business income and organizations liable for proxy tax on lobbying and political expenditures that file federal Form 990-T;
- farmers' cooperatives, as defined in Internal Revenue Code (IRC) section 521, that file federal Form 1120-C;
- homeowner associations filing federal Form 1120-H; and

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- political organizations filing federal Form 1120-POL.

Unit investment trusts. A unit investment trust, as defined in the Investment Company Act of 1940, is not considered a person, corporation, partnership, trust or investment company for Minnesota income tax purposes if it:

- issues periodic payment plan certificates;
- has assets consisting mostly of a single management company's securities; and
- has no power to invest in other types of securities.

If a trust meets these conditions, no return needs to be filed. Each holder of an interest in the trust, however, is considered to own a proportionate share of the assets and must report any distributions on his or her individual income tax return.

Real estate mortgage investment conduits (REMICs), valid under IRC section 860D[b], are not required to file a return. Holders of an interest in a REMIC, however, must report their share of income or loss on their individual income tax returns.

Insurance companies as defined in the IRC are not required to file a corporation franchise tax return if they are admitted to practice the business of insurance in Minnesota, or domiciled and licensed to practice the business of insurance in another state that has reciprocal agreement with Minnesota not to impose retaliatory taxes.

Software-Generated Forms

If you use tax preparation software, the information must be in the same format as our own forms and schedules. If it's not in the same format, the forms and schedules will be returned to you for correction.

Payment Options

If you're required to pay any Minnesota business tax electronically, you must pay all *taxes electronically. A 5 percent penalty will be assessed if you fail to do so when required.*

■ **Pay Electronically**

- **Go to www.revenue.state.mn.us and log in, or**
- Call **1-800-570-3329** to pay by phone.

For both methods, follow the prompts for a business to make a corporation franchise tax payment. You'll need your Minnesota tax ID number, password and banking information. You can cancel a payment up to one business day before the scheduled date, if needed. When paying electronically, you must use an account not associated with any foreign banks.

If you're using the system for the first time and need a temporary password, call 651-282-5225 or 1-800-657-3605.

■ **Pay by Credit or Debit Card**

For a fee, you can use your credit or debit card to make a payment through Value Payment Systems, a national company that partners with federal, state and local governments to provide credit and debit card payment services.

To do so:

- Go to **payMNtax.com**; or
- Call **1-855-9-IPAY-MN** to pay by phone.

The Department of Revenue does not have any financial agreement with Value Payment Systems and does not receive any of its fees.

■ **Pay by Check**

- Go to our website at **www.revenue.state.mn.us** and click on **Make a Payment.**
- Click **By Check** to create and print a payment voucher. Write your check to Minnesota Revenue and mail together to the address on the voucher.

Your check authorizes us to make a one-time electronic fund transfer from your account. You may not receive your cancelled check.

Due Dates and Extensions

When is the Return Due?

Returns, including short-year returns, must be filed by the due date for filing your federal income tax return.

The U.S. postmark date, or date recorded or marked by a designated delivery service, is considered the filing date (postage meter marks are not valid). When the due date falls on a Saturday, Sunday or legal holiday, returns postmarked on the next business day are considered timely. When a return is filed late, the date it is received at the department is treated as the date filed.

The regular due date for returns filed by **cooperative associations** (other than IRC section 521 organizations) is the 15th day of the ninth month after the end of the calendar or fiscal year. Check the co-op box at the top of Form M4.

If You Need an Extension

All corporations are granted an automatic seven-month extension to file Form M4. You are not required to submit a form to Minnesota to receive the seven-month filing extension.

However, if the Internal Revenue Service (IRS) grants an extension of time to file your federal return that is longer than the Minnesota automatic seven-month extension, your state filing due date is extended to the federal due date.

This is a filing extension only, however, not a payment extension. Any tax not paid by the regular due date is subject to penalties and interest (see instructions for lines 12 and 13 on page 5).

To pay your extension payment electronically, see "Paying Electronically" on this page. If you make your extension payment by check, visit our website at **www.revenue.state.mn.us** and click on "Make a Payment" and then "By check" to create a voucher. (Do not use a voucher if you're making your extension payment electronically.)

Payments

Unitary businesses: Payments must be made under the designated filer. See "Filing a Combined Return" on page 3.

Paying Electronically

If your estimated tax payments during the last 12-month period ending June 30 totaled $10,000 or more, you are required to make **all** tax payments electronically starting January 1 of the following year. Once you meet the electronic payment threshold, you are required to pay electronically for all future periods.

You must also pay electronically if you're required to pay *any* Minnesota business

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tax electronically, such as sales or withholding tax. See Payment Method under line 12 Penalty on page 5.

Estimated Payments
If your estimated tax is more than $500, you must make quarterly payments based on the entire estimated amount. Payments are due by the 15th day of the third, sixth, ninth and 12th months of the tax year. You can make your payments electronically or by check by creating and printing a voucher on our website. www.revenue.state.mn.us. For additional information, see *Corporation Estimated Tax Instructions*.

Tax Return Payment
If there is an amount due on line 15 of Form M4 and you are not required to pay electronically, you may pay by check by creating and printing a voucher on our website at **www.revenue.state.mn.us.**

Definitions

Nexus
Corporations that are required to file a Minnesota tax return are referred to as having nexus with Minnesota.

Designated Filer
A unitary business filing a combined return must select one of its members to be the designated filer.

The designated filer's name and tax ID numbers go on the face of the corporation franchise tax return and in the heading of Column B_1 of each columnar schedule attached to the return. All payments (estimated, extension and tax return) will be made under the Minnesota tax ID number of the designated filer and any refunds will be issued to the designated filer.

Domestic Corporation
Any corporation organized under the laws of the United States or any state, the District of Columbia or political subdivision of these, excluding the Commonwealth of Puerto Rico or any possession of the United States. **Domestic international sales corporations (DISCs),** qualifying under IRC section 992(a), and **foreign sales corporations (FSCs),** qualifying under IRC section 922, are also domestic corporations *(MS 290.01, subd. 5).*

Foreign Corporation
A corporation that doesn't meet the definition of a domestic corporation is a foreign corporation *(MS 290.01, subd. 5a).* A foreign corporation which is taxed as a C corporation for federal income tax purposes and has nexus with Minnesota must file a separate return.

Filing Reminders

Accounting Period
You must use the same accounting period for Minnesota as you use for your federal return. If you change your federal accounting period, attach a copy of federal Form 1128, *Application to Adopt, Change or Retain a Tax Year,* to your short-period Minnesota return.

When Completing Your Return
- **Enter the beginning and ending dates** of your tax year at the top of Form M4.
- **Rounding is required.** You must round amounts to whole dollars. Drop amounts less than 50 cents and increase amounts 50 cents or more to the next higher dollar.
- **How to assemble paper filed returns.** Assemble schedules in the order completed behind your Form M4. Attach any additional information requested and a copy of all returns filed with the IRS for the tax year, including 1120-FSCs. Be sure to include copies of all supporting schedules, except for Forms 1118, 1122, 3115, 5471, 5472 and 5713. Your Minnesota tax return will not be considered complete unless all required federal returns are attached. We will accept the federal return in PDF format on a Compact Disc.
- **Corporate partners.** Attach a copy of Schedule KPC, *Partner's Share of Income, Credits and Modifications.*
- **If this is your final return,** check the correct box at the top of Form M4. Attach an explanation and a copy of merger papers, dissolution date and distribution papers, or, for S corporations, a copy of your federal approval.
- **If your M4 return shows a refund,** Minnesota law requires you to provide your banking information so that your refund can be deposited electronically.

Early Audits/Bankruptcy
To request an early audit or notify the department of bankruptcy proceedings, complete Form M22, *Request for Early Audit of Minnesota Income Tax Returns.* If the corporation is in bankruptcy, check the "in bankruptcy" box at the top of Form M4.

Amending Your Return
Use Form M4X, *Amended Franchise Tax Return/Claim for Refund*, to report changes to your Minnesota liability or to claim a refund.

If the IRS changes or audits your federal return or you amend your federal return and it affects your Minnesota return, you must amend your Minnesota return. File Form M4X within 180 days after you were notified by the IRS or after you filed your federal amended return. Enclose a copy of the IRS report or your amended federal return with your amended Minnesota return.

If the changes do not affect your Minnesota return, you have 180 days to send a letter of explanation to the department. Send your letter and a complete copy of your amended federal return or the correction notice to: Minnesota Revenue, Corporation Franchise, Mail Station 1255, St. Paul, MN 55146-1255. Do not send these with your current tax return.

If you fail to report federal tax changes within 180 days, you are subject to a penalty equal to 10 percent of any additional tax due. In addition, the period of time increases during which we may make adjustments to your Minnesota return.

Unitary Businesses
Below are guidelines for corporations whose activities are part of a unitary business.

What is a Unitary Business?
"Unitary business" means business activities or operations that result in a flow of value and includes both foreign and domestic companies. A business is presumed to be unitary whenever there is unity of ownership, operation and use. Unity is also presumed when business activities or operations are of mutual benefit to, dependent upon or contributory to one another, either individually or as a group.

Unity of ownership exists when a corpora-

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tion is a member of a group of two or more corporations and more than 50 percent of the voting stock of each member is directly or indirectly owned by a common owner, either corporate or noncorporate, or by one or more of the member corporations of a unitary business.

Unity of operation and use can be shown by centralized management or executive force; or centralized purchasing, advertising, accounting or other controlled activity.

The absence of these centralized activities does not necessarily mean that a business is not unitary. A business is unitary if there is functional integration, centralized management and economies of scale *(MS 290.17, subd. 4)*.

Filing a Combined Return

A unitary business *must* file a combined return. A combined return for Minnesota includes domestic corporations but not insurance companies that are admitted to practice the business of insurance in Minnesota, or domiciled and licensed to practice the business of insurance in another state that has reciprocal agreement with Minnesota not to impose retaliatory taxes. A combined return does not include regulated investment companies. A combined return also includes foreign entities, other than those treated as C corporations for federal income tax purposes, which are included in the federal taxable income of the unitary business. Foreign corporations which are treated as C corporations for federal income tax purposes and regulated investment companies that have nexus with Minnesota, even if they are part of a unitary business, must file separate tax returns (see *Definitions* above).

One member of the unitary business must be selected as the designated filer to file the return, make payments, receive refunds and represent the other members of the group in tax matters.

If you are filing a combined return, complete Schedule AFF, *Affiliations for Combined Returns*, and attach it to your return.

Using the Combined-Income Method

The combined-income method uses single-sales factor apportionment to determine what percentage of the combined business income of a unitary business is reportable to Minnesota by each unitary business member required to file a Minnesota return.

The apportionment factor for each member is determined by dividing the corporation's sales or receipts attributable to Minnesota by the total sales of the entire group, both in and outside Minnesota.

Income and deductions from transactions between members included in the combined return are eliminated to avoid distortion of the group's income or of the sales apportionment factor.

Unitary businesses: Sales or receipts attributable to Minnesota and made by any member that doesn't have nexus with Minnesota must be included in the Minnesota sales reported by a member of the group which does have nexus with Minnesota.

If a corporation is part of a unitary business, the entire income (loss) derived from the trade or business of the unitary business is used to figure how much income or loss should be apportioned and reported by that corporation on the combined Minnesota tax return. Income not derived from the trade or business is assigned to Minnesota or another state.

To determine the income (loss) from Minnesota sources for each member of the group, the total apportionable income (loss) of the entire group is multiplied by the apportionment factor of each member.

None of the apportionable income of a unitary business will be considered derived from any particular source or place except as determined by using the combined income method.

Common Accounting Periods

The combined-income method for a group of related corporations requires the income and sales factors of all corporations be determined on the basis of a common accounting period.

If the members have different accounting periods, the income and sales factor computations of all members should be computed for the same period as the designated filer's normal accounting period *(MR 8019.0405, subp. 4)*.

The due date of the return is still determined according to the actual accounting period of the designated filer filing the Minnesota return.

Estimated Tax

Members of a unitary business must compute the estimated tax using the combined-income method. Estimated tax payments must be made by the designated filer only.

M4 Summary Page

Complete Forms M4I, M4A, M4T and applicable schedules before completing Form M4. You must include these forms with your M4 return.

Name and Address of Corporation
Unitary businesses fill in the name of the designated filer (see "Filing a Combined Return" on page 3). Enter the mailing address associated with corporate tax matters.

Line Instructions
Corporate partners: *Include amounts you may have received as a partner in a partnership that is reported on Schedule KPC. Include Schedule KPC with your return.*

Line 2
Minnesota Nongame Wildlife Fund
You can help preserve Minnesota's rare and endangered animals and plants by donating to this fund. Your donation will be added to your total tax and will decrease your refund or increase your balance due.

For more information, go to the Minnesota Department of Natural Resources website at www.dnr.state.mn.us.

Line 4
Enterprise Zone Credit
If your business has been approved by the Minnesota Department of Employment and Economic Development as employment property in an enterprise zone, enter the credit amount. Attach Schedule EPC.

For details about the zones, go to the DEED website at www.positivelyminnesota.com.

Line 5
Historic Structure Rehabilitation Credit
To qualify for this credit, you must be eligible for the federal Historic Rehabilitation Credit for improving a certified historic structure located in Minnesota and have your application approved by the State Historic Preservation Office (SHPO) of the Minnesota Historical Society. For details, go to www.mnhs.org/shpo.

On line 5, enter the NPS project number and credit amount from the credit certificate you received from SHPO. Include the credit certificate when you file your return.

Line 6
Greater Minnesota Internship Credit
For each intern hired through the Greater Minnesota Internship Program make the following calculation:

1 Wages paid to the intern during the tax year 1__________

2 Multiply line 1 by 0.4 2__________

3 Enter the amount on line 2 or $2,000, whichever is less 3__________

Add the amounts for all interns and enter the total on M4, line 6. Attach to your return a copy of the Greater Minnesota Internship Tax Credit 2017 Internship Provider/Employer Agreement for each intern and a copy of the annual report regarding student interns/employees that you are required to file with the Minnesota Office of Higher Education.

Line 12
Penalty
Penalties are collected as part of the tax and are in addition to any additional charge for underpaying estimated tax.

Late payment. A penalty is due if you don't pay at least 90 percent of your total tax by the regular due date. The penalty is 6 percent of the unpaid tax on line 11.

There is no penalty if at least 90 percent of your total tax is paid by the regular due date, and any remaining balance is paid by the extended due date. You must calculate interest, however, on the remaining balance.

Late filing. If you file after the extended due date and owe tax, you must pay an additional penalty for filing late. The late-filing penalty is 5 percent of the unpaid tax on line 11.

Balance not paid. An additional penalty of 5 percent of the unpaid tax is due if the return is filed after the regular due date with a balance due, and that balance is not paid at the time of filing.

Payment method. If you are required to pay electronically and do not, an additional 5 percent penalty applies to payments not made electronically, even if a paper check is sent on time.

Line 13
Interest
You must pay interest on the unpaid tax plus penalty from the regular due date until the total is paid. To figure how much interest you owe, use the following formula with the appropriate interest rate (the rate for 2018 is 4 percent):

Interest =
(tax + penalty) × # of days late × interest rate ÷ 365

Line 14
Additional Charge for Underpayment of Estimated Tax
If you did not pay the correct amount of estimated tax by the due dates, you may have to pay an additional charge for underpayment of estimated tax.

If your tax on Form M4, line 1 (less any credits on lines 4–6), is more than $500, use Schedule M15C, *Additional Charge for Underpayment of Estimated Tax,* to figure the additional charge or to show that you qualify for an exception. Attach Schedule M15C to your return.

Line 16
If line 10 is less than the sum of lines 3 and 14, subtract line 10 from the sum of lines 3 and 14. Enter the result on line 15 and enter zero on line 16.

Signatures
The return must be signed by a person authorized by the corporation. If you paid someone to prepare your return, the preparer must also sign and provide his or her PTIN number. Check the box if you want to authorize the department to discuss this return with the preparer.

Other Penalties
If you understate your tax by more than 10 percent or $10,000, whichever is more, the penalty is 20 percent of the underpayment.

If you intentionally don't file a return to evade paying tax, or if you file a false or fraudulent return, the penalty is 50 percent of the tax due or refund.

If you are negligent or intentionally disregard the law or rules (but without intent to defraud), the penalty is 10 percent of any additional tax assessed.

If you don't file a return within 30 days of a written demand from the department, the penalty is 5 percent of the tax or $100, whichever is greater.

Also be aware of the following:
It is a gross misdemeanor to knowingly not file a return or pay a tax when required. If you willfully attempt to evade or defeat a tax or tax law, the action becomes a felony.

It is a felony to knowingly file a false or fraudulent return or to knowingly help someone prepare, or advise someone on how to prepare, a false or fraudulent return.

M4I Income Calculation

Line 1
Federal Taxable Income Before NOL and Special Deductions
Use the line references below to figure the amount to enter from your federal return.

If the amount you enter on line 1 does not match the amount listed on your federal return, complete Schedule REC, *Reconciliation*, and attach it to your M4 return.

If you're filing federal Form:	Enter amount from line:
1120	28
1120-F	29, Section II
1120-FSC	18, Schedule B
1120-IC-DISC	5
1120-ND	10
1120-RIC	26*
1120-REIT	22 + 21a
1120-C	25c

* For Minnesota purposes, the federal taxable income of a regulated investment company must be increased by the net capital gain exclusion provided in IRC section 852(b)(2)(A). The dividend paid deduction must be applied by allowing a deduction for capital gains dividends and exempt interest dividends *(IRC sections 852[b][3][C] and 852[b][5])*. This also applies to any undistributed capital gains which are elected to receive IRC section 852(b)(3)(D) treatment.

Additions

Line 2
Corporate partners. *Be sure to include any addition amounts reported on the Schedule KPC you received from the partnership (include Schedule KPC with your return).*

a. Taxes
Enter the amount deducted on your federal return for taxes based on net income and related minimum taxes paid to Minnesota or another state, a political subdivision of a state, the District of Columbia, any U.S. possession or any foreign country. This also includes the Minnesota minimum fee. *(MS 290.0133 subd. 2)*

b. Capital Losses
Enter any deduction for capital losses taken on your federal return under IRC sections 1211 and 1212. Include any loss from the sale or exchange of certain preferred stock which is treated as an ordinary loss for federal purposes under section 301 of the Emergency Economic Stabilization Act of 2008, Public Law 110-343, Division A, title III. *(MS 290.0133 subd. 8 and 290.0136)*

c. Exempt Interest Income
Enter all interest income received that is not included on your federal return. *(MS 290.0133 subd. 3)*

d. Exempt Interest Dividends
Enter all exempt interest dividends received *(as defined in IRC section 852[b][5])* that are not included on your federal return. *(MS 290.0133 subd. 4)*

e. Losses From Mining Operations
Enter the amount of losses from mining operations (from Form M30, *Occupation Tax*) if these losses are included in your federal taxable income before NOL and special deductions. For gains from mining operations, go to line 4g. *(MS 290.0133 subd. 7)*

f. Percentage Depletion
Enter the amount of percentage depletion deducted on your federal return under IRC sections 611 through 614 and 291. *(MS 290.0133 subd. 9)*

g. Federal Bonus Depreciation Adjustment
If you claimed a deduction for the special depreciation allowance (bonus depreciation) under IRC section 168(k) on lines 14 or 25 of federal Form 4562, include 80 percent of that amount on Form M4I, line 2g. Also include 80 percent of any bonus depreciation amount you may have received as a partner of a partnership (include Schedule KPC).

If you claimed a deduction for special depreciation allowance (bonus depreciation) for property placed in service after September 27, 2017, that deduction may need to be adjusted before making this addition (see the *Federal Adjustments for Businesses* on page 13).

Do not include in this adjustment bonus depreciation attributable to any IRC section other than section 168(k).

If an activity generating bonus depreciation also generates a loss that you are not allowed to claim in the taxable year, the addition is limited to 80 percent of the excess of the bonus depreciation claimed by the activity over the amount of the loss not allowed in the taxable year.

If you're claiming a suspended loss from 2001–2005 or 2008–2011 on your federal return that was generated by bonus depreciation, multiply that bonus depreciation by 80 percent and include the result on line 2g. *(MS 290.0133 subd. 11)*

h. Domestic Production Activities Deduction
Enter the amount deducted on your federal return under IRC section 199 for domestic production activities. *(MS 290.0133 subd. 13)*

i. Excess IRC Section 179 Deduction
If, during the year, your total investment in qualifying property was more than $200,000 or if you elected more than $25,000 in section 179 expensing, you must add back on your state return 80 percent of the difference between the expensing allowed for federal and Minnesota tax purposes. You may subtract the amount of the addition in equal parts over the next five tax years. *(MS 290.0133 subd. 12)*

Line 1 Unitary Businesses
Because of differences in federal and state law, the amount on line 1 may not match the amount listed on your attached federal return. If it doesn't match, complete Schedule REC, and attach it to your M4 return.

For example, line 28 on a consolidated federal Form 1120 might not include income from companies that are part of a Minnesota combined return. Line 1 must include the income of those companies that meet the Minnesota definition of a unitary business but are not included on line 28 on a consolidated Form 1120.

The consolidated Form 1120 does not include income from less-than-80-percent-owned companies. Minnesota's definition of a unitary business only requires greater than 50 percent ownership.

Federal Form 1120, line 28, may include income from the following companies that should not be included on line 1.

- **Insurance companies** that are admitted to practice the business of insurance in Minnesota, or domiciled and licensed to practice the business of insurance in another state that has reciprocal agreement with Minnesota not to impose retaliatory taxes.
- **Investment companies**
- **Mexican and Canadian companies** included in the federal consolidated return under provision 1504d of IRC.
- **Non-unitary companies.** These are members that don't meet the definition of a unitary business.

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If you completed federal Form 4562 to claim the section 179 expensing for federal tax purposes, you must also complete lines 1 through 12 on a *separate* federal Form 4562 (referred to as your Minnesota Form 4562 in the worksheet below) to determine the amount you need to add back for Minnesota purposes. Write "Minnesota" at the top of this separate Form 4562 and include it with your return.

Recalculate line 12 of your Minnesota Form 4562 using the same information from your federal Form 4562 and the following modifications:

- Subtract $485,000 from line 1 of your federal Form 4562, and enter the result on line 1 of your Minnesota Form 4562.
- Enter line 2 of federal Form 4562 on line 2 of your Minnesota Form 4562.
- Subtract $1,830,000 from line 3 of your federal Form 4562, and enter the result on line 3 of your Minnesota Form 4562.
- Enter the information from lines 6 and 7 of your federal Form 4562 on lines 6 and 7 of your Minnesota Form 4562. However, if you have section 179 expensing from a partnership, use the amount from line 9 of Schedule KPC instead of line 12 of federal Schedule K-1 (1065).
- Enter line 10 of your federal Form 4562 on line 10 of your Minnesota Form 4562.
- Recalculate lines 4, 5, 8, 9, 11 and 12 of your Minnesota Form 4562. The result on line 12 of Minnesota Form 4562 cannot be more than line 1 of that form.

Then complete the following worksheet to determine line 2i of Form M4I:

1 Amount from line 12 from your *federal* Form 4562 . . . ________

2 Line 12 of your *Minnesota* Form 4562 . . . . ________

3 Subtract step 2 from step 1 (if zero or less, enter 0) . . . ________

4 Multiply step 3 by 80% (.80). Enter here and on Form M4I, line 2i . . . . ________

j. Fines, Fees and Penalties

You must add fines, fees and penalties that were deducted on your federal return as a trade or business expense paid to a government entity or nongovernment regulatory body as a result of a violation of law, or the investigation of any potential violation of law. Do not include amounts identified in a court order or settlement agreement as restitution or as an amount paid to come into compliance with the law. *(MS 290.0133 subd. 14 and 290.10, subd. 2)*

k. Addition due to federal changes not adopted by Minnesota.

Enter the amount of any addition to federal taxable income that is required when you recompute your federal taxable income without regard to provisions included in the federal Disaster Tax Relief and Airport and Airway Extension Act of 2017 (Pub. L. 115-63), Tax Cuts and Jobs Act (Pub. L. 115-97), and Bipartisan Budget Act of 2018 (Pub. L. 115-123) (see the *Federal Adjustments for Businesses* on page 13).

Subtractions

Line 4

Corporate partners. *Be sure to include any subtraction amounts reported on the Schedule KPC you received from the partnership (include Schedule KPC with your return).*

a. Tax Refunds

Include refunds of any taxes of the type described on line 2a that are included on your federal return and were added back on your Minnesota return in prior years. *(MS 290.0134 subd. 8)*

b. Capital Losses

Enter an amount for capital losses as allowed under IRC sections 1211 and 1212, except that for losses incurred in taxable years beginning after 1986, there is no carryback allowed and the carryforward period is 15 years. Include any loss from the sale or exchange of certain preferred stock, which is treated as an ordinary loss for federal purposes under section 301 of the Emergency Economic Stabilization Act of 2008, Public Law 110-343, Division A, title III, but has been treated as a capital loss for Minnesota. *(MS 290.0134 subd. 5 and 290.0136)*

c. Sum of Select Federal Tax Credit Expenses

The amount on line 4c includes the sum of expenses associated with the following federal tax credits. Attach a list naming the federal tax credit and the expenses associated with the credit.

- **Research expenses.** Include any research expenses that are disallowed on your federal return due to claiming the federal research credit under IRC section 280C(c), but only to the extent that they exceed your Minnesota research credit from Schedule RD, line 29. *(MS 290.0134 subd. 11)*
- **Federal Work Opportunity Credit and/or the Indian Employment Credit.** Include any salary expenses disallowed due to the federal Work Opportunity Credit under IRC section 51, and/or the Indian Employment Credit under IRC section 45A(a). *(MS 290.0134 subd. 3 and 12)*
- **Disability access expenditures.** Include any disability access expenditures that are not allowed to be deducted or capitalized on your federal return due to claiming the federal credit under IRC section 44(d)(7). *(MS 290.0134 subd. 10)*
- **Qualified railroad track maintenance credit.** Include any qualified railroad track maintenance expenditures that are not allowed to be deducted on your federal return due to claiming the federal credit under IRC section 45G(a). *(MS 290.0134 subd. 16)*

d. Foreign Dividend Gross-up

Enter the amount of foreign dividend gross-up added to gross income for federal income tax purposes required under IRC section 78. *(MS 290.0134 subd. 2)*

e. Interest and Expenses

Include interest and expenses related to income exempt from federal tax, provided the income is taxable by Minnesota and the interest and expenses are disallowed as deductions on your federal return. *(MS 290.0134 subd. 6)*

f. Dividends Paid by National and State Banks to U.S. Government

National and state banks only: Include any dividend paid to the U.S. government on the preferred stock of the bank owned by the U.S. government. *(MS 290.0134 subd. 4)*

g. Mining Companies

Enter the amount of income or gain from mining operations (from Form M30, *Occupation Tax*) if these gains are included in your federal taxable income before NOL and special deductions. *(MS 290.0134 subd. 9)*

h. Deduction for Cost Depletion

Include an amount of cost depletion for property on which percentage depletion was added back on line 2f. *(MS 290.0134 subd. 7)*

i. This line intentionally left blank.

Continued

j. Subtraction for Prior Bonus Depreciation Addback
If you added back 80 percent of the federal bonus depreciation in any of the last five years, enter one-fifth of the amount added back. *(MS 290.0134 subd. 13)*

k. Subtraction for Prior IRC Section 179 Addback
If you added back 80 percent of the excess IRC section 179 deduction, enter one-fifth of the add-back. *(MS 290.0134 subd. 14)*

l. Subtraction for Prior Addback of Discharge of Indebtedness Income
Include any discharge of indebtedness income from reacquisition of business debt which you elected to defer federally in a prior year but only to the extent that the income was included in net income in a prior year as a result of the addition under MS 2014 290.01 subdivision 19c, clause (16). *(MS 290.0134, subd. 15)*

m. Subtraction Due to Federal Changes Not Adopted by Minnesota

Enter the amount of any subtraction from federal taxable income that is required when you recompute your federal taxable income without regard to provisions included in the federal Disaster Tax Relief and Airport and Airway Extension Act of 2017 (Pub. L. 115-63), Tax Cuts and Jobs Act (Pub. L. 115-97), and Bipartisan Budget Act of 2018 (Pub. L. 115-123) (see the *Federal Adjustments for Businesses* on page 13).

Line 5
Intercompany Eliminations
Attach a separate list explaining any duplication of income (loss) resulting from intercompany transactions and enter the amount on line 5. For example, if line 1 included $10,000 of dividends that were paid by one member to another, you would need to include that $10,000 on line 5. List any item of income as a positive amount and any item of loss as a negative amount.

Dividends received by an insurer's parent company from an insurer that is qualified and licensed in Minnesota, which is a member of an insurance holding company system as defined in MS 60D.15 subd. 6, should also be eliminated on this line. Attach a separate list explaining any dividends received from a Minnesota licensed and qualified insurer, which is a member of an insurance holding company system. For example, if line 1 included $10,000 of dividends that were paid by an insurer that is qualified and licensed in Minnesota, which is a member of an insurance holding company system, you would need to include that $10,000 on Line 5. List any item of dividend income as a positive amount.

Line 8
Nonapportionable Income
Nonapportionable income is income that cannot be apportioned due to provisions of the United States Constitution. Nonapportionable income is allocated by assignment based on the type of property that gives rise to the income. Nonapportionable income must be reduced by the expenses incurred to generate the income.

Frequently used assignment rules are:

- Income/gains from tangible property not employed in the trade or business is allocated by assignment to the state in which the property is located.
- Gain on the sale of a partnership interest not employed in the trade or business is allocated to Minnesota in the ratio of the original cost of partnership tangible property located in Minnesota to that located everywhere as determined at the time of the sale. If more than 50 percent of the value of the partnership's assets are intangibles, the gain/loss is allocated to Minnesota using the partnership's prior year sales factor.

Other assignment rules are in MS 290.17, subd. 2. Income not assigned in any particular manner is allocated by assignment to the taxpayer's state of domicile.

All other types of income are referred to as business income, and are subject to apportionment.

If you are a corporate partner, include any nonapportionable income you may have received as reported on line 2 of the *Schedule KPC* you received from the partnership.

Continued

M4A Apportionment/Minimum Fee

Single filers: *Complete Columns A and B_1.*

Unitary businesses: *Enter amounts for the designated filer in Column B_1 and complete a column for each corporation having Nexus. Each corporation having nexus* **must** *have a Minnesota tax ID number.*

Minnesota uses a single-sales factor to determine the apportionment percentage.

If you are not a unitary business, complete Columns A and B_1.

If you are a unitary business, Column A must include the total sales of all corporations included on the combined return.

Column B_1 is for the designated filer. The remaining columns are for each of the other corporations in the group having nexus with Minnesota. If you need more than three columns, attach additional forms as needed.

Financial institutions, read *Apportionment for Financial Institutions* on page 11.

Property

In Column B_1 (and remaining columns as needed by unitary business members having nexus with Minnesota), enter the property items for your business in Minnesota.

Line 1
Inventory

Enter the average value of inventories for your business for the tax year.

Line 2
Tangible Property and Land

Enter the average value of total tangible property (real, personal and mixed) used in connection with your business during the tax year. Property must be valued at original cost and includes land, buildings, machinery, equipment and other tangible personal property.

Line 3
Capitalized Rents

Capitalized rents are based on the actual rent for property used during the tax year. Do not use an average of rents paid during the year to determine capitalized rents. Determine the value of rented property used by multiplying the rent paid for the tax year by eight.

Payroll

Line 5
Payroll

In Column B1 (and the remaining columns as needed by unitary groups), enter your total payroll paid or incurred in Minnesota, or paid for labor performed in Minnesota, for the tax year in connection with the business.

Sales

Line 6
Minnesota Sales or Receipts

In Column B_1 (and in the remaining columns as needed by unitary business members having nexus with Minnesota) enter sales attributable to Minnesota made by the corporation listed at the top of the column. Financial institutions, see instructions on page 11.

The sales factor includes all sales, gross earnings or receipts received in the ordinary course of your business, except:

- interest;
- dividends;
- sales of capital assets under IRC section 1221;
- sales of property used in the business, except sales of leased property that is regularly sold as well as leased;
- sales of stock or sales of debt instruments under IRC section 1275(a)(1);
- intercompany sales between members of a combined return.

Line 7
Unitary Businesses Only

All sales of a unitary business attributable to Minnesota must be included on the group's combined return. On line 7, enter all sales of the unitary business attributable to Minnesota that are not included on line 6. (MS 290.17, subd. 4[h])

Line 8
Total Sales

In column A, line 8, enter the total sales for the tax year. Transactions between members included in the combined return must be eliminated. In Column B_1 (and in the remaining columns as needed by unitary business members having nexus with Minnesota) add lines 6 and 7.

Determining Minnesota Sales

Real Property

Sales, rents, royalties and other income from real property are attributed to the state in which the property is located.

Tangible Personal Property

Sales of tangible personal property are attributed to Minnesota if the property is received by the purchaser within Minnesota, regardless of the f.o.b. point, other conditions of sale, or the ultimate destination of the property.

Tangible personal property delivered to a common or contract carrier or foreign vessel for delivery to a purchaser in another state or nation is a sale in that state or nation regardless of the f.o.b. point or other conditions of sale.

Property is received by a purchaser in Minnesota if the recipient is located in this state, even if the property is ordered from outside Minnesota.

Sales of tobacco products, beer, wine and other alcoholic beverages to someone licensed to resell the products only within the state of ultimate destination is a sale in the destination state.

Receipts from leasing or renting tangible personal property, including finance leases and true leases, are attributed to the state in which the property is located. Receipts from the lease or rental of moving property are attributed to Minnesota to the extent the moving property is used in Minnesota. The extent of use is determined as follows:

- A motor vehicle is used wholly in the state in which it is registered.
- Receipts from rolling stock are assigned to Minnesota in the ratio of miles traveled in Minnesota to total miles traveled.
- Receipts from aircraft are assigned to Minnesota in the ratio of landings in Minnesota to total landings.
- Receipts from vessels, mobile equipment and other mobile property are assigned to Minnesota in the ratio of days the property is in Minnesota to the total days of the tax year.

Intangible Property

Sales of intangible property are attributed to the state in which the property is used by the purchaser.

Continued

Royalties and other income received for the use of or privilege of using intangible property (such as patents, copyrights, trade names, franchises or similar items) are attributed to the state in which the property is used by the purchaser.

Intangible property is attributed to Minnesota if the purchaser uses the property, or rights in the property, to conduct business within this state, regardless of the location of the purchaser's customers.

If the property is used in more than one state, then the sales or royalties must be apportioned to Minnesota pro rata based on the portion of use within this state.

If the amount of use in Minnesota cannot be determined, then exclude the sales or royalties from both the numerator and the denominator of the sales factor.

Services

Receipts from the performance of services are attributed to the state in which the services are received.

Receipts from services provided to a corporation, partnership or trust may only be attributed to a state in which it has a fixed place of doing business.

If you can't determine where the service was received, or if it was received in a state where the corporation, partnership or trust doesn't have a fixed place of business, use the location of the office of the customer from which the service was ordered.

If you can't determine the ordering office, use the office location to which the service was billed.

Petitioning to Use Another Method of Allocation

State law *(MS 290.20, subd. 1a and Minnesota Rules 8020.0100, subp. 3)* allows entities to request permission from the department to allocate all, or any part of, taxable net income in a manner other than single-sales factor apportionment.

To request permission, complete Form ALT, *Petition to Use Alternative Method of Allocation* (see Revenue Notice 04-07).

Permission will be granted only if you can show that single-sales factor apportionment does not properly and fairly reflect your Minnesota income, and that the alternative formula you have chosen does.

Minimum Fee

A corporation is subject to a minimum fee if the sum of its Minnesota source property, payroll and sales or receipts is at least $970,000. The minimum fee is in addition to the regular tax and the alternative minimum tax.

Entities that are exempt from the minimum fee include:

- regulated investment companies (RICs)
- real estate investment trusts (REITs)
- real estate mortgage investment conduits (REMICs)

Line 10

Adjustments

The minimum fee is determined by your total Minnesota property, payroll and sales. In some cases the property, payroll and sales used for computing the minimum fee will be different than those used for apportionment. The following adjustments should be made to your Minnesota factors on line 10.

Add: All tangible property owned or rented that is not included on line 4 of Form M4A. Some examples include construction in progress, idle property and any nonbusiness property or rent expense. The amounts should be determined in the same manner as the amounts on line 4.

Subtract:

- Any partnership amounts included on lines 4, 5 and 8.
- Reduction of property owned for a short taxable year. To determine, multiply the sum of line 1 and line 2 by a fraction: the numerator is 365 minus the number of days in the tax year; the denominator is 365.

Enclose a schedule showing the computation and pass-through information of any adjustments listed on M4A, line 10.

Continued

Apportionment for Financial Institutions

Financial institution means:

1) any corporation or other business entity registered
- under state law as a bank holding company
- under the federal Bank Holding Company Act of 1956, as amended; or
- as a savings and loan holding company under the federal National Housing Act, as amended

2) any regulated financial corporation; or a national bank organized and existing as a national bank association pursuant to the provisions of United States Code, title 12, chapter 2

3) a savings association or federal savings bank as defined in United States Code, title 12, section 1813(b)(1)

4) any bank or thrift institution incorporated or organized under the laws of any state

(5) any corporation organized under United States Code, title 12, sections 611 to 631

6) any agency or branch of a foreign depository as defined under United States Code, title 12, section 3101

7) any corporation or other business entity that is more than 50 percent owned, directly or indirectly, by any person or business entity described in clauses (1) to (6), other than an insurance company taxable under chapter 297I

8) a corporation or other business entity that derives more than 50 percent of its total gross income for financial accounting purposes from finance leases. For the purposes of this clause, "gross income" means the average from the current tax year and immediately preceding two years and excludes gross income from incidental or occasional transactions. For purposes of this clause, "finance lease" means any lease transaction that is the functional equivalent of an extension of credit and that transfers substantially all the benefits and risks incident to the ownership of property, including any direct financing lease or leverage lease that meets the criteria of Financial Accounting Standards Board Statement No. 13, accounting for leases, or any other lease that is accounted for as financing by a lessor under generally accepted accounting principles, or

9) any other person or business entity, other than an insurance company taxable under chapter 297I, that derives more than 50 percent of its gross income from activities that an entity described in clauses (2) to (6) or (8) is authorized to transact. For the purposes of this clause, gross income does not include income from nonrecurring, extraordinary items.

Financial institutions complete Form M4A the same way that other corporations would, with the exception of lines 6 and 7.

Lines 6 and 7

Sales or Receipts Factor

Financial institutions use a receipts factor instead of a sales factor.

Include the gross income from activities in the ordinary course of business, including income from securities and money market instruments.

The following are considered Minnesota income:

- interest income from loans secured by real or tangible personal property located in Minnesota
- interest on consumer loans not secured by real or tangible personal property if the borrower is a Minnesota resident
- interest on commercial loans not secured by real or tangible personal property if the proceeds are applied in Minnesota
- merchant discount income if the merchant is located in Minnesota
- receipts from travelers checks if purchased in Minnesota
- receipts from credit cards if regularly billed in Minnesota
- receipts for regulated financial institutions from securities, based on the ratio of total deposits from Minnesota to total deposits in and outside Minnesota
- receipts for nonregulated financial institutions from securities, based on the ratio of gross business income from Minnesota to total gross business income
- receipts from secondary market assets treated in the same way as securities
- receipts from the performance of services received in Minnesota

Mailing Label

Use this mailing label on your own envelope to mail your Form M4 and copies of your federal return and schedules. (Cut on the dotted line and tape to your envelope.)

MINNESOTA · REVENUE
Mail Station 1250
St. Paul, MN 55145-1250

M4T Tax Calculation

Each corporation **must** *have a Minnesota tax ID number. When entering the corporation's name, use the same abbreviation as that used on M4A.*

Line 1

Enter the amount from line 9 of Form M4I in each column. Do not divide the amount between columns.

Line 4

Minnesota Nonapportionable Income

Enter any income from Form M4I, line 8, that is assigned to Minnesota and attach a schedule. Include the Minnesota nonapportionable income you may have received as a partner in a partnership, as reported on line 1 of Schedule KPC.

Line 6

Net Operating Loss Deduction

A net operating loss incurred in a prior year and not previously used to offset net income may be deducted on line 6. Complete and attach Schedule NOL, *Net Operating Loss Deduction.*

Acquired Net Operating Losses: Acquired net operating losses are subject to limitation as determined under Internal Revenue Code section 382(g).

Unitary businesses only: A separate NOL schedule is required for each corporation claiming a net operating loss deduction.

Line 8

Dividends Received Deduction

Complete and attach Schedule DIV, *Deduction for Dividends Received*.

Line 11

Alternative Minimum Tax

Complete and attach Schedules AMTI, *Alternative Minimum Tax, Calculation of Income,* and AMTT, *Alternative Minimum Tax, Calculation of Tax,* if your Minnesota net income (Form M4I, line 7) combined with your adjustments and tax preferences (including adjusted current earnings) exceeds $40,000 or your allowable exemption amount.

Line 13

AMT Credit

Complete and attach Schedule AMTI and AMTT to claim the AMT carryover credit.

Line 15

Minnesota Research Credit

Complete and attach Schedule RD, *Credit for Increasing Research Activities*, to claim credit for research and development expenses.

Your credit is limited to the regular franchise tax or the liability for tax, whichever is less.

Include any research credit you may have received as a partner in a partnership, as reported on line 13 of Schedule KPC.

Unitary businesses only: A separate Schedule RD is required for each corporation claiming this credit.

Line 19

Employer Transit Pass Credit

If you purchase transit passes to sell or give to your employees, you may be eligible for this credit. The credit is 30 percent of the difference between the price you paid for the passes and the price charged employees. Complete and attach Schedule ETP, *Employer Transit Pass Credit*.

Include any credit you may have received as a partner in a partnership, as reported on line 16 of Schedule KPC.

Minnesota defines net income for corporation franchise tax according to the Internal Revenue Code, as amended through December 16, 2016. Since that date, federal tax laws have been enacted that contain a number of provisions affecting corporation franchise tax for tax year 2017. Because Minnesota has not yet adopted these federal changes, adjustments must be made to correctly determine your Minnesota tax when filing your 2017 Form M4, Corporation Franchise Tax Return.

How to report the federal adjustments

If any of the federal provisions that are included in federal Disaster Tax Relief and Airport and Airway Extension Act of 2017 (Pub. L. 115-63), Tax Cuts and Jobs Act (Pub. L. 115-97), and Bipartisan Budget Act of 2018 (Pub. L. 115-123) affect the amount of taxable income reported on your 2017 federal Form 1120, U.S. Corporation Income Tax Return, you must make an adjustment to income on your 2017 Minnesota return. To determine the amount of the adjustment, recompute your federal taxable income without regard to provisions included in those Acts and report the difference as an adjustment to income.

To report the differences for Minnesota tax purposes, you must:

- attach a schedule to your Form M4 that lists the federal provisions affecting your taxable income by the act title and section number,
- show how you calculated each adjustment amount, and
- include the net of all adjustments on your Form M4I, line 2k, if the net amount is a positive number, and on Form M4I, line 4m, if the net amount is a negative number.

Provisions that may require an income adjustment

The following provisions may require an income adjustment for Minnesota tax purposes. This list includes the most commonly used adjustments; you must make adjustments as needed for all provisions included in the listed Acts:

Disaster Tax Relief and Airport and Airway Extension Act of 2017 (Pub. L. 115-63)

- Section 504(a) – Suspended limitations under IRC 170(b) on charitable contributions associated with qualified hurricane relief made during the period beginning on August 23, 2017, and ending on December 31, 2017.

Tax Cuts and Jobs Act (Pub. L. 115-97)

- Section 13201 – Increase in federal bonus depreciation for certain assets. If you claimed federal bonus depreciation on line 14 or 25 of federal Form 4562 for assets placed in service after September 27, 2017, you may need to make an income adjustment on your Minnesota return.
  - If you claimed federal bonus depreciation in excess of 50% of your basis in the asset, add the amount of federal bonus depreciation you claimed that exceeds 50% of your basis in the asset.
  - If you claimed bonus depreciation on used property, or on qualified film, television or live theatrical productions, add the federal bonus depreciation you claimed for these items.
  - Determine the amount of depreciation you would have been allowed had you not claimed the excess bonus depreciation described in this section. Use the appropriate recovery period and method for each asset under the Internal Revenue Code as amended through December 16, 2016. Subtract the amount of depreciation you calculate for the assets.
- Section 13202 - Modification to depreciation limitations on luxury automobiles and personal use property.
- Section 13203 - Modification of treatment of certain farm property.
- Section 13204 - Changes in applicable recovery period for real property.
- Section 13207 – Expensing of certain costs of replanting citrus plants lost by reason of casualty under IRC 263A.
- Section 13303 – Like-kind exchange treatment limited to real property under IRC 1031.
- Section 13304 – Limitation on deduction by employers of expenses for fringe benefits under IRC 274.
- Section 13307 – Denial of deduction for settlements subject to nondisclosure agreements paid in connection with sexual harassment or sexual abuse.
- Section 13308 – Repeal of deduction for local lobbying expenses.
- Section 13310 – Prohibition on cash, gift cards, and other nontangible personal property as employee achievement awards.
- Section 13312 – Certain contributions by governmental entities not treated as contributions to capital.
- Section 13313 – Repeal of rollover of publicly traded securities gain into specialized small business investment companies.
- Section 13314 – Certain self-created property not treated as a capital asset under IRC 1221.
- Section 13402 – Rehabilitation credit limited to certified historic structures.
- Section 13501 – Treatment of gain or loss of foreign persons from sale or exchange of interests in partnerships engaged in trade or business within the United States.
- Section 13502 – Modification to definition of substantial built-in loss in the case of transfer of partnership interest.
- Section 13521 – Clarification of tax basis of life insurance contracts under IRC 1016.
- Section 13522 – Exception to transfer for valuable consideration rules under IRC 101.
- Section 13532 – Repeal of advance refunding bonds.
- Section 13543 – Modification of treatment of S corporation conversions to C corporations.
- Section 13801 – Production period for beer, wine, and distilled spirits.
- Section 13821 – Modification of tax treatment of Alaska Native Corporations and settlement trusts.
- Section 13823 – Designation of Opportunity Zones and special rules for capital gains invested.
- Section 14101 – Deduction for foreign-source portion of dividends received by domestic corporations from specified 10-percent owned foreign corporation.
- Section 14102 – Special rules relating to sales or transfers involving specified 10-percent owned foreign corporations.
- Section 14103 – Mandatory inclusion of deferred foreign income under IRC 965.
- Section 14201 – Current year inclusion of global intangible low-taxed income (GILTI) by United States shareholders.
- Section 14211 – Elimination of inclusion of foreign base company oil related income.
- Section 14212 – Repeal of inclusion based on withdrawal of previously excluded subpart F income from qualified investment.
- Section 14213 – Modification of stock attribution rules for determining status as a controlled foreign corporation.

Continued

- Section 14214 – Modification of definition of United States shareholder.
- Section 14215 – Elimination of requirement that corporation must be controlled for 30 days before subpart F inclusions apply.

Bipartisan Budget Act of 2018 (Pub. L. 115-123)

- Section 20103 – Disallowed deductions related to employee retention credit for employers affected by California wildfires.
- Section 20104 – Additional disaster-related tax relief provisions for California wildfire disaster areas.
- Section 20201 – Tax relief for hurricanes Harvey, Irma, and Maria.
- Section 40301 – Disallowed deductions related to extension of Indian employment tax credit.
- Section 40303 – Disallowed deductions related to extension of mine rescue team training credit.
- Section 40304 – Extension of classification of certain race horses as 3-year property.
- Section 40305 – Extension of 7-year recovery period for motorsports entertainment complexes.
- Section 40306 – Extension of accelerated depreciation for business property on an Indian reservation.
- Section 40307 – Extension of election to expense mine safety equipment.
- Section 40308 – Extension of special expensing rules for certain productions.
- Section 40311 – Extension of empowerment zone tax incentives.
- Section 40403 – Extension of credit for new qualified fuel cell motor vehicles
- Section 40405 – Extension of credit for 2-wheeled plug-in electric vehicles.
- Section 40412 – Extension of special allowance for second generation biofuel plant property.
- Section 40413 – Extension of energy efficient commercial buildings deduction.
- Section 40414 – Extension of special rule for sales or dispositions to implement FERC or State electric restructuring policy for qualified electric utilities.
- Section 41115 – Opportunity Zones rule for Puerto Rico.