

Deduction for Dividends Received 2010

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

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

Name of corporation/designated filer	FEIN	Minnesota tax ID
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Round amounts to the nearest whole dollar.

Minnesota adjustments	1 Total dividends included in federal income (from federal Form 1120, line 4; unitary groups, see instructions)	1	_____
	2 Dividends from less-than-20-percent-owned companies	2	_____
	3 Dividends from foreign sales corporations	3	_____
	4 Combined intercompany dividends	4	_____
	5 Foreign dividend gross-up (from federal Form 1120, Sch. C, line 15)	5	_____
	6 Other dividends (from federal Form 1120, Sch. C, line 17)	6	_____
	7 The need for line 7 has been eliminated. Leave blank.	7	_____
	8 Total subtractions (add lines 2 through 6)	8	_____
	9 Dividends less subtractions (subtract line 8 from line 1)	9	_____
	10 a Deemed dividends from foreign operating corporations (FOCs) (from M4I, line 2e)	10a	_____
b Deemed dividends from FOCs attributable to domestic activities (determine from instructions)	10b	_____	
Subtract line 10b from line 10a	10	_____	
11 The need for line 11 has been eliminated. Leave blank.	11	_____	
12 Total additions (add lines 10 and 11 enter the amount from line 10)	12	_____	
13 Dividends subject to 80 percent deduction (add lines 9 and 12)	13	_____	
14 Deduction percentage	14	80% _____	
15 Minnesota deduction (multiply line 13 by line 14)	15	_____	
Dividend totals	16 Dividends from less-than-20-percent-owned companies (from line 2 above)	16	_____
	17 Deduction percentage	17	70% _____
	18 Minnesota deduction (multiply line 16 by line 17)	18	_____
	19 Dividends subject to apportionment (add lines 15 and 18)	19	_____

Enter on M4T, line 8a.

Instructions for Schedule DIV for 2010

Complete Schedule DIV to determine your deduction for dividends received.

Line instructions

Line 1

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

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

Line 4

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

Line 10b

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

Include the following four amounts on line 10b:

- 1 the interest and intangible expenses, losses, and costs paid, accrued, or incurred by any member of your unitary group to or for the benefit of the FOC. Intangible expenses and costs include:
 - expenses, losses, and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property;

- losses incurred, directly or indirectly, from factoring transactions or discounting transactions;
- royalty, patent, technical, and copyright fees;
- licensing fees; and
- other similar expenses and costs.

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

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

- 2 except as already entered pursuant to paragraph 1, any interest income and income generated from intangible property received or accrued by the FOC. Income generated from intangible property includes:
 - income related to the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property;

- income from factoring transactions or discounting transactions;
- royalty, patent, technical, and copyright fees;
- licensing fees; and
- other similar income.

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

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

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

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