

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION

Schedule PT
(R. 5/19)

**NEW JERSEY
CORPORATION
BUSINESS TAX**



Dividend Exclusion for Certain Previously Taxed Dividends

Instructions for Schedule PT

PURPOSE

Schedule PT is a standalone schedule that is used instead of Schedule R if a taxpayer included dividends in their entire net income in one tax year and paid tax on those dividends, and those dividends are being included in the taxpayer's entire net income this year (i.e., the taxpayer included deemed dividends in entire net income and paid the corporation business tax in tax year 1 and in tax year 2 the dividends were actually paid out and the taxpayer included the same dividends in entire net income). In order to prevent the same dividends from being taxed twice, Schedule PT was created to allow taxpayers an additional exclusion if the taxpayer provides documentation substantiating that the taxpayers already included those dividends in entire net income and paid tax to New Jersey.

A taxpayer is only allowed this exclusion if the taxpayer filed a corporation business tax return in the previous year(s), the taxpayer had included the dividend in their entire net income and paid tax to New Jersey. If those dividends reduced the taxpayer's Net Operating Losses/Net Operating Loss Carryovers, a rider must be attached that details the amounts. The additional exclusion is only for the amount of dividends actually included in entire net income and is not allowed if the dividends had previously been excluded.

Example: a taxpayer included 50% of deemed dividends from a less than 80% owned subsidiary in entire net income in tax year 1 on their CBT-100 return and paid tax in tax year 1. In tax year 2, the subsidiary paid the dividends on those same amounts to the taxpayer. In tax year 2, the taxpayer would complete Schedule PT and would exclude 100% of those dividends since the taxpayer already paid the Corporation Business Tax on those dividends in tax year 1. The taxpayer must provide supporting documentation showing clear evidence to the satisfaction of the Director that the taxpayer already included those dividends in entire net income and paid more than the minimum tax in a prior tax year. Such supporting documents include a previously filed CBT-100 or BFC-1, Form CBT-DIV 2017 and CBT-DIV 2017 Supplemental, federal IRC section 965 repatriation statements, etc.

Schedule PT is to be completed in lieu of Schedule R. Schedule PT reflects the same computations that are completed in Schedule R but with an additional calculation to remove previously tax dividends.

INSTRUCTIONS FOR PART I

Include the name of the subsidiary(ies) from which the taxpayer received the dividends or deemed dividends in a prior tax year that were included in entire net income and on which tax was paid to New Jersey, but only if those same dividends are being included in entire net income a second time in the current tax year. The taxpayer must substantiate the prior dividend inclusion with valid proof in the form of past years tax returns and the statements evidencing the dividend inclusions.

If a taxpayer had dividends that were included in entire net income on a previously filed New Jersey CBT-100 or BFC-1 and those dividends reduced the taxpayer's Net Operating Losses/Net Operating Loss Carryovers, a rider must be attached that details the amounts. These dividends are considered previously taxed dividends for purposes of this schedule.

Enter the amount from Schedule PT, Part I, Section E, line 2, on Form CBT-100, Schedule A, line 33b or Form BFC-1.

NOTE: I.R.C. §951A and I.R.C. §250(b) are not dividends nor are they deemed dividends; they are their own category of income.

INSTRUCTIONS FOR PART II

Taxpayers may exclude from entire net income 95% of dividends from qualified subsidiaries, if such dividends were included in the taxpayer's gross income on Schedule A. A qualified subsidiary is defined as ownership by the taxpayer of at least 80% of the total combined voting power of all classes of stock entitled to vote and at least 80% of the total number of shares of all other classes of stock, except non-voting stock which is limited and preferred as to dividends. With respect to other dividends, the exclusion shall be limited to 50% of such dividends included in the taxpayer's gross income on Schedule A, provided the taxpayer owns at least 50% of voting stock and 50% of the total number of shares of all other classes of stock. Taxpayers cannot include money market fund, REIT, or I.R.C. §951A and I.R.C. §250(b) income as part of the dividend exclusion.

Enter the amount from Schedule PT, Part II, Section B, line 7, on Form CBT-100, Schedule A, line 37a or Form BFC-1, Schedule A, line 37.

NOTE: If Schedule PT, Part II, Section B, line 1 is zero or less, do not complete that section.

INSTRUCTIONS FOR PART III

Part III is used for calculating the 5% of dividend income received by a taxpayer from a 80% or greater owned subsidiary that is includable in entire net income and is subject to a special statutory allocation factor, which is the lower of the three-privilege period average allocation factor of the 2014 through 2016 allocation factors filed by the taxpayer on their tax returns or 3.5%. If one of those returns was a short-year return, the allocation from that year will count for the special three-year average allocation formula. If the taxpayer has filed fewer than three periods, take the average of the periods being reported. All allocation factors must be carried out to 6 decimal places.

NOTE: The tiered dividend exclusion from certain subsidiaries is calculated separately on Schedule RT since it is an allocated dividend exclusion.

Enter the amount from Schedule PT, Part III, on Form CBT-100 or BFC-1, page 1, line 3b.

NAME AS SHOWN ON RETURN

FEDERAL ID NUMBER

SCHEDULE PT

PREVIOUSLY TAXED DIVIDENDS

Do Not Complete Schedule R if completing this schedule.

PART I PREVIOUSLY TAXED DIVIDENDS – Report only dividends received by the TAXPAYER on which the TAXPAYER paid greater than the New Jersey minimum tax in a prior tax year.*

* If a taxpayer had dividends that were included in entire net income on a previously filed New Jersey CBT-100 or BFC-1 and those dividends reduced the taxpayer’s Net Operating Losses/Net Operating Loss Carryovers, a rider must be attached that details the amounts. These dividends are considered previously taxed dividends for purposes of this schedule, write “NOL rider” in column (3)(b).

Section A – Total of previously taxed dividends received from an 80% or more owned subsidiary

(1) Subsidiary’s Federal ID Number	(2) Name of Subsidiary	(3) Dividends Included in Entire Net Income and Reported on Schedule A				
		(a) Amount of Deemed Dividend	(b) Amount of Tax Paid to New Jersey (if \$2,000* or less, enter 0 in column 3d of that row)	(c) Year Tax Paid to New Jersey	(d) Dividend Distributed as a Paid Dividend	(e) Year of Dividend Distribution

Section B – Total of previously taxed dividends received from a subsidiary in which you owned at least 50% but less than 80% voting stock

(1) Subsidiary’s Federal ID Number	(2) Name of Subsidiary	(3) Dividends Included in Entire Net Income and Reported on Schedule A				
		(a) Amount of Deemed Dividend	(b) Amount of Tax Paid to New Jersey (if \$2,000* or less, enter 0 in column 3d of that row)	(c) Year Tax Paid to New Jersey	(d) Dividend Distributed as a Paid Dividend	(e) Year of Dividend Distribution

Section C – Total of previously taxed dividends received from a subsidiary in which you own less than 50% voting stock

(1) Subsidiary’s Federal ID Number	(2) Name of Subsidiary	(3) Dividends Included in Entire Net Income and Reported on Schedule A				
		(a) Amount of Deemed Dividend	(b) Amount of Tax Paid to New Jersey (if \$2,000* or less, enter 0 in column 3d of that row)	(c) Year Tax Paid to New Jersey	(d) Dividend Distributed as a Paid Dividend	(e) Year of Dividend Distribution

Section D – Total of previously taxed dividends not received from a subsidiary

(1) Source of Dividend	(2) Location	(3) Dividends Included in Entire Net Income and Reported on Schedule A				
		(a) Amount of Deemed Dividend	(b) Amount of Tax Paid to New Jersey (if \$2,000* or less, enter 0 in column 3d of that row)	(c) Year Tax Paid to New Jersey	(d) Dividend Distributed as a Paid Dividend	(e) Year of Dividend Distribution

*The tax the paid on the dividends must have exceeded the minimum tax, unless the taxpayer also used its New Jersey tax credits.

NAME AS SHOWN ON RETURN	FEDERAL ID NUMBER
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PART I PREVIOUSLY TAXED DIVIDENDS – CONTINUED

Section E – Previously taxed dividends

1. Enter the dividend income from Schedule A of Form CBT-100 or Form BFC-1.....	1.	
2. Enter the total dividends previously taxed (total the amounts from Column 3d, Schedule PT, Part I, Sections A, B, C and D, and any amount from rider) (also include as a deduction on Schedule A, line 33b of Form CBT-100 or BFC-1) (if zero or less, enter zero).....	2.	
3. Subtract line 2 from line 1 (include here and on Schedule PT, Part II, Section B, line 1) (if zero or less, enter zero).....	3.	

PART II DIVIDEND EXCLUSION

Section A

1. Enter amount from Schedule P, Part III, line 3.....	1.	
2. Enter the total of Column 3d from Schedule PT, Part I, Section A.....	2.	
3. Subtract line 2 from line 1 (include here and on Schedule PT, Part II, Section B, line 2) (if zero or less, enter zero).....	3.	

Section B

1. Enter amount from Schedule PT, Part I, Section E, line 3*.....	1.	
2. Enter amount from Schedule PT, Part II, Section A, line 3.....	2.	
3. Subtract line 2 from line 1.....	3.	
4. Less: Dividend income from investments where taxpayer owns less than 50% of voting stock and less than 50% of all other classes of stock that were not already excluded on Part I, Section E, Line 2. <i>If zero or less, enter zero (include here and on Form CBT-100 or BFC-1, Schedule A-4, line 14)</i>	4. ()	
5. Subtract line 4 from line 3.....	5.	
6. Multiply line 5 by 50% (include here and on Form CBT-100 or BFC-1, Schedule A-4, line 15)...	6.	
7. DIVIDEND EXCLUSION: Enter the total of lines 2 and 6 (include on Form CBT-100, Schedule A, line 37a or Form BFC-1, Schedule A, line 37, and on line 16 of Schedule A-4 of the appropriate return).....	7.	

* If line 1 is zero or less, do not complete Part II, Section B.

PART III 80% OR MORE OWNED SUBSIDIARY DIVIDENDS SUBJECT TO SPECIAL ALLOCATION

Section A

	2014	2015	2016	Average Allocation
1. 3-year average allocation factor (as previously reported on Schedule J).....				
2. Enter the lesser of the average allocation (above) or 3.5%.....				
3a. Enter amount from Form CBT-100, Schedule A, line 38 or Form BFC-1, Schedule A, line 39.....				Is Line 3c zero or a negative number? <input type="radio"/> Yes. Complete Section C (leave Section B blank) <input type="radio"/> No. Complete Section B (leave Section C blank)
3b. Enter amount from Form CBT-100, Schedule A, line 37b or Form BFC-1, Schedule A, line 38b.....				
3c. Enter total of line 3a and 3b.....				

NAME AS SHOWN ON RETURN

FEDERAL ID NUMBER

PART III 80% OR MORE OWNED SUBSIDIARY DIVIDENDS SUBJECT TO SPECIAL ALLOCATION – CONTINUED

Section B – Complete only if Part III, Section A, line 3c is a positive number

1. Enter the amount from Schedule PT, Part II, Section A, line 3	1.	
2. Enter the amount from Schedule RT, Part III, line 3, if applicable	2.	
3. Subtract line 2 from line 1 (if zero or less, enter zero).....	3.	
4. Multiply line 3 by 5% (0.05)	4.	
5. Enter amount from Schedule PT, Part III, Section A, line 2	5.	
6. Allocated dividends – multiply line 4 by line 5	6.	
7. Enter the amount from Schedule RT, Part I, line 2, if applicable	7.	
8. Subtract line 7 from line 6 (include here and on Form CBT-100 or Form BFC-1, page 1, line 3b ONLY if greater than zero).....	8.	

Note: If you have allocated tiered dividend exclusions, you must complete Schedule RT. Schedule RT is available on the Division of Taxation’s website.

Section C – Complete only if Part III, Section A, line 3c is zero or a negative number

1. Enter the amount from Schedule PT, Part II, Section A, line 3	1.	
2. Enter the amount from Schedule RT, Part III, line 3, if applicable	2.	
3. Subtract line 2 from line 1 (if zero or less, enter zero).....	3.	
4. Multiply line 3 by 5% (0.05)	4.	
5. Enter amount from Schedule PT, Part II, Section B, line 7	5.	
6. Enter amount from Schedule A, line 36 of Form CBT-100 or Form BFC-1 (if zero or a negative number, enter zero).....	6.	
7. Subtract line 6 from line 5.....	7.	
8. Subtract line 7 from line 4 (if zero or less, enter zero).....	8.	
9. Enter amount from Schedule PT, Part III, Section A, line 2	9.	
10. Allocated dividends – multiply line 8 by line 9	10.	
11. Enter the amount from Schedule RT, Part I, line 2, if applicable	11.	
12. Subtract line 11 from line 10 (include here and on Form CBT-100 or Form BFC-1, page 1, line 3b ONLY if greater than zero).....	12.	

Note: If you have allocated tiered dividend exclusions, you must complete Schedule RT. Schedule RT is available on the Division of Taxation’s website.