

# Schedule A-7

## Gross Income Test for Financial Businesses That are Members of a Combined Group

Qualifying financial businesses should use this schedule as a worksheet and keep for their records.

This schedule is used to determine whether a member qualifies as a Financial Business Corporation. For the purpose of making this computation, column 1 shall be the sum of the amounts reported on line 1a and lines 4 through 10 of Schedule A, Part I, Form CBT-100U, adjusted for interest on federal, State, municipal and other obligations not included on line 5 of Schedule A, Part I and the dividend exclusion. Column 2 is the gross income included in column 1 that was derived from the following financial activities:

- 1) Discounting and negotiating promissory notes, drafts, bills of exchange and other evidences of debt;
- 2) Buying and selling exchange;
- 3) Making of or dealing in secured or unsecured loans and discounts;
- 4) Dealing in securities or shares of corporate stock by purchasing and selling such securities and stock without recourse, solely upon the order and for the account of customers;
- 5) Investing and reinvesting in marketable obligations evidencing indebtedness of any person, co-partnership, association, or corporation in the form of bonds, notes, or debentures commonly known as investment securities; or
- 6) Dealing in or underwriting obligations of the United States, any state or any political subdivision thereof or of a corporate instrumentality of any of them.
- 7) Certain leasing transactions which approximate secured loans by meeting each of the following requirements:
  - i. Lessor must look primarily to the creditworthiness of the lessee in order to recover its investment.
  - ii. Lessor may not rely on repetitious leasing of the same property.
  - iii. The lease must be a net lease.
  - iv. The lessor must recover its full investment plus its cost of financing through the rental payments, tax benefits, and the residual value of the property.

See N.J.A.C. 18:7-1.16(b) for additional information regarding leasing transactions.

Unitary ID Number \_\_\_\_\_

Member FEIN \_\_\_\_\_

Member Name \_\_\_\_\_

<b>Part I</b> From the corresponding lines in the member's column of Schedule A, Part I, Form CBT-100U,	Column 1 Gross Income Overall	Column 2 Gross Income Financial Activities
Line 1a Gross receipts .....		
Line 4a Dividends .....		
Line 4b Foreign Derived Intangible Income .....		
Line 4c Global Intangible Low-Taxed Income .....		
Line 5 Interest .....		
Line 6 Gross rents .....		
Line 7 Gross royalties .....		
Line 8 Capital gain net income .....		
Line 9 Net gain or loss from federal Form 4797 .....		
Line 10 Other income .....		
<b>Part II</b>		
Line 11: TOTAL – Add lines 1 through 10 in Part I .....		
Line 12 Interest on federal, State, municipal and other obligations not included on line 28, Part I of Schedule A .....		
Line 13 Subtotal – Add lines 11 and 12 .....		
Line 14 Allocation factor from Schedule J .....		
Line 15 Allocated Subtotal – Multiply line 13 by the allocation factor on line 14 .....		
Line 16 Allocated dividend exclusion from Schedule R .....		
Line 17 Subtotal – Subtract line 16 from line 15 .....		
Line 18 If Schedule R, Part III, was completed, enter amount from Schedule RT, Part I, line 2 .....		
Line 19 Subtotal – Subtract line 18 from line 17 .....		
Line 20 Allocated dividend income from certain subsidiaries, if applicable (from Schedule R) .....		
Line 21 GROSS INCOME – Add line 19 and line 20 .....		

Divide the gross income from column 2 by the gross income from column 1 and enter the result \_\_\_\_\_%

If the resulting percentage is **less than 75%**, the corporation **does not qualify** as a Financial Business. Do not check the box at line 5 of the Members and Affiliates Schedule..

If the resulting percentage is **75% or more**, the corporation qualifies as a Financial Business. Check the box at line 5 of the Members and Affiliates Schedule and complete the member's section of Schedule L, apportioning the financial business in New Jersey consistent with N.J.S.A. 54:10A-38 (section 38 of the Corporation Business Tax Act).