

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION

Schedule RT
(R. 2/20)

**NEW JERSEY
CORPORATION
BUSINESS TAX**



Allocated Tiered Subsidiary
Dividend Exclusion

Purpose

Schedule RT is a standalone schedule to be completed and included with a taxpayer's Form CBT-100, CBT-100U, BFC-1, or BFC-1-F. Taxpayers will use this schedule to exclude dividends received from a subsidiary if that subsidiary filed a tax return and paid New Jersey Corporation Business Tax on the dividends it received from other subsidiaries. The dividends must have been included in the subsidiary's allocated entire net income, and the tax the subsidiary paid on the dividends must have exceeded the minimum tax.

New Jersey follows the federal ownership attribution rules.

A tiered subsidiary is a stand-alone entity that operates on another level within a group of subsidiaries that are owned by an entity that operates on the first level, which is owned by an upper-level parent corporation.

Tiered dividends are dividends reported on the subsidiary's CBT-100, CBT-100U, BFC-1, or BFC-1-F as dividend income from the subsidiary that is then issued to the parent company as a dividend.

For example:

Company A has \$100,000,000 of dividend income from its subsidiary Company B.

Company B has \$80,000,000 of dividend income from subsidiary Company C.

If Company B paid tax on its CBT-100, CBT-100U, BFC-1, or BFC-1-F on the \$80,000,000 and has an allocation factor greater than Company A, Company A can exclude \$80,000,000 from its CBT-100, CBT-100U, BFC-1, or BFC-1F.

Note: For taxpayers filing Form CBT-100U, dividends and deemed dividends that were already eliminated in column (b) of Part I or Part II of Schedule A do not qualify for the tiered dividend exclusion since these dividends and deemed dividends were already 100% eliminated pursuant to N.J.S.A. 54:10A-4.6.d.

Part I

Provide the requested information for dividends included in entire net income from investments in which the taxpayer owns 80% or more of the voting stock and all other classes of stock of a subsidiary. Only include itemized dividends if the subsidiary distributing the dividends to the taxpayer filed and paid tax to New Jersey on the dividends. **DO NOT** include dividend income received from a subsidiary if the subsidiary has not filed and paid tax to New Jersey on the dividends.

Column 2: Include dividends received from a lower tier subsidiary. Use the amount before any dividend exclusion.

Column 3: If an individual row is \$2,000 or less, enter 0 in column 5 of that row. The tax the subsidiary paid on the dividends must have exceeded the minimum tax, unless the subsidiary also used its New Jersey tax credits. If the tax was reduced to less than \$2,000 because of a tax credit, use the actual amount.

Column 3b: If the taxpayer's privilege period **began on or after January 1, 2019**, use the current-year allocation factor as reported on Schedule J. If the taxpayer's privilege period **began before January 1, 2019**, use the allocation factor as reported on Schedule R, Part II, Section A, line 1e of the CBT-100 or BFC-1, or Schedule R, Part II, Section A, line 2d of the CBT-100U.

Column 4: If the taxpayer's privilege period **began on or after January 1, 2019**, use the current-year allocation factor as reported on Schedule J. If the taxpayer's privilege period **began before January 1, 2019**, use the allocation factor as reported on Schedule R, Part II, Section A, line 1e of the CBT-100 or BFC-1, or Schedule R, Part II, Section A, line 2d of the CBT-100U. This is the lesser of 3.5% or the average of the allocation factors (from Schedule J) for Tax Years 2014, 2015, and 2016. 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.

Column 5: Carry the amount from line 1 to Part III. Use the amount from line 2 to complete Schedule R.

Part II

Provide the requested information for all dividends included in entire net income from investments in which the taxpayer took either the 50% or 0% Dividend Exclusion. **DO NOT** include dividend income received from a subsidiary if the subsidiary has not filed and paid tax to New Jersey on the dividends.

Column 4: If an individual row is \$2,000 or less, enter 0 in column 5 of that row. The tax the subsidiary paid on the dividends must have exceeded the minimum tax, unless the subsidiary also used its New Jersey tax credits. If the tax was reduced to less than \$2,000 because of tax credits, use the actual amount.

Column 5: Include dividends received from a lower tier subsidiary. Use the amount before any dividend exclusion.

Part III

Add the amounts and carry the total to Schedule R.

NAME AS SHOWN ON RETURN

FEDERAL ID NUMBER

Schedule RT

ALLOCATED TIERED SUBSIDIARY DIVIDEND EXCLUSION

PART I – FOR 80% OR GREATER OWNED SUBSIDIARY WHICH DIVIDEND IS SUBJECT TO 95% EXCLUSION ON SUBSIDIARY’S TAX RETURN

Table with 8 columns: (1) Upper Subsidiary's Information (Name, Federal ID Number), (2) Dividends Received from Lower Tier Subsidiaries (Dividends Received by Parent, Dividends Not Excluded), (3) Upper Subsidiary's (Tax Paid by Subsidiary, Allocation Factor), (4) Parent's Allocation (Enter allocation factor), (5) Excludable Amounts (Greater than or equal to Col. 4, Less than Col. 4).

1. Enter the Total of Column 5(a) (include here and on line 1, Part III)

2. Enter the Total of Column 5(b) (include here and on Schedule R, Schedule A, or Part I of Schedule X, as applicable).....

PART II – ALLOCATED TIERED SUBSIDIARY DIVIDEND EXCLUSION FROM SUBSIDIARY WHICH DIVIDEND IS SUBJECT TO 50% OR 0% DIVIDEND EXCLUSION ON UPPER TIER SUBSIDIARY’S TAX RETURN

Table with 5 columns: (1) Upper Subsidiary's Information (Name, Federal ID Number), (2) Dividends Received from Lower Tier Subsidiaries (Dividends Received by Parent), (3) Dividends Received by Parent, (4) Tax Paid by Subsidiary, (5) Dividends Not Excluded from Upper Subsidiary's Entire Net Income Before Dividend Exclusion.

1. Total (include here and on line 2, Part III)

PART III TOTAL ALLOCATED TIERED SUBSIDIARY DIVIDEND EXCLUSION

Table with 3 rows: 1. Enter amount from Part I, line 1; 2. Enter amount from Part II, line 1; 3. Add lines 1 and 2 (include here and on Schedule R).

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