

Schedule X

Member's Taxable Income From Sources Other Than the Unitary Business of the Combined Group

**General Information (Water's-Edge and World-Wide Combined Returns ONLY)**

If only a portion of a company's operations are part of a unitary business, only the income, attributes, and allocation factors related to said portion are included in the calculation of the combined group's entire net income. Do not include the income, attributes, and allocation factors derived from the unitary business of the combined group when completing Schedule X. **Note:** In lieu of filing a separate return, such a member that individually conducts business in New Jersey for that separate portion of its business operations (and those operations are not part of another combined group) will include Schedule X and report the New Jersey taxable net income of that separate activity income on Part III of Schedule A of the CBT-100U. This is to reduce the compliance requirements and to ensure that a member's tax liabilities, attributes, and credits are calculated properly.

**Important:** Nonoperational income and nonunitary partnership income calculated under separate accounting is handled directly on Schedule A, Form CBT-100U.

Unitary ID Number	NU
Member FEIN	
Member Name	

**Part I – New Jersey Modifications to Entire Net Income**

1. The member's income derived from activities separate from the unitary business of the combined group (from Schedule A, Section I, Part II, line 1b) .....	1.
--	----

**Additions for income derived from activities separate from the combined group**

2. Income of a foreign corporation not included in line 1 (world-wide filers only) .....	2.
3. Other federally exempt income.....	3.
4. Interest on federal, state, municipal, and other obligations .....	4.
5. New Jersey State and other states' taxes deducted in line 1 (see instructions) .....	5.
6. Depreciation modification being added to income (see instructions) .....	6.
7. Other additions. Explain on separate rider (see instructions).....	7.
8. Taxable income/(loss) – Add line 1 through line 7 and enter the total .....	8.

**Deductions for income derived from activities separate from the combined group**

9. Dividend Exclusion (from Schedule X, Part III, line 9).....	9.
10. Depreciation modification being subtracted from income (see instructions) .....	10.
11. Previously Taxed Dividends (see instructions) .....	11.
12. International Banking Facility Deduction (IBF).....	12.
13. I.R.C. § 78 Gross-up (not deducted/subtracted elsewhere).....	13.
14. Cannabis Licensee Deduction.....	14.
15. Other deductions. Explain on separate rider (see instructions).....	15.
16. Total deductions – Add line 9 through line 15 and enter the total .....	16.

**Taxable Net Income/(Loss) Calculation**

17. Entire net income/(loss) for New Jersey purposes – Subtract line 16 from line 8 .....	17.
18. Allocation factor from Schedule X, Part II, line 8 (if all receipts were derived from only New Jersey sources, enter 1.000000).....	18.
19. Allocated entire net income – Multiply line 17 by line 18 and enter the result here and on Form CBT-100U, Schedule A, Section I, Part II, line 22.....	19.

**Part II – Schedule J**

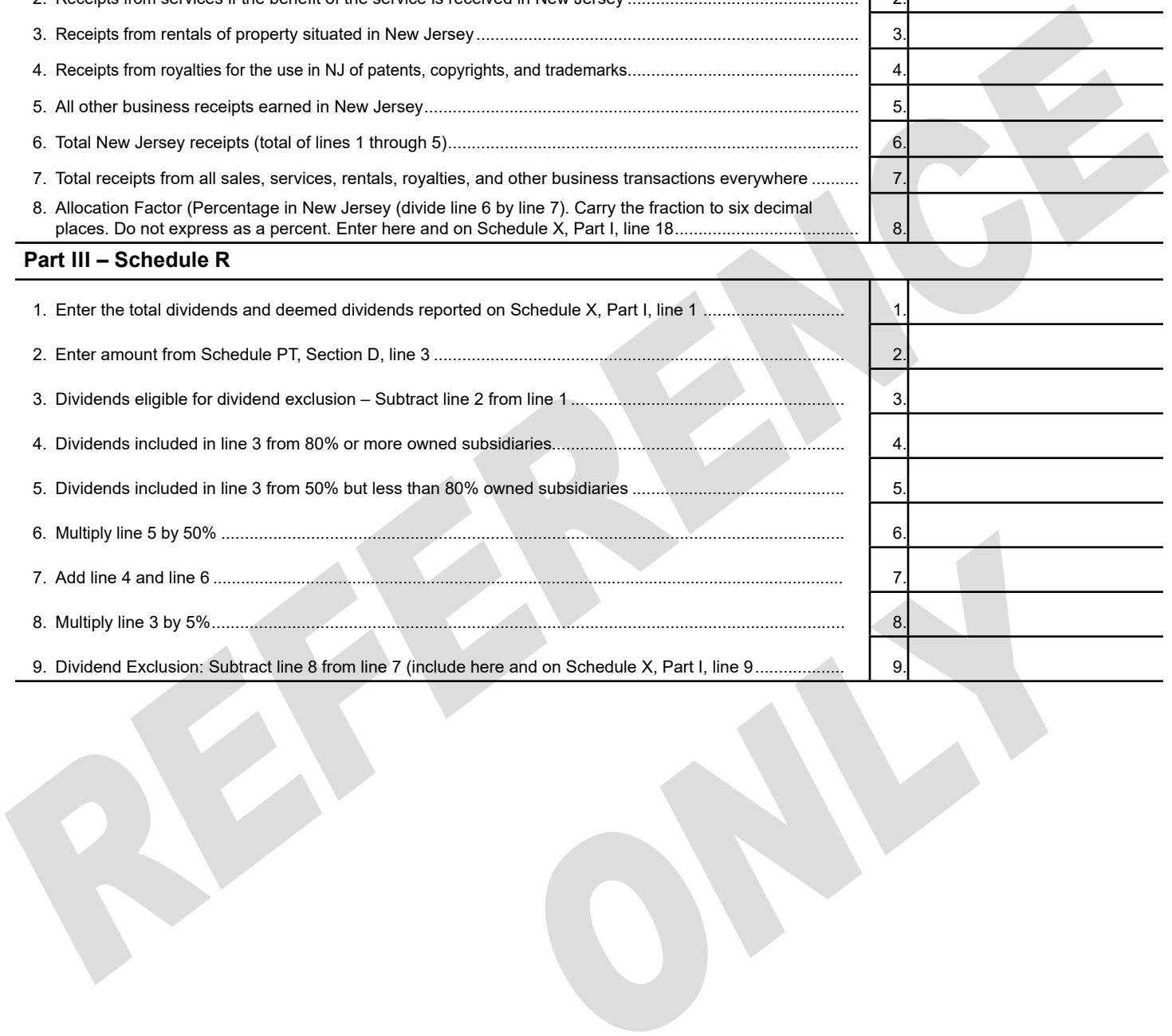
Use only the portion of the member's operations that are separate from the unitary business of the combined group. Use only the income, attributes, and allocation factors related to said portion when calculating the allocation factor for Schedule X. If the member does not have receipts outside New Jersey, the allocation factor will be 100% (1.000000).

**Services are sourced based on market sourcing.**

1. Receipts from sales of tangible personal property shipped to points within NJ .....	1.	
2. Receipts from services if the benefit of the service is received in New Jersey .....	2.	
3. Receipts from rentals of property situated in New Jersey .....	3.	
4. Receipts from royalties for the use in NJ of patents, copyrights, and trademarks.....	4.	
5. All other business receipts earned in New Jersey.....	5.	
6. Total New Jersey receipts (total of lines 1 through 5).....	6.	
7. Total receipts from all sales, services, rentals, royalties, and other business transactions everywhere .....	7.	
8. Allocation Factor (Percentage in New Jersey (divide line 6 by line 7). Carry the fraction to six decimal places. Do not express as a percent. Enter here and on Schedule X, Part I, line 18.....	8.	

**Part III – Schedule R**

1. Enter the total dividends and deemed dividends reported on Schedule X, Part I, line 1 .....	1.	
2. Enter amount from Schedule PT, Section D, line 3 .....	2.	
3. Dividends eligible for dividend exclusion – Subtract line 2 from line 1 .....	3.	
4. Dividends included in line 3 from 80% or more owned subsidiaries.....	4.	
5. Dividends included in line 3 from 50% but less than 80% owned subsidiaries .....	5.	
6. Multiply line 5 by 50% .....	6.	
7. Add line 4 and line 6 .....	7.	
8. Multiply line 3 by 5%.....	8.	
9. Dividend Exclusion: Subtract line 8 from line 7 (include here and on Schedule X, Part I, line 9.....	9.	



# Schedule X Instructions

If only a portion of a company's operations are part of a unitary business, only the income, attributes, and allocation factors related to that portion are included in the calculation of the combined group's entire net income. Do not include the income, attributes, and allocation factors derived from the unitary business of the combined group when completing Schedule X. In lieu of filing a separate return, such partially included member that individually conducts business in New Jersey for that separate portion of its business operations (and those operations are not part of another combined group) will include Schedule X and report the New Jersey taxable net income of that separate activity income on Part II of Schedule A of the CBT-100U. This is to reduce the compliance requirements and to ensure that a member's tax liabilities, attributes, and credits are computed properly.

**Note:** Such activities and income may be unitary to the member, but not unitary to the combined group filing a New Jersey combined return.

## Part I

**FYI**

When completing Part I, lines 5, 6, 10, and 11, use the schedules from the CBT-100 as worksheets and retain for the member's books and records or if the Division of Taxation has questions.

**Line 1 – The member's income derived from activities separate from the unitary business of the combined group.** On Part I, line 1, report the income from the CBT-100U, Schedule A, Section I, Part II, line 1b. In making the New Jersey state additions and deductions, only take into account the items derived from the portion of income and attributes derived from the member's activities that are separate from that of the combined group.

**GILTI and FDII derived from a combined group member's independent business operations.** If the income from those operations is GILTI, that income must be reported on Schedule X. GILTI is treated as a dividend. Include a copy of federal Form 8992. The I.R.C. § 250 deductions for GILTI and FDII are no longer allowed.

**Line 2 – Income of a foreign corporation not included in line 1 (world-wide filers only.)** Foreign corporations must include their income that was not included for federal purposes on Part I, line 2.

**Line 3 – Other federally exempt income.** Items of income excluded from federal taxable net income pursuant to the specific terms of a treaty do not have to be added back to entire net income. Include a copy of federal Form 8833 that was included with the federal return or a pro forma Form 8833 if none was filed for the member.

**Line 4 – Interest on federal, state, municipal, and other obligations.** Include any interest income that was not taxable for federal income tax purposes and was not included in taxable net income reported on line 1.

**Line 5 – New Jersey State and other states' taxes deducted in line 1.** Enter the total taxes paid or accrued to the United States, a possession or territory of the United States, a state, a political subdivision thereof, or the District of Columbia, or to any foreign country, state, province, territory or subdivisions thereof, on or measured by profits or income, business presence or business activity, including any foreign withholding tax that have been deducted from the amount reported on line 1. For additional

information, see TB-80, *Addback of Other States' Taxes*, and the Schedule H instructions.

**Line 6 – Depreciation modification being added to income.** Enter the depreciation and other adjustments being added to income if Schedule S, line 16, is a positive number. See Schedule S instructions for more information.

**Line 7 – Other additions.** Report any other additions to income for which a place has not been provided somewhere else on the return. This includes, but is not limited to:

- I.R.C. § 199A amounts that were deducted for federal purposes;
  - Any deductions for research and experimental expenditures, to the extent that those research and experimental expenditures are qualified research expenses or basic research payments for which an amount of credit is claimed pursuant to section 1 of P.L. 1993, c.175 (C.54:10A-5.24) unless those research and experimental expenditures are also used to compute a federal credit claimed pursuant to I.R.C. § 41.
- Note:** See Notice: Timing of New Jersey Qualified Research Expenditures. Include separate riders explaining any items reported.

## Line 9 – Dividend Exclusion

Enter the amount from Schedule X, Part III, line 9.

## Line 10 – Depreciation modification being subtracted from income

Enter the depreciation and other adjustments being subtracted from income if Schedule S, line 16 is a negative number. Enter the amount on line 10 as a positive number. See Schedule S instructions for more information.

## Line 11 – Previously Taxed Dividends and Inclusions

If line 1 includes any dividends or GILTI that were previously taxed for New Jersey purposes, complete Schedule PT and Schedule X, Part III to determine the amount that can be deducted. Include only dividends or GILTI that was taxed in a prior tax year by New Jersey. Do not include any federal previously taxed income that was not taxed by New Jersey. Schedule PT is available on the Division's website.

## Line 12 – International Banking Facility Deduction (I.B.F.)

A banking corporation that is operating as an International Banking Facility may exclude the eligible net income of the I.B.F. from its entire net income. If a member of the combined group is a banking corporation, enter the amount on this line.

For privilege periods ending on and after July 31, 2023, the I.B.F. deduction is a pre-allocation deduction. In addition, the historic ordering (preventing the I.B.F. deduction from increasing net operating losses) is no longer applicable. However, the change in historic ordering is prospective only. Taxpayers cannot adjust NOLs and PNOLs from privilege periods ending before July 31, 2023 using the law change from P.L. 2023, c.96.

**Note:** If the member claimed the IBF exclusion on the CBT-100U, the IBF exclusion cannot be taken on Schedule X unless it relates to a portion of the member's independent operations. A rider must be included to explain and substantiate why this portion is not unitary to the combined group.

**Line 13 – I.R.C. § 78 gross-up.** The portion of any I.R.C. § 78 gross-up included in dividend income on line 1 of Part I that is not excluded/deducted from taxable net income elsewhere may be treated as a deduction. Include a copy of federal foreign tax credit, Form 1118.

**Note:** I.R.C. § 78 gross-up amounts cannot be included in the dividend exclusion calculation on Schedule R.

**Line 14 – Cannabis Licensee Deduction**

A New Jersey cannabis licensee is allowed to deduct their expenditures that would be eligible to be claimed as a federal income tax deduction and their expenditures that would qualify as qualified research expenditures pursuant to section 174 of the Internal Revenue Code, but were disallowed for federal purposes because cannabis is a controlled substance under federal law. Any qualified research expenditure that is claimed as a deduction may also be claimed as a qualified research expense for purposes of the New Jersey Research and Development Tax Credit on Form 306. Attach a rider detailing the calculations.

**Line 15 – Other deductions.** Report any other deduction adjustments for which a place has not been provided somewhere else on this schedule. Include a rider detailing the information.

Non-U.S. corporations that are members of a worldwide group are entitled to the same deductions that members that are U.S. corporations are allowed for federal purposes, to the extent such deductions are allowed under the Corporation Business Tax Act.

For privilege periods beginning on and after January 1, 2022, New Jersey qualified research expenditures that are included on the Corporation Business Tax Research and Development Tax Credit (Form 306) can be deducted on the tax return in the same year that the expenditures are claimed on the credit form, rather than amortizing the expenditures. This deduction only applies to New Jersey qualified research expenditures. Non-New Jersey qualified research expenditures are deductible in the same manner and with the same timing as they are for federal purposes. Enter these amounts on line 15 and include a rider explaining the deduction. See *Notice: Timing of New Jersey Qualified Research Expenditures* for more information. Cannabis licensees, include these expenses on line 14, not line 15.

**Line 17 – Entire net income/(loss) for New Jersey purposes.** Subtract line 16 from line 8.

**Line 18 – Allocation factor.** Enter the allocation factor from Schedule X, Part II, line 8.

**Line 19 – Allocated entire net income.** Multiply line 17 by line 18 and enter the result. Enter on Form CBT-100U, Schedule A, Section I, Part II, line 22.

<b>FYI</b>	For privilege periods ending on and after July 31, 2023, the NOLs of the combined group and the NOLs of any taxable members of the combined group can be pooled together for use by the combined group against the entire group's allocated entire net income (which includes both the income from the unitary business of the combined group and the portion of income from any member with activities independent of the group).
------------	--

**Note:** The taxable net income from Schedule X and the Member's Share of Combined Group Taxable Net Income/(Loss) from CBT-100U, Schedule A, Part III, is the member's total taxable net income.

**Part II**

Use only the portion of the member's operations that are separate from the unitary business of the combined group and only the income, attributes, and receipts related to that portion when calculating the allocation factor for Schedule X, Part II. See the Instructions for Schedule J, Form CBT-100 when completing Schedule X, Part II.

**Part III**

Use only the portion of the member's dividends and deemed dividends that are separate from the unitary business of the combined group when calculating the dividend exclusion for Schedule X, Part III. See the Instructions for Schedule R, Form CBT-100 when completing Schedule X, Part III.

**Schedule PT – Previously Taxed Dividends,** may also apply to members completing Schedule X. See Schedule PT for more information. The schedule is available on the Division's website.