Form: 20C

Test Number: 4

Company Name: 20C Test 4

Filing Type: 2 – Multistate Corp, Calendar Year Filer, PL 86-272 checkbox, 0 tax due

Items for testing:

1. PL 86-272 checkbox (new for 2014)
2. Multistate Corp with completed D-1
3. Zero tax due
4. Federal Business Code Number to be completed by vendor

FORM **20C**

Alabama Department of Revenue

●CY ☒ ●FY ☐ ●SY ☐ **2014**

ADOR

Corporation Income Tax Return

For the year January 1 – December 31, 2014, or other tax year beginning ●_____, 2014, ending ●_____, _____

Check applicable box:

- ● ☒ PL 86-272
- ● ☐ Initial return
- ● ☐ Final return
- ● ☐ Amended return
- ● ☐ Address change

FEDERAL BUSINESS CODE NUMBER ●

FEDERAL EMPLOYER IDENTIFICATION NUMBER ●

NAME ● 20C Test 4

ADDRESS 3435 Beach View Drive

CITY, STATE, COUNTRY (IF NOT U.S.) Destin, FL

9-DIGIT ZIP CODE ● 90210-4444

STATE OF INCORPORATION	DATE OF INCORPORATION	DATE QUALIFIED IN ALABAMA	NATURE OF BUSINESS IN ALABAMA
● DE	● 05/01/2008	● 06/01/2010	● Sales

● ☐ This company files as part of a consolidated federal return.

Common parent corporation: *(See page 4, "Other Information," number 5.)*

Name FEIN ●

● ☐ Notification of Final IRS change ● ☐ Federal Form 1120-REIT filed ● ☐ 2220AL Attached

Filing Status: *(see instructions)*

- ● ☐ 1. Corporation operating only in Alabama.
- ● ☒ 2. Multistate Corporation – Apportionment **(Sch. D-1)**.
- ● ☐ 3. Multistate Corporation – Percentage of Sales **(Sch. D-2)**.
- ● ☐ 4. Multistate Corporation – Separate Accounting (Prior written approval required and must be attached).
- ● ☐ 5. Proforma Return – files as part of Alabama Affiliated Group.

1	**FEDERAL TAXABLE INCOME** *(see instructions)*	1	● 85,020,050
2	Federal Net Operating Loss *(included in line 1)*	2	●
3	Reconciliation adjustments *(from line 25, Schedule A)*	3	● 5,000
4	Federal taxable income adjusted to Alabama Basis *(add lines 1, 2 and 3)*	4	● 85,025,050
5	Net nonbusiness (income)/loss – Everywhere *(from Schedule C, line 2, col. E)*	5	●
6	Apportionable income *(add lines 4 and 5)*	6	● 85,025,050
7	Alabama apportionment factor *(from line 27, Schedule D-1)*	7	● 34.7413 %
8	Income apportioned to Alabama *(multiply line 6 by line 7)*	8	● 29,538,808
9	Net nonbusiness income/(loss) – Alabama *(from Schedule C, line 2, col. F)*	9	●
10	Alabama income before federal income tax deduction *(line 8 plus line 9)*	10	● 29,538,808
11a	Federal income tax deduction /(refund) *(from line 12, Schedule E)*	11a	● 4,169
b	Small Business Health Insurance Premiums *(see instructions)*	11b	●
12	Alabama income before net operating loss (NOL) carryforward *(line 10 less lines 11a and b)*	12	● 29,534,639
13	Alabama NOL deduction *(see instructions)*	13	●
14	Alabama taxable income *(line 12 less line 13)*	14	● 0
15	Alabama Income Tax *(6.5% of line 14)*	15	● 0
16	Tax Payments, Credits, and Deferral:		
a	Carryover from prior year (2013)	16a	●
b	2014 estimated tax payments	16b	●
c	2014 composite payment(s) made on behalf of this entity *(see instructions)* Paid by ●_____ FEIN ●_____	16c	●
d	Automatic extension payment	16d	●
e	Payments prior to adjustment	16e	●
f	Credits *(from line 5, Schedule F)*	16f	●
g	LIFO Reserve Tax Deferral *(see instructions)*	16g	●
h	Total Payments, Credits, and Deferral *(add lines 16a through 16g)*	16h	●
17	Reductions/applications of overpayments		
a	Credit to 2015 estimated tax	17a	●
b	Penny Trust Fund	17b	●
c	Penalty due *(see instructions)*	17c	●
d	Interest due (computed on tax due only)	17d	●
e	Total reductions *(total lines 17a, b, c and d)*	17e	●
18	Total amount due/(refund) *(line 15 less 16h, plus 17e)*	18	● 0

CN

UNLESS A COPY OF THE FEDERAL RETURN IS ATTACHED, THIS RETURN WILL BE CONSIDERED INCOMPLETE. (SEE ALSO PAGE 4, OTHER INFORMATION, NO. 5.)

If you paid electronically check here: ☐

Please Sign Here

● ☐ I authorize a representative of the Department of Revenue to discuss my return and attachments with my preparer.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature Title Date ( ) Daytime Telephone No.

Paid Preparer's Use Only

Preparer's signature ● Date ● Check if self-employed ☐ Preparer's Tax Identification Number ●

Firm's name (or yours, if self-employed) and address ● Tel. No. ● ( ) E.I. No. ●

ZIP Code ●

Schedule A Reconciliation Adjustments of Federal Taxable Income to Alabama Taxable Income

§40-18-33, *Code of Alabama 1975*, defines Alabama Taxable Income as federal taxable income without the benefit of the federal net operating loss plus specific additions and less specific deductions. The specific additions and deductions are reflected in the lines provided below. Other reconciliation items include transition adjustments to prevent duplicate deduction or duplicate taxation of items previously deducted or reported on Alabama income tax returns.

ADDITIONS

1	State and local income taxes	1	5,000
2	Federal exempt interest income (other than Alabama) on state, county and municipal obligations (everywhere)	2	
3	Dividends from corporations in which the taxpayer owns less than 20 percent of stock to the extent properly deducted on federal income tax return *(see instructions)*	3	
4	a Federal depreciation on pollution control items previously deducted for Alabama (*see instructions)*	4a	
	b Nondeductible Federal Depreciation (Economic Stimulus Act of 2008) *(see instructions)*	4b	
5	Net income from foreclosure property pursuant to §10-13-21 (real estate investment trust)	5	
6	Related members interest or intangible expenses or costs. From Schedule AB *(see instructions)*. Total Payments 6a **minus** Exempt Amount 6b **equals**	6c	
7	Captive REITS: Dividends Paid Deduction (from federal Form 1120-REIT)	7	
8		8	
9	Total additions (add lines 1 through 8)	9	5,000

DEDUCTIONS

10	Refunds of state and local income taxes (due to overpayment or over accrual on the federal return)	10	
11	Interest income earned on direct obligations of the United States	11	
12	Interest income earned on obligations of Alabama or its subdivisions or instrumentalities to extent included in federal income tax return *(see instructions)*	12	
13	Interest income earned on obligations issued prior to 12/31/1994 of this state or its subdivisions or instrumentalities pursuant to §40-9B-7, to extent included in federal income tax return	13	
14	Aid or assistance provided to the Alabama State Industrial Development Authority pursuant to §41-10-44.8(d)	14	
15	Expenses not deductible on federal income tax return due to election to claim a federal tax credit	15	
16	Dividends described in 26 U.S.C. §78 from corporations in which taxpayer owns more than 20% of stock *(see instructions)*	16	
17	Dividend income – more than 20% stock ownership (including that described in 26 U.S.C. §951) from non-U.S. corporations to extent dividend income would be deductible under 26 U.S.C. §243 if received from domestic corporations	17	
18	Dividends received from foreign sales corporations as determined in U.S.C. §922 *(see instructions)*	18	
19	Interest portion of rent paid under lease agreements entered into prior to January 1, 1995, relating to obligations of this state and its subdivisions pursuant to §40-9B-7(c) through (e) *(see instructions)*	19	
20	Amount of the oil/gas depletion allowance provided by §40-18-16 that exceeds the federal allowance *(see instructions)*	20	
21	Additional Alabama depreciation related to Economic Stimulus Act of 2008 *(see instructions)*	21	
22		22	
23		23	
24	Total deductions (add lines 10 through 23)	24	
25	TOTAL RECONCILIATION ADJUSTMENTS *(subtract line 24 from line 9 above)* Enter here and on line 3, page 1 *(enclose a negative amount in parentheses)*	25	5,000

Schedule B Alabama Net Operating Loss Carryforward Calculation (§40-18-35.1, *Code of Alabama 1975*)

Column 1	Column 2	Column 3	Column 4	Column 5
Loss Year End MM / DD / YYYY	Amount of Alabama net operating loss	Amount used in years prior to this year	Amount used this year	Remaining unused net operating loss
Alabama net operating loss (enter here and on line 13, page 1).				

Schedule C Allocation of Nonbusiness Income, Loss, and Expense – *Use only if you checked Filing Status 2, page 1*

Identify by account name and amount, all items of nonbusiness income, loss and expense removed from apportionable income and those items which are directly allocable to Alabama. **Adjustment(s) must also be made for any proration of expenses under Alabama Income Tax Rule 810-27-1-4-.01,** which states, "Any allowable deduction that is applicable to both business and nonbusiness income of the taxpayer shall be prorated to each class of income in determining income subject to tax as provided…" (See instructions.)

	ALLOCABLE GROSS INCOME / LOSS		RELATED EXPENSE		NET OF RELATED EXPENSE	
DIRECTLY ALLOCABLE ITEMS OF NONBUSINESS INCOME OR LOSS	Column A Everywhere	Column B Alabama	Column C Everywhere	Column D Alabama	Column E Everywhere	Column F Alabama
1a ●						
b ●						
c ●						
d ●						
e ●						

2 NET NONBUSINESS INCOME / LOSS
Enter Column E total ((income)/loss) on line 5 of page 1. Enter Column F total (income/(loss)) on line 9 of page 1 ..... Column E ● Column F

Schedule D-1 Apportionment Factor Schedule – *Use only if you checked Filing Status 2, page 1 – Amounts must be Positive (+) Values*

TANGIBLE PROPERTY AT COST FOR PRODUCTION OF BUSINESS INCOME	ALABAMA BEGINNING OF YEAR	ALABAMA END OF YEAR	EVERYWHERE BEGINNING OF YEAR	EVERYWHERE END OF YEAR
1 Inventories	● 10,000	18,000	500,000	900,000
2 Land	● 9,000	12,000	50,000	75,000
3 Furniture and fixtures	● 1,500	1,700	25,000	30,000
4 Machinery and equipment	● 1,000	1,500	75,000	100,000
5 Buildings and leasehold improvements	● 900	1,500	15,000	20,000
6 IDB/IRB property (at cost)	●			
7 Government property (at FMV)	●			
8 ●	●			
9 Less Construction in progress (if included)	●			
10 Totals	● 22,400	34,700	665,000	1,125,000
11 Average owned property (BOY + EOY ÷ 2)		● 28,550		● 895,000
12 Annual rental expense	● 500 x8 =	4,000	5,000 x8 =	40,000
13 Total average property (add line 11 and line 12)	13a ● 32,550		.....	13b ● 935,000
14 Alabama property factor — 13a ÷ 13b = line 14				14 ● 3.4813 %

SALARIES, WAGES, COMMISSIONS AND OTHER COMPENSATION RELATED TO THE PRODUCTION OF BUSINESS INCOME	15a ALABAMA	15b EVERYWHERE	15c
15 Alabama payroll factor — 15a ÷ 15b = 15c	●	100,000	0.0000 %

SALES	ALABAMA	EVERYWHERE
16 Destination sales *(see instructions)*.....	●	
17 Origin sales *(see instructions)*.....	●	
18 Total gross receipts from sales.....	●	
19 Dividends.....	● 15,000	20,000
20 Interest.....	●	
21 Rents.....	●	
22 Royalties	● 5,000	9,000
23 Gross proceeds from capital and ordinary gains	● 1,000	2,000
24 Other ● _____ (Federal 1120, line ● _____)		
25 Alabama sales factor — 25a ÷ 25b = line 25c	21,000	25b 31,000

25c	67.7420 %
26 Alabama sales factor (Enter the same factor as on line 25c)	26 ● 67.7420 %
27 Sum of lines 14, 15c, 25c, and 26 ÷ 4 = **ALABAMA APPORTIONMENT FACTOR** (Enter here and on line 7, page 1)	27 ● 34.7413 %

Schedule D-2 Percentage of Sales – *Use only if you checked Filing Status 3, page 1 – See instructions*

DO NOT USE THIS SCHEDULE IF ALABAMA SALES EXCEED $100,000.

	ALABAMA	EVERYWHERE
1 Destination Sales.....	●	
2 Origin Sales	●	
3 Total gross receipts from sales.....	●	
4 Tax due (multiply line 3, Alabama by .0025) (enter here and on page 1, line 15).....	●	

Schedule E Federal Income Tax (FIT) Deduction/(Refund)

(a) If this corporation is an accrual-basis taxpayer and files a separate (nonconsolidated) federal income tax return with the IRS, skip to line 6 and enter the amount of federal income tax liability shown on Form 1120. Cash-basis taxpayers filing separate (nonconsolidated) federal returns should enter on line 6 below the amount of federal income tax actually paid during the year.

(b) Methods 1552(a)(1) or 1552(a)(2), enter on line 6 the amount of the consolidated tax liability allocated to this corporation from line 5.

(c) If using Method 1552(a)(3), enter on line 6 the amount of the consolidated tax allocated to this corporation. Attach a schedule of your computations. Ignore any supplemental elections under IRC §1502.

If this corporation is a member of an affiliated group which files a consolidated federal return, indicate the number of the election made under IRC §1552.

● ☐ 1552(a)(1) ● ☐ 1552(a)(2) ● ☐ 1552(a)(3) ● ☐ No Election Made

● ☐ Other _____

1552(a)(1) enter separate company income from line 30 of the proforma 1120 for this company on line 1.

1552(a)(2) enter separate company tax liability from line 31 of the proforma 1120 for this company on line 1.

1	This company's separate federal taxable (income/tax)	1	●
2	Total positive consolidated federal taxable (income/tax)	2	●
3	This company's percentage *(divide line 1 by line 2)*	3	● %
4	Consolidated federal income tax (liability/payment)	4	●
5	Federal income tax for this company *(multiply line 3 by line 4)*	5	●
6	Federal income tax to be apportioned	6	● 12,000
7	Alabama income, page 1, line 10	7	● 29,538,808
8	Adjusted total income, page 1, line 4	8	● 85,025,050
9	Federal income tax ratio *(divide line 7 by line 8)*	9	● 34.7413 %
10	Federal income tax apportioned to Alabama *(multiply line 6 by line 9)*	10	● 4,169
11	Less refunds or adjustments	11	●
12	Net federal income tax deduction / <refund>	12	● 4,169

Schedule F Credits/Exemptions *Caution – See Schedule BC* **Schedule BC must be attached to claim business credit(s)**

1	Capital Tax Credit	1	●
2	Alabama New Market Development Act	2	●
3	Alabama Accountability Act	3	●
4	Other Credits	4	●
5	**TOTAL** *(add lines 1 through 4)*. Enter here and on line 16f, page 1	5	●

Other Information

1. Briefly describe your Alabama operations. ● Sales
2. List locations of property within Alabama *(cities and counties)*. ● Baldwin County
3. List other states in which corporation operates, if applicable. ● FL, GA, MS
4. Indicate your tax accounting method:
   ● ☐ Accrual ● ☒ Cash ● ☐ Other ● _____
5. If this corporation is a member of an affiliated group which files a consolidated federal return, the following information **must be provided:**
   (a) Copy of Federal Form 851, Affiliations Schedule. Identify by asterisk or underline the names of those corporations subject to tax in Alabama.
   (b) Signed copy of consolidated Federal Form 1120, pages 1-5, as filed with the IRS.
   (c) Copy of the spreadsheet of income statements; all supporting schedules for all legal entities that file as part of the consolidated federal group including **(but not limited to)** a copy of the spreadsheet of income statements (which includes a separate column that identifies the eliminations and adjustments used in completing the federal consolidated return), beginning and ending balance sheets, Schedule M-3 for the entire federal consolidated group.
   (d) Copy of federal Schedule K-1 for each tax entity that the corporation holds an interest in at any time during the taxable year.
   (e) Copy of federal Schedule(s) UTP.
6. Enter this corporation's federal net income (see instructions for page 1, line 1) for the last three (3) years, as last determined (e.g.: per amended federal return or IRS audit).
   2013 ● 585,100 2012 ● 400,200 2011 ● 350,000
7. Check if currently being audited by the IRS. ● ☐
8. Location of the corporate records: Street address: ● Some place in Florida
   City: ● Destin State: ● Florida ZIP: ● 90210
9. Person to contact for information concerning this return:
   Name: ● Sales One Email Address: ● salesone@email.com Telephone: ● (850) 222-5030
10. If this entity filed an Alabama Business Privilege tax return under a different FEIN than the one listed on this Form 20C, please enter that number here: ● _____

Non-payment returns, mail to:
Alabama Department of Revenue
Individual and Corporate Tax Division
Corporate Tax Section
PO Box 327430
Montgomery, AL 36132-7430

Payment returns, mail with payment voucher (Form BIT-V) to:
Alabama Department of Revenue
Individual and Corporate Tax Division
Corporate Tax Section
PO Box 327435
Montgomery, AL 36132-7435