

SCHEDULE CO-421 Instructions

Unitary Affiliate Schedule - Unitary Filing Only

General Information

Starting in 2014, combined reports for unitary groups are filed using Form CO-411, not Form CO-411U. The tax calculation for the first taxpayer, the Principal Vermont Corporation, is included within the CO-411 (Lines 6 – 17). Schedule(s) CO-421 is/are used to calculate the tax for all additional taxable affiliate corporations.

A properly prepared combined report for unitary group will contain one fewer Schedule CO-421 than Schedule BA-402, because the apportionment percentage on the first BA-402 will be applied on the CO-411.

If VT-Nexus members of a federal consolidated group are electing to be treated as a single consolidated taxpayer within the VT unitary group (32 V.S.A. § 5862(c)), calculate the tax on Form CO-411, Lines 6 – 17. (This election is binding.) Provide a statement identifying name and FEIN of all corporations included in the group, and a summary of the apportionment, income, and tax calculations for each separate nexus company.

NOTE: Do NOT provide a “Summary” set of BA-402/CO-421 if the group is reporting as separate affiliates (as opposed to a consolidated group). This will delay processing, and may result in rejection of the filing.

Header Information

Principal VT Corporation Provide the name and FEIN of the Principal VT Corporation (PVC).

Affiliate Provide the name and FEIN of the affiliate for whom this Schedule CO-421 is being prepared. A BA-402 (Apportionment and Allocation Schedule) must be prepared for the affiliate as well, with matching name and FEIN.

NAICS Code Enter the primary North American Industrial Classification System number. See www.census.gov/naics if you do not know your company’s code.

Consolidated Check the box if this Schedule CO-421 is being provided for multiple VT members of a federal consolidated group, as described above.

Line-by-Line Instructions

First, prepare Schedule BA-402, Apportionment and Allocation Schedule, for the Affiliate. Identify the PVC and the Affiliate name and FEIN at the top of the form. Separate instructions are provided for Schedule BA-402. Be sure to report the VT factors for the taxpayer in the “Vermont” column, and the combined everywhere factors for all members of the water’s edge combined group in the “Everywhere” column. The “Everywhere” factors should be the same for every affiliate in the unitary group. The factors cannot be less than 0.

Line 1 **Apportionment Percentage** Enter the VT apportionment percentage from Line 22 of the Schedule BA-402 prepared for this affiliate.

Line 2 **Group Apportionable Income** Enter the amount from Form CO-411, Line 5.

Line 3 **Apportioned Income** Multiply Line 1 by Line 2.

Line 4 **Allocated Income** Enter the amount from Line 1b of the Schedule BA-402 prepared for this affiliate.

Line 5 **Foreign Dividends** Enter the amount from Line 1d of the Schedule BA-402 prepared for this affiliate.

Line 6 **Net Income Allocated and Apportioned to Vermont** Add Lines 3, 4, and 5. If Line 6 is negative you have incurred a Vermont Net Operating Loss (VNOL), available to carry forward to offset Vermont net taxable income of this affiliate for up to 10 years. Include a statement/schedule to track the availability of the VNOL. The schedule must detail loss years, utilization years, expiration years, and available carryover.

VNOL Carryback Vermont net operating loss may not be carried back to a prior year return. VNOL remains available to carry forward even if the company has elected to carry back the operating loss for federal purposes.

Line 7 **VT Net Operating Loss (VNOL) applied** Enter any deduction taken for a VT net operating loss (VNOL). VNOL is tracked and applied on a separate affiliate basis. It would have been incurred as a negative amount after apportionment and allocation of VT income in 2007 or later, or may have been converted from available pre-2007 NOLs into an "Initial VNOL" in 2007. For tracking, VNOL must be applied on a first-in first-out basis. Any converted Initial VNOL must be used first. Provide a schedule detailing the origin of the VNOL. If VNOL used or carried over includes any Initial VNOL converted from remaining pre-2007 NOL, provide a copy of the conversion worksheet from the 2007 return, updating for amounts used. See Technical Bulletins 35 and 40, available at the Tax Department website, for additional details.

Line 7 cannot be greater than Line 6; VNOL cannot reduce VT net taxable income below 0.

Line 8 **VT Net Taxable Income** Subtract Line 7 from Line 6.

Line 9 **Tax** Apply VT corporate income tax rates to the amount on Line 8. For tax years starting on and after January 1, 2012, structure of the minimum tax has changed. Minimum tax is based on Vermont Gross Receipts, reported on Line 12, and defined in the instructions to Line 12, below.

<u>if Vermont Gross Receipts are:</u>	<u>Minimum Tax is:</u>
\$2,000,000 or less	\$300
\$2,000,001 - \$5,000,000	\$500
\$5,000,001 and over	\$750

Line 10 **Credits** Report any VT income tax credits here. Generally, credits may not reduce tax by more than 80% of the liability, and cannot reduce tax liability below the minimum tax. Complete and attach Schedule BA-404. Provide all documentation required by the guidelines of the tax credit program in which you are participating. If the credit program does not have its own forms and documentation, provide a statement and calculation schedule to demonstrate the origin of the credit.

Line 11 **Tax Due for this affiliate** Subtract Line 10 from Line 9 and enter here, but not less than the minimum tax. Add the amounts from Line 11 for all affiliates to CO-411, Line 16 to arrive at total tax due for the combined group. Enter the total on Form CO-411, Line 18.

Line 12 **Vermont Gross Receipts** Enter the total gross receipts for this affiliate attributable to Vermont. Gross receipts are the total amounts the organization received from all Vermont sources during the tax year, without subtracting any costs or expenses. The amount of the gross receipts may not be less than \$0.

Contacting the Department

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