

Form: 20C

Test Number: 1

Company Name: 20C Test 1

Filing Type: 2 – 100% Alabama, Calendar year filer

Items for testing:

1. Checkbox for “company files as part of a consolidated federal return”
2. Schedule AB
3. Schedule B – NOL
4. Schedule A – Other deductions
5. Schedule E
6. Federal Business Code Number to be completed by vendor



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, ADDRESS, CITY, STATE, COUNTRY, 9-DIGIT ZIP CODE, STATE OF INCORPORATION, DATE OF INCORPORATION, DATE QUALIFIED IN ALABAMA, NATURE OF BUSINESS IN ALABAMA, Filing Status: 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, 5. Proforma Return - files as part of Alabama Affiliated Group.

Table with 18 rows and 3 columns. Line 1: FEDERAL TAXABLE INCOME (1,500,000,000). Line 2: Federal Net Operating Loss (1,500,000). Line 3: Reconciliation adjustments (1,000). Line 4: Federal taxable income adjusted to Alabama Basis (1,501,501,000). Line 5: Net nonbusiness (income)/loss - Everywhere. Line 6: Apportionable income (1,501,501,000). Line 7: Alabama apportionment factor (100.0000%). Line 8: Income apportioned to Alabama (1,501,501,000). Line 9: Net nonbusiness income/(loss) - Alabama. Line 10: Alabama income before federal income tax deduction (1,501,501,000). Line 11a: Federal income tax deduction/(refund) (50,000,000). Line 11b: Small Business Health Insurance Premiums. Line 12: Alabama income before net operating loss (NOL) carryforward (1,451,501,000). Line 13: Alabama NOL deduction (300,000,000). Line 14: Alabama taxable income (1,151,501,000). Line 15: Alabama Income Tax (6.5% of line 14) (74,847,565). Line 16: Tax Payments, Credits, and Deferral: 16a: Carryover from prior year (2013) (15,000,000); 16b: 2014 estimated tax payments (75,000,000); 16c: 2014 composite payment(s); 16d: Automatic extension payment; 16e: Payments prior to adjustment; 16f: Credits; 16g: LIFO Reserve Tax Deferral; 16h: Total Payments, Credits, and Deferral (90,000,000). Line 17: Reductions/applications of overpayments: 17a: Credit to 2015 estimated tax; 17b: Penny Trust Fund; 17c: Penalty due; 17d: Interest due; 17e: Total reductions. Line 18: Total amount due/(refund) (15,152,435).

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	●	
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)	6c	●	3,000
	Total Payments 6a ● 69,000 minus Exempt Amount 6b ● 66,000 equals	7	●	
7	Captive REITS: Dividends Paid Deduction (from federal Form 1120-REIT)	8	●	
8	●	9	●	3,000
9	Total additions (add lines 1 through 8)			

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	● Other	22	●	2,000
23	●	23	●	
24	Total deductions (add lines 10 through 23)	24	●	2,000
25	TOTAL RECONCILIATION ADJUSTMENTS (subtract line 24 from line 9 above)	25	●	1,000
	Enter here and on line 3, page 1 (enclose a negative amount in parentheses)			

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
● 12/31/1999	50,000,000	50,000,000	0	0
● 12/31/2000	75,000,000	75,000,000	0	0
● 12/31/2001	90,000,000	90,000,000	0	0
● 12/31/2002	1,000	1,000	0	0
● 12/31/2003	25	25	0	0
● 12/31/2004	800,000	800,000	0	0
● 12/31/2005	750,000	750,000	0	0
● 12/31/2006	500,000,000	250,000,000	250,000,000	
● 12/31/2007	50,000,000	0	50,000,000	
●				
●				
●				
●				
●				
●				
●				
Alabama net operating loss (enter here and on line 13, page 1).			● 300,000,000	



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.)

DIRECTLY ALLOCABLE ITEMS OF NONBUSINESS INCOME OR LOSS	ALLOCABLE GROSS INCOME / LOSS		RELATED EXPENSE		NET OF RELATED EXPENSE	
	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					Column E	Column F
Enter Column E total ((income)/loss) on line 5 of page 1. Enter Column F total (income/(loss)) on line 9 of page 1					●	

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		EVERYWHERE	
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR
1 Inventories ●				
2 Land ●				
3 Furniture and fixtures ●				
4 Machinery and equipment ●				
5 Buildings and leasehold improvements ●				
6 IDB/IRB property (at cost) ●				
7 Government property (at FMV) ●				
8 ●				
9 Less Construction in progress (if included) ●				
10 Totals ●				
11 Average owned property (BOY + EOY ÷ 2)		●		●
12 Annual rental expense ●	x8 =		x8 =	
13 Total average property (add line 11 and line 12)	13a ●		13b ●	
14 Alabama property factor – 13a ÷ 13b = line 14			14 ●	%
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	●			%
SALES		ALABAMA	EVERYWHERE	
16 Destination sales (see instructions)	●			
17 Origin sales (see instructions)	●			
18 Total gross receipts from sales	●			
19 Dividends	●			
20 Interest	●			
21 Rents	●			
22 Royalties	●			
23 Gross proceeds from capital and ordinary gains	●			
24 Other ● (Federal 1120, line ●)				
25 Alabama sales factor – 25a ÷ 25b = line 25c			25b	25c %
26 Alabama sales factor (Enter the same factor as on line 25c)				26 ● %
27 Sum of lines 14, 15c, 25c, and 26 ÷ 4 = ALABAMA APPORTIONMENT FACTOR (Enter here and on line 7, page 1)			27 ●	100.0000 %

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	• 5,000,000,000
2	Total positive consolidated federal taxable (income/tax)	2	• 10,000,000,000
3	This company's percentage (divide line 1 by line 2)	3	• 50.0000 %
4	Consolidated federal income tax (liability/payment)	4	• 100,000,000
5	Federal income tax for this company (multiply line 3 by line 4)	5	• 50,000,000
6	Federal income tax to be apportioned	6	• 50,000,000
7	Alabama income, page 1, line 10	7	• 1,501,501,000
8	Adjusted total income, page 1, line 4	8	• 1,501,501,000
9	Federal income tax ratio (divide line 7 by line 8)	9	• 100.0000 %
10	Federal income tax apportioned to Alabama (multiply line 6 by line 9)	10	• 50,000,000
11	Less refunds or adjustments	11	•
12	Net federal income tax deduction / <refund>	12	• 50,000,000

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

- Briefly describe your Alabama operations. • Restaurant
- List locations of property within Alabama (cities and counties). • Vestavia, AL Gadsden, AL Tuscaloosa, AL
- List other states in which corporation operates, if applicable. • None
- Indicate your tax accounting method:
• Accrual • Cash • Other _____
- 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.**
- 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 • 125,050,125,000 2012 • 150,150,150 2011 • 75,000,000
- Check if currently being audited by the IRS. •
- Location of the corporate records: Street address: • 5201 Record Storage Road
 City: • Vestavia State: • AL ZIP: • 35213
- Person to contact for information concerning this return:
 Name: • Dalton Smith Email Address: • dsmith@email.com Telephone: • (334) 555-9999
- 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: • 99-9999999

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



TAXPAYER NAME: 20C 2014 Test 1

TAXPAYER FEIN:

FOR THE TAX PERIOD _____, 20 ____ through _____, 20 ____

Related member is defined to include a corporation, association, disregarded entity, or subchapter K entity (Alabama Code section 40-18-1(13) and (15)). Disregarded entities and subchapter K entities are related members separate and apart from their owner. A column must be completed for each recipient related member.

Recipient related member who received interest/intangible income from the taxpayer:	Related Member 1	Related Member 2	Related Member 3	Related Member 4
1 a. Recipient related member FEIN.....	1a ● 11-1111111	22-2222222	33-3333333	
b. Recipient related member name.....	1b ● Related 1	Related 2	Related 3	
2 List the intangible expense amounts paid to the recipient related member.....	2 ● 6,000		10,000	
3 List the interest expense amounts paid to the recipient related member.....	3 ●	4,000	50,000	
4 Total intangible/interest expenses paid (total lines 2 and 3).....	4 ● 6,000	4,000	60,000	

To determine the exempt amount of intangible/interest expense, complete the applicable section(s) below.

5 Exemption related to §40-18-35(b)(1):				
a. Jurisdiction(s) where recipient related member income is "subject to tax":.....	5a ●			
b. Amount of Line 4 expense not added back.....	5b ●			
c. Recipient related member's corresponding intangible/interest income allocated to jurisdiction.....	5c ●			
d. Adjusted intangible/interest amount (Line 5b minus Line 5c).....	5d ●			
e. Recipient related member's total apportionment percentage in the above jurisdiction(s).....	5e ●	%	%	%
f. Adjusted interest/intangible amount (multiply Line 5d by Line 5e).....	5f ●			
g. Add Line 5c and Line 5f.....	5g ●			
6 Exemption related to §40-18-35(b)(2) and §40-18-35(b)(4) – Amount of Line 4 expense not added back.....	6 ●			

NOTE: For Section 7, 8, 9, and 10 the receipts of a disregarded entity/subchapter K entity, which may be a related entity in and unto itself, may not be combined with receipts of its owner for purposes of this schedule.

7 Exemption related to §40-18-35(b)(3) – Amount of Line 4 expense not added back.....	7 ●	5,000	4,000	60,000
8 Recipient related member receipts by category: a. Intangible receipts.....	8a ●	5,000		
b. Interest receipts.....	8b ●			60,000
9 a. ● Sales.....	9a ●	100,000		1,000
b. ● Net gain income.....	9b ●			
c. ● Income.....	9c ●			100,000
d. ● Other.....	9d ●			1,000
e. ● Interest Expense.....	9e ●		4,000	
10 a. If either Lines 8a or 8b are greater than Lines 9a, 9b, 9c, 9d or 9e, enter zero.....	10a ●			
b. If Lines 9a, 9b, 9c, 9d or 9e are greater than Lines 8a or 8b, enter amount from Line 7.....	10b ●	5,000	4,000	60,000
11 Exempt Amount. Enter the greater of Lines 5g, 6, 10a or 10b.....	11 ●	5,000	4,000	60,000
12 Total Intangible/Interest expenses paid to all related members. (Sum all Line 4 for all related members from all pages, enter here and on Form 20C, Schedule A, Line 6a).....	12	69,000		
13 Total Exempt Amount. (Sum line 11 for all related members from all pages and enter this amount on Form 20C, Schedule A, Line 6b).....	13	66,000		

Attach additional pages as needed and enter the totals of Lines 4 and Lines 11 for all related members from all pages on Page 1, Line 12 and 13.

In order to qualify for the exemption presented in §40-18-35(b)(3), Line 10b must be greater than zero and an informed corporate officer must sign the statement below, executed under penalty of perjury. With respect to the transaction(s) giving rise to the related member's interest/intangible expenses and costs, including both the direct interest/intangible expense transaction(s) between the taxpayer and the related member and any prior organizational restructuring transaction(s) that facilitated such direct interest/intangible expense transactions, tax avoidance (which included the avoidance of a meaningful amount of Alabama tax) was not a principal motivating factor.

Signature _____

Title _____ Date _____



TAXPAYER NAME: 20C 2014 Test 1

TAXPAYER FEIN: _____

FOR THE TAX PERIOD _____, 20 ____ through _____, 20 ____

A column must be completed for each recipient related member. Attach additional pages as needed and enter the totals of Lines 4 and Lines 11 for all related members from all pages on Page 1, Line 12 and 13.

Recipient related member who received interest/intangible income from the taxpayer:	Related Member 1	Related Member 2	Related Member 3	Related Member 4
1 a. Recipient related member FEIN.....	1a ●			
b. Recipient related member name.....	1b ●			
2 List the intangible expense amounts paid to the recipient related member.....	2 ●			
3 List the interest expense amounts paid to the recipient related member.....	3 ●			
4 Total intangible/interest expenses paid (total lines 2 and 3).....	4 ●			
To determine the exempt amount of intangible/interest expense, complete the applicable section(s) below.				
5 Exemption related to §40-18-35(b)(1):				
a. Jurisdiction(s) where recipient related member income is "subject to tax":	5a ●			
b. Amount of Line 4 expense not added back.....	5b ●			
c. Recipient related member's corresponding intangible/interest income allocated to jurisdiction.....	5c ●			
d. Adjusted intangible/interest amount (Line 5b minus Line 5c).....	5d ●			
e. Recipient related member's total apportionment percentage in the above jurisdiction(s).....	5e ●	%	%	%
f. Adjusted interest/intangible amount (multiply Line 5d by Line 5e).....	5f ●			
g. Add Line 5c and Line 5f.....	5g ●			
6 Exemption related to §40-18-35(b)(2) and §40-18-35(b)(4) – Amount of Line 4 expense not added back.....	6 ●			
<i>NOTE: For Section 7, 8, 9, and 10 the receipts of a disregarded entity/subchapter K entity, which may be a related entity in and unto itself, may not be combined with receipts of its owner for purposes of this schedule.</i>				
7 Exemption related to §40-18-35(b)(3) – Amount of Line 4 expense not added back.....	7 ●			
8 Recipient related member receipts by category: a. Intangible receipts.....	8a ●			
b. Interest receipts.....	8b ●			
9 a. ●	9a ●			
b. ●	9b ●			
c. ●	9c ●			
d. ●	9d ●			
e. ●	9e ●			
10 a. If either Lines 8a or 8b are greater than Lines 9a, 9b, 9c, 9d or 9e, enter zero.....	10a ●			
b. If Lines 9a, 9b, 9c, 9d or 9e are greater than Lines 8a or 8b, enter amount from Line 7.....	10b ●			
11 Exempt Amount. Enter the greater of Lines 5g, 6, 10a or 10b.....	11 ●			

FOR RECIPIENT RELATED MEMBERS WHO RECEIVED INTEREST/INTANGIBLE INCOME FROM THE TAXPAYER, PLEASE ATTACH ADDITIONAL SCHEDULES AB. (ONLY USE THIS PAGE FOR ADDITIONAL MEMBERS)