

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 computed 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 the member's column of Form CBT-100U, line 1b of Part II, Schedule A) (see instructions).....	1.
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Additions for income derived from activities separate from the combined group

2. Income of a foreign corporation not included in line 1.....	2.
3. Other federally exempt income not included in line 1.....	3.
4. Interest on federal, state, municipal, and other obligations not included in line 1 (see instructions).....	4.
5. New Jersey State and other states taxes deducted in line 1 (see instructions).....	5.
6. Related party interest addback (see instructions).....	6.
7. Related party intangible expenses and costs addback (see instructions).....	7.
8. I.R.C. § 965 deductions and exemptions.....	8.
9. Depreciation modification being added to income (see instructions).....	9.
10. Other additions. Explain on separate rider (see instructions).....	10.
11. Taxable income/(loss) with additions – Add line 1 through line 10 and enter the total.....	11.

Deductions for income derived from activities separate from the combined group

12. Depreciation modification being subtracted from income (see instructions).....	12.
13. Previously Taxed Dividends (from Schedule PT).....	13.
14. (a) Enter the I.R.C. § 250(a) deduction amount allowed federally for GILTI if GILTI is included on line 1.....	14a.
(b) Enter the I.R.C. § 250(a) deduction amount allowed federally for FDII if the FDII is included on line 1.....	14b.
15. I.R.C. § 78 Gross-up included in line 1 (do not include dividends that were excluded/deducted elsewhere).....	15.
16. Reserved for future use.....	16.
17. Reserved for future use.....	17.
18. Other deductions. Explain on separate rider (see instructions).....	18.
19. Total deductions – Add line 12 through line 18 and enter the total.....	19.

Taxable Net Income/(Loss) Calculation

20. Entire Net Income/(Loss) Subtotal – Subtract line 19 from line 11	20.	
21. Allocation factor from Schedule X, Part II, line 8 (if all receipts were derived from only New Jersey sources, enter 1.000000)	21.	
22. Allocated entire net income/(loss) before net operating loss deductions and dividend exclusion – Multiply line 20 by line 21 and enter the result here (if zero or less, enter zero on line 32) (Enter this amount in Part III)	22.	
23. Prior year net operating loss (PNOL) deduction (from Schedule X, Part III, Section A, line 8) (Amount entered cannot be more than amount on line 22)	23.	
24. Allocated entire net income before post allocation net operating loss deduction – Subtract line 23 from line 22 (If zero or less, enter zero here and on line 32)	24.	
25. Post allocation net operating loss (NOL) deduction (from Schedule X, Part III, Section B, line 8) (Amount entered cannot be more than amount on line 24)	25.	
26. Allocated entire net income before allocated dividend exclusion – Subtract line 25 from line 24 (If zero or less, enter zero here and on line 32)	26.	
27. Allocated Dividend Exclusion (From Schedule X, Part IV)	27.	
28. If completing Schedule X, Part IV, Section C, enter amount from Schedule RT, Part I, line 2, if applicable	28.	
29. Allocated entire net income subtotal – Subtract lines 27 and 28 from line 26	29.	
30. Allocated dividend income from certain subsidiaries, if applicable (Use Schedule X, Part IV, Section B)	30.	
31. (a) I.B.F. Exclusion (see instructions)	31a.	
(b) Allocated I.B.F. Exclusion – Multiply line 31a by line 21	31b.	
32. Taxable net income – Add line 29 and line 30 and subtract line 31b. (If this amount is positive, enter on Form CBT-100U, Schedule A, Part III, line 2. If this amount is zero or less, enter zero on Form CBT-100U, Schedule A, Part III, line 2.)	32.	
Did the member have any discharge of indebtedness excluded from federal taxable income in the current tax year pursuant to subparagraph (A), (B), or (C) of paragraph (1) of subsection (a) of IRC § 108? If yes, see Part III.		Yes <input type="checkbox"/> No <input type="checkbox"/>

PART II – Schedule J

Use only the portion of the member's operations that are separate from the unitary business of the combine 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 not cost of performance.

1. Receipts from sales of tangible personal property shipped to points within New Jersey	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 New Jersey of patents, copyrights, and trademarks	4.	
5. All other business receipts earned in New Jersey	5.	
6. Total New Jersey receipts (Total 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 (line 6 divided by line 7). Carry the fraction 6 decimal places. Do not express as a percent. Include here and on Schedule X, Part I, line 21	8.	

Note: Include the GILTI and the receipts attributable to the FDII, net of the respective allowable IRC §250(a) deductions, in the allocation factor. The net amount of GILTI (i.e., the GILTI reduced by the I.R.C. § 250(a) GILTI deduction) and the net FDII (i.e., the receipts attributable to the FDII reduced by the I.R.C. § 250(a) FDII deduction) amounts are included in the numerator (if applicable) and the denominator.

PART III – Form 500

Section A – Computation of Prior Net Operating Losses (PNOL) Deduction from periods ending PRIOR to July 31, 2019

Complete the section only if the Allocated Entire Net Income/(Loss) before net operating loss deductions and dividend exclusion on Schedule X, Part I, line 22 is positive (income).

1. Prior Net Operating Loss Conversion Carryover (PNOL) – Enter the total from Form 500U-P, Part II, line 21 (as filed in 2018 or 2019)	1.
2. Enter the portion of line 1 previously deducted (see instructions)	2.
3. Enter the portion of line 1 that expired	3.
4. Enter the portion of line 1 that is used on Form 500U	4.
5. Enter any discharge of indebtedness excluded from federal taxable income in the current tax period pursuant to subparagraph (A), (B), or (C) of paragraph (1) of subsection (a) of IRC § 108*	5.
6. PNOL available in the current tax year – Subtract lines 2, 3, 4, and 5 from line 1 (if zero or less, enter zero)	6.
7. Enter the allocated net income from Schedule X, Part I, line 22	7.
8. Current tax year’s PNOL deduction – Enter the lesser of line 6 or line 7 here and on Schedule X, Part I, line 23	8.

* If the allocated discharge of indebtedness exceeds the amount of PNOL that is available and the member has post allocation net operating loss carryover in Form 500U Section B, carry the remaining balance to line 6 of Section B.

Section B – Separate Activity Post Allocation Net Operating Losses (NOLs) For Tax Years Ending ON AND AFTER July 31, 2019

1. Allocated Net Operating Loss Carryover – See instructions.	
a. Return Period Ending _____	1a.
b. Return Period Ending _____	1b.
c. Return Period Ending _____	1c.
d. Return Period Ending _____	1d.
e. Return Period Ending _____	1e.
f. Return Period Ending _____	1f.
g. Return Period Ending _____	1g.
h. Return Period Ending _____	1h.
i. Return Period Ending _____	1i.
j. Return Period Ending _____	1j.
2. Total Post Allocation Net Operating Losses (NOLs) – Add lines 1a through 1j	2.
3. Enter the portion of line 2 previously deducted	3.
4. Enter the portion of line 2 that expired (after 20 privilege periods)	4.
5. Enter the portion of separate return NOLs from line 1 that is used on Form 500U (see instructions)	5.
6. Enter any discharge of indebtedness excluded from federal taxable income in the current tax period pursuant to subparagraph (A), (B), or (C) of paragraph (1) of subsection (a) of IRC § 108*	6.
7. Post Allocation Net Operating Loss available – Subtract lines 3, 4, 5, and 6 from line 2	7.
8. Enter allocated entire net income before post allocation net operating loss deduction from Schedule X, Part I, line 24	8.
9. Current tax year’s Post Allocation NOL deduction – Enter the lesser of line 7 or line 8 here and on Schedule X, Part I, line 25	9.

* If the member has any allocated discharge of indebtedness that was not used in Part III, Section A, enter the balance.

Note: Combined group post allocation net operating losses cannot be deducted from a member’s income that was derived from activities independent of the combined group. The member **cannot** share the separate return NOL carryovers with other members of the combined group, nor can the member share its NOLs from separate activities independent of the group. Separate activity NOLs from Schedule X **cannot** be used as a deduction on CBT-100U, Schedule A. See N.J.S.A. 54:10A-4.6.h.

PART IV – Schedule R

Is this return for a tax year beginning before January 1, 2019?

Yes. Complete Sections A and B. No. Complete Section C.

Section A Dividend Exclusion – For Tax Years Beginning Before January 1, 2019

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. Dividend income included on line 1 from 80% or more owned subsidiaries.....	4.
5. Subtract line 4 from line 3.....	5.
6. Dividend income included on line 1 from investments where member owns less than 50% of voting stock and less than 50% of all other classes of stock (do not include amounts subtracted on line 2).....	6.
7. Subtract line 6 from line 5.....	7.
8. Multiply line 7 by 50%.....	8.
9. Enter the amount from Schedule RT, Part III, line 3 (if applicable).....	9.
10. DIVIDEND EXCLUSION: Add lines 4, 8, and 9.....	10.
11. Allocation factor from current Schedule X, Part II (if all receipts are derived from only NJ sources, enter 1.000000).....	11.
12. ALLOCATED DIVIDEND EXCLUSION: Multiply line 10 by line 11 (include here and on Schedule X, Part I, line 27)	12.

Section B 80% or More Owned Subsidiary Dividends Subject to Special Allocation – For Tax Years Beginning Before January 1, 2019

B-1

1. Special Allocation Factor	
(a) Enter the allocation factor previously reported on the 2014 Schedule J	1a.
(b) Enter the allocation factor previously reported on the 2015 Schedule J	1b.
(c) Enter the allocation factor previously reported on the 2016 Schedule J	1c.
(d) Average allocation (see instructions)	1d.
(e) Enter the lesser of the average allocation (line 1d) or 3.5%	1e.
2. Enter amount from Schedule X, Part I, line 29	2.
3. Is the line 2 amount zero or a negative number? <input type="checkbox"/> Yes. Complete Section B-3. <input type="checkbox"/> No. Complete Section B-2.	

B-2 (Complete only if Schedule X, Part IV, Section B-1, line 2 is a positive number)

1. Dividend income included on line 1 from 80% or more owned subsidiaries.....	1.
2. Enter the amount from Schedule RT, Part III, line 3 (if applicable).....	2.
3. Subtract line 2 from line 1 (if zero or less, enter zero)	3.
4. Multiply line 3 by 5% (0.05)	4.
5. Special allocation factor – enter amount from Schedule X, Part IV, Section B-1, line 1(e)	5.
6. Allocated dividends – multiply line 4 by line 5	6.
7. Enter the amount from Schedule RT, Part I, line 2, if applicable	7.
8. Subtract line 7 from line 6 (include here and on Schedule X, Part I, line 30 ONLY if greater than zero).....	8.

B-3 (Complete only if Schedule X, Part IV, Section B-1, line 2 is a negative number)

1. Dividend income included on line 1 from 80% or more owned subsidiaries.....	1.
2. Enter amount from Schedule RT, Part III, line 3, if applicable	2.
3. Subtract line 2 from line 1 (if zero or less, enter zero)	3.
4. Multiply line 3 by 5% (0.05)	4.
5. Multiply line 4 by allocation factor from current Schedule X, Part II	5.
6. Enter amount from Schedule X, Part IV, Section A, line 12.....	6.
7. Enter amount from Schedule X, Part I, line 26 (if zero or a negative number, enter zero).....	7.
8. Subtract line 7 from line 6.....	8.
9. Subtract line 8 from line 5 (if zero or less, enter zero)	9.
10. Special allocation factor – enter amount from Schedule X, Part IV, Section B-1, line 1(e)	10.
11. Multiply line 9 by line 10	11.
12. Allocated dividends – divide line 11 by allocation factor from Schedule X, Part II.....	12.
13. Enter the amount from Schedule RT, Part I, line 2, if applicable	13.
14. Subtract line 13 from line 12 (include here and on Schedule X, Part I, line 30 ONLY if greater than zero).....	14.

Section C Dividend Exclusion – For Tax Years Beginning on and After January 1, 2019

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. Dividend income included on line 1 from 80% or more owned subsidiaries.....	4.
5. Multiply line 4 by .95.....	5.
6. Subtract line 4 from line 3.....	6.
7. Dividend income from investments where member owns less than 50% of voting stock and less than 50% of all other classes of stock (do not include amounts subtracted on line 2)	7.
8. Subtract line 7 from line 6.....	8.
9. Multiply line 8 by 50%.....	9.
10. Enter the amount from Schedule RT, Part III, line 3 (if applicable).....	10.
11. DIVIDEND EXCLUSION: Add lines 5, 9, and 10.....	11.
12. Allocation factor from current Schedule X, Part II (if all receipts are derived from only NJ sources, enter 1.000000).....	12.
13. ALLOCATED DIVIDEND EXCLUSION: Multiply line 11 by line 12 (include here and on Schedule X, Part I, line 27)	13.

REFERENCE ONLY

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 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. 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 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 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

On Part I, line 1, report the income from the CBT-100U, Schedule A, 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.

When completing Part I, lines 5, 6, 7, 9, or 12, use the schedules from the CBT-100 as worksheets and retain for the member's books and records or if Division of Taxation has questions.

Foreign corporations must include their income that was not included for federal purposes on Part I, line 2.

GILTI and FDII derived from a combined group member's independent business operations. If the income from those operations is the GILTI income or FDII income, that income must be reported on Schedule X in the same manner.

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 10 – 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. § 199 or § 199A amounts that were deducted for federal purposes;
- Net of I.R.C. § 965(a) amount and any I.R.C. § 965(c) deduction or other federally exempt I.R.C. § 965 amounts reported on Part I, line 8;
- 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.

Lines 14(a)–14(b) – I.R.C. § 250(a) deduction. If line 1 of Part I of Schedule X includes GILTI and/or FDII amounts, enter the amount of the deduction allowable and taken for federal

purposes under I.R.C. § 250(a) on the appropriate line. The amounts claimed must match the amounts reported on federal Form 8993 (federal Form 8993 must be submitted).

Note: If the GILTI income (or portion thereof) or FDII income (or portion thereof) amounts were excluded from the tax base or exempt from taxation by this State, no deduction or portion of the deduction can be taken for the amount of income that was excluded or exempt from taxation. See: [N.J.S.A. 54:10A-4.15](#).

Line 15 – 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. This line cannot include the amount deducted under the I.R.C. § 250(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 or Schedule RT. In addition, if any portion of the Section 78 amount is included in the member's Section 250 deduction, the amount being deducted on line 15 must be reduced accordingly.

Line 18 – 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.

Line 20 – Entire net income/(loss) subtotal. Subtract line 19 from line 11.

Line 21 – Allocation factor. Enter the allocation factor from Schedule X, Part II.

Line 22 – Allocated entire net income/(loss) before net operating loss deductions and dividend exclusion. Multiply line 20 by line 21 and enter the result. If zero or less, enter zero on line 22 and line 32. If line 22 is a negative amount (i.e., a loss) this is the member's separate activity post-allocation net operating loss that the member can use as a separate activity post-allocation net operating loss carryover in future privilege periods on Schedule X. This separate activity net operating loss/loss carryover cannot be used to reduce the member's share of allocated combined group entire net income, and is not sharable with the other members of the combined group. Enter this amount in Part III Section B for use in future privilege periods on Schedule X or if the member subsequently leaves the group on a separate return.

Members that complete Schedule X cannot net the amounts from Schedule X, Part I, line 22 against the member's share of current year combined group allocated entire net income/net operating loss on Schedule A, Part II, line 22.

If line 22 is positive, the member may use their PNOLs on line 23 or their separate return post allocation NOLs (these are losses that were generated outside the current combined group) and separate activity NOLs (these are losses that were generated when the member is part of the current combined group where Schedule X, Part I, line 22 is negative) on line 25.

Line 23 – Prior-year net operating loss (PNOL) deduction. Any unused and unexpired net operating loss carryovers that were calculated on a pre-allocation basis (net operation losses from privilege periods ending prior to July 31, 2019) must be

converted to an allocated prior net operating loss conversion carryover (PNOL) before they can be used. If the member does not have any unused, unexpired prior net operating loss conversion carryovers, skip to line 24.

Line 24 – Allocated entire net income before post allocation net operating loss deduction. Subtract line 23 from line 22 and enter the result.

- If the amount is zero or less, skip lines 25 through 31 and enter zero on line 32.
- If the amount is a positive number, continue to line 25.

Line 25 – Post allocation net operating loss (NOL) deduction. Members with net operating losses generated in privilege periods ending on and after July 31, 2019, can use such losses as a post allocation net operating loss deduction.

Line 26 – Allocated entire net income before allocated dividend exclusion. Subtract line 25 from line 24 and enter the result. If the amount is zero or less, enter zero here and on line 32.

Line 27 – Allocated dividend exclusion. Dividends and deemed dividends that were excluded from the computation of the combined group entire net income on Schedule A, Part II, line 1b may be eligible for the dividend exclusion on Schedule X. Use Schedule X, Part IV to calculate the amount to enter on Schedule X, Part I, line 27. If the tax period covered by the return began before January 1, 2019, use the amount from Schedule X, Part IV, Section A, line 12. If the tax period began on or after January 1, 2019, use the amount from Schedule X, Part IV, Section C, line 13.

Line 28. If completing Schedule X, Part IV, Section C, enter amount from Schedule RT, Part I, line 2, if applicable. Otherwise, enter zero. See Schedule RT instructions for information.

Line 29 – Allocated entire net income subtotal. Subtract lines 27 and 28 from line 26 and enter the result.

Line 30 – Allocated dividend income from certain subsidiaries. If completing Schedule X, Part IV, Sections A and B, enter the amount reported in Schedule X, Part IV, Section B-2 or B-3. Otherwise, enter zero. See Schedule X, Part IV instructions for information.

Line 31a – I.B.F. exclusion. 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, 2019, this amount is an allocated amount.

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 32 – Taxable net income. Add line 29 and line 30 and subtract line 31b. (If this amount is positive, enter on Form CBT-100U, Schedule A, Part III, line 2. If this amount is zero or less, enter zero on Form CBT-100U, Schedule A, Part III, line 2.

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 said portion when calculating the allocation factor for Schedule X, Part II. See the Instructions for Schedule J, Form CBT-100 when completing Schedule X.

GILTI and FDII. Include the GILTI and the receipts attributable to the FDII, net of the respective allowable IRC §250(a) deductions, in the allocation factor. The net amount of GILTI (i.e., the GILTI reduced by the I.R.C. § 250(a) GILTI deduction) and the net FDII (i.e., the receipts attributable to the FDII reduced by the I.R.C. § 250(a) FDII deduction) amounts are included in the numerator (if applicable) and the denominator. Do not include the underlying receipts of the controlled foreign corporation generating the GILTI in the numerator or denominator. See [TB-92\(R\)](#), *Sourcing IRC § 951A (GILTI) and IRC §250 (FDII)*, for more information.

Part III

When completing Part III, a member may use their PNOLs to reduce their allocated entire net income on Schedule X. Conversely, if Schedule X, Part I, line 22 is a negative amount (i.e., a loss), this is the member's separate activity post-allocation net operating loss that the member can use as a separate activity post-allocation net operating loss carryover in future privilege periods on Schedule X. This separate activity net operating loss/loss carryover cannot be used to reduce the member's share of allocated combined group entire net income and is not sharable with the other members of the combined group. See [TB-95](#), *Net Operating Losses and Combined Groups*, for more information.

Section A – Computation of prior net operating losses (PNOL) deduction from periods ending PRIOR to July 31, 2019

Complete the section only if the Allocated Entire Net Income/ (Loss) before net operating loss deductions and dividend exclusion on Schedule X, Part I, line 22 is positive (income).

Line 1 – Prior net operating loss conversion carryover (PNOL). Enter the total from Form 500U-P, Part II, line 21 (as filed in 2018 or 2019)

Line 2 – PNOL previously deducted. Enter the portion of line 1 deducted.

Line 3 – Expired PNOL. Enter the portion of line 1 that expired.

Line 4 – PNOL used on Form 500U. Enter the portion of line 1 that is used on Form 500U.

Note: Section A of Form 500U and Part III of Schedule X are used to track the member's PNOL deduction usage. If the member is claiming an amount on either form, accurate books and records must be maintained to prevent the double use of the same PNOLs. See [TB-95](#), *Net Operating Losses and Combined Groups*, for more information.

Line 5 – Discharge of indebtedness. Enter any discharge of indebtedness excluded from federal taxable income in the current tax period pursuant to subparagraph (A), (B), or (C) of paragraph (1) of subsection (a) of IRC § 108*.

Line 6 – Available PNOL. Subtract lines 2, 3, 4, and 5 from line 1 (if zero or less, enter zero).

Line 7 – Allocated net income. Enter the amount from Schedule X, Part I, line 22.

Line 8 – Current tax year’s PNOL deduction. Enter the lesser of line 6 or line 7 here and on Schedule X, Part I, line 23.

Section B

This section only applies to loss carryovers from periods ending on and after July 31, 2019. Only complete this section if the amount reported on Schedule X, Part I, line 24 is positive (i.e., income).

Section B is used to calculate the amount of the New Jersey post allocation net operating loss carryover. There are two types of post allocation net operating loss carryovers that can be deducted in this section:

- The member’s post allocation NOLs from activities independent of the combined group on previous year Schedule X, Part I (in privilege periods the member was included as part of the combined group filing a New Jersey combined return); and
- Separate return post allocation NOLs (losses that were generated outside the current combined group).

The post allocation net operating loss deduction is subtracted from allocated entire net income after the member uses all of its PNOLs.

Note: A post allocation net operating loss can be carried forward for 20 privilege periods.

Section B is to be used if either the member had separate return post-allocation net operating loss carryovers they wish to use if the member’s Schedule X Part I, line 24 is a positive number. Note: On the 2019 returns this section would not apply as it is the first year that there could be post-allocation net operating losses.

If Schedule X, Part I, line 24 is zero or a negative amount (i.e., a loss), the post-allocation net operating loss carryovers cannot be used as a deduction.

FYI Losses generated on Schedule X cannot be shared or used by the group. These losses can only be used on Schedule X. Conversely, the member’s portion of the combined group net operating losses cannot be used on Schedule X. See N.J.S.A. 54:10A-4.6(h)

Line 1 – Allocated net operating loss carryover. Enter the amounts of post-allocation net operating losses either from separate return years or the post-allocation net operating losses derived from activities that are independent of the unitary business of the combined group that was reported on previous year Schedule X.

Line 2 – Total post allocation net operating losses (NOLs). Add lines 1a through 1j.

Line 3 – NOLs previously deducted. Enter the portion of line 2 previously deducted.

Line 4 – Expired NOLs. Enter the portion of line 2 that expired (after 20 privilege periods).

Line 5 – NOLs used on Form 500U. Enter the portion of separate return NOLs from line 1 that is used on Form 500U.

Line 6 – Discharge of indebtedness. Enter any discharge of indebtedness excluded from federal taxable income in the current tax period pursuant to subparagraph (A), (B), or (C) of paragraph (1) of subsection (a) of IRC § 108*.

Line 7 – Post allocation net operating loss available. Subtract lines 3, 4, 5, and 6 from line 2.

Line 8 – Allocated entire net income before post allocation net operating loss deduction. Enter amount from Schedule X, Part I, line 24.

Line 9 – Current tax year’s post allocation NOL deduction. Enter the lesser of line 7 or line 8 here and on Schedule X, Part I, line 25.

Part IV

Dividends from all sources (other than the unitary business of the combined group) must be included in Schedule X, Part I. However, the member may exclude from entire net income 95% of dividends from qualified subsidiaries, if such dividends were included in the member’s gross income on Schedule X.

FYI The I.R.C. § 965(a) amounts must be included in Part IV and Schedule RT, if applicable.

Members cannot include the following as part of the dividend exclusion:

- Money market fund or REIT income;
- GILTI or FDII (as this is not considered income from dividends or deemed dividends for New Jersey purposes); or
- The portion of I.R.C. § 78 gross-up deducted on Schedule X, Part I, line 15.

A qualified subsidiary is defined as ownership by the member of at least 80% of the total combined voting power of all classes of stock entitled to vote and at least 80% of the total number of shares of all other classes of stock, except non-voting stock which is limited and preferred as to dividends. With respect to other dividends, the exclusion is limited to 50% of such dividends included in the member’s gross income on Schedule X, provided the member owns at least 50% of voting stock and 50% of the total number of shares of all other classes of stock.

The tiered dividend exclusion from certain subsidiaries is calculated separately on Schedule RT. See Schedule RT below for more information.

FYI New Jersey follows the federal ownership attribution rule changes under I.R.C. §958(b) and I.R.C. §318 that broadened the federal attribution rules that were retroactive to January 1, 2017, in addition to the already broad Corporation Business Tax attribution rules.

For members whose privilege period for this return began before January 1, 2019, the calculation is done in Part IV, Sections A and B. Part IV, Section A calculates the Allocated Dividend Exclusion at 100%, while 5% dividend income is calculated in Section B. This provides the member with a 95% dividend

exclusion while taxing the remaining 5% at the special allocation factor. All allocation factors must be carried out to 6 decimal places.

Part IV, Section B is divided into three sections. B-1 is used to calculate the special allocation factor, which can be used in either Section B-2 or Section B-3. The special allocation factor will be applied against the 5% of dividend income received by a member from an 80% or greater owned subsidiary if the income is included in entire net income.

Whether the member completes Section B-2 or Section B-3 is determined by the amount reported on Schedule X, Part I, line 29 (Allocated entire net income subtotal). If line 29 is positive (income), the member completes Section B-2. If line 29 is negative (loss), the member completes Section B-3.

The special allocation factor is the lesser of either the three-year average allocation factor for the member's 2014 through 2016 tax years reported on the member's tax returns or 3.5%. 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 member has filed fewer than three periods, take the average of the periods that were reported.

Note: If Section B-3, lines 3, 7, 9, or 14 are zero or less, enter zero in Section B-3 and on Schedule X, Part I, line 30.

For members whose privilege period for this return began on or after January 1, 2019, the calculation is done in Part IV, Section C. The special allocation does not apply for privilege periods beginning on and after January 1, 2019. Therefore, a 95% dividend exclusion will be granted for dividends that are included in entire net income from an 80% or greater owned subsidiary. If the member owns 50%, but less than 80% of a subsidiary, they are entitled to a 50% exclusion. Any subsidiary that is owned less than 50% is not entitled to a dividend exclusion. See N.J.S.A. 54:10A-4(k)(5), N.J.S.A. 54:10A-4(u), N.J.S.A. 54:10A-4(v), and N.J.S.A. 54:10A-4(w) for more information.

Schedule RT – Tiered Subsidiary Dividend Exclusion, may also apply to members completing Schedule X. See Schedule RT for more information. The schedule is available on the Division's website.

Note: See N.J.S.A. 54:10A-4(k)(5)(C).

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.