



Schedule ABI Exceptions to the Add Back of Interest Expenses

Rev. 9/03

Massachusetts
Department of
Revenue

Enclose this schedule to claim an exception to the requirement under MGL, Ch. 63, sec. 31J to add back to net income related member interest expenses and costs. Complete the relevant exception(s) for each related member as to which an exception is being claimed.

Taxpayer Information

Name of principal corporation Federal Identification number For tax year beginning Ending

Name of related member Federal Identification number For tax year beginning Ending

Name of jurisdiction(s) in which related member is taxed on net income or gross receipts, if applicable

Part 1

Exception 1. Full exception for interest paid, accrued, or incurred to a related entity that is taxed at a similar rate.

If the related entity's net income was taxed in more than one jurisdiction.

1	Amount of deductible interest claimed by taxpayer	1	<input type="text"/>
2	Applicable tax rate (from Forms 355, 355C, 355S, 63FI, or P.S.1)	2	<input type="text"/>
3	Enter the tax rate applied to the interest from the related entity's return.	3	<input type="text"/>
4	Related entity's apportionment percentage from the return. If an apportionment formula was not used, enter "1"	4	<input type="text"/>
5	Multiply line 3 by line 4	5	<input type="text"/>
6	Subtract line 5 from line 2.	6	<input type="text"/>
7	Exception amount. If line 6 is equal to or less than .03, enter the amount from line 1 here and in Total Exceptions, line 1. Otherwise, enter "0"	7	<input type="text"/>

Exception 2. Partial exception for interest paid, accrued, or incurred to a related corporation that is filing in Massachusetts.

Do not complete this section if you have claimed Exception 1 as to the same interest add back. Complete this section only if the interest was reported as income by the related corporation on Forms 355, 355C, 355S, 63FI, or P.S.1 and, if applicable, the tax reported by the related corporation on that return exceeded the minimum tax.

1	Amount of deductible interest claimed by taxpayer	1	<input type="text"/>
2	Amount of the interest income reported by related corporation (from Forms 355, 355C, 355S, 63FI, or P.S.1)	2	<input type="text"/>
3	Net income of related corporation (from Forms 355, 355C, 355S, 63FI, or P.S.1)	3	<input type="text"/>
4	Enter the smaller number from line 2 or 3	4	<input type="text"/>
5	Taxpayer's apportionment percentage from the apportionment schedule, line 5. Enter "1" if an apportionment schedule was not filed	5	<input type="text"/>
6	Related corporation's apportionment percentage from the apportionment schedule, line 5. Enter "1" if an apportionment schedule was not filed	6	<input type="text"/>
7	Multiply line 1 by line 5	7	<input type="text"/>
8	Multiply line 4 by line 6	8	<input type="text"/>
9	Tax rate applied to taxpayer (from Forms 355, 355C, 355S, 63FI, or P.S.1)	9	<input type="text"/>
10	Tax rate applied to related corporation (from Forms 355, 355C, 355S, 63FI, or P.S.1)	10	<input type="text"/>
11	Multiply line 7 by line 9	11	<input type="text"/>
12	Multiply line 8 by line 10	12	<input type="text"/>
13	Exception amount. If line 12 is greater than line 11, enter the amount from line 1. Otherwise, divide line 12 by line 9 and divide the result by line 5. Enter the result here and in Total Exceptions, line 2	13	<input type="text"/>

Exception 3. Partial exception for the interest paid, accrued, or incurred to a related individual that is filing in Massachusetts.

Complete this section only if the interest is or will be reported as income by the related individual. Do not complete this section if you have claimed Exception 1 as to the same interest add back.

1 Amount of deductible interest claimed by taxpayer	1	<input type="text"/>
2 Amount of the interest income reported by the related individual	2	<input type="text"/>
3 Net income of related individual	3	<input type="text"/>
4 Enter the smaller of lines 2 or 3	4	<input type="text"/>
5 Taxpayer's apportionment percentage from the apportionment schedule, line 5. Enter "1" if an apportionment schedule was not filed	5	<input type="text"/>
6 Multiply line 1 by line 5	6	<input type="text"/>
7 Tax rate applied to taxpayer (from Forms 355, 355C, 355S, 63FI, or P.S.1)	7	<input type="text"/>
8 Tax rate applied to related individual	8	<input type="text"/>
9 Multiply line 6 by line 7	9	<input type="text"/>
10 Multiply line 4 by line 8	10	<input type="text"/>
11 Exception amount. If line 10 is greater than line 9, enter the amount from line 1. Otherwise, divide the amount in line 10 by line 7 and divide the result by line 5. Enter result here and in Total Exceptions, line 3	11	<input type="text"/>

Part 2

Exception 4. Statement in support of add back exception claim.

The taxpayer must enclose with this schedule a statement referencing the amount of the claimed add back exception and information sufficient to support the claim. The statement must refer to and specifically identify all relevant documentation. This documentation must be retained by the taxpayer and be made available to the Commissioner upon request.

Check the basis for this claim:

- Double taxation
- Business purpose/economic substance

Total Exceptions

1 Enter amount from Exception 1, line 7	1	<input type="text"/>
2 Enter amount from Exception 2, line 13	2	<input type="text"/>
3 Enter amount from Exception 3, line 11	3	<input type="text"/>
4 Enter amount from Exception 4	4	<input type="text"/>
5 Total add back exception. Add lines 1 through 4. Enter here and on appropriate corporate return	5	<input type="text"/>