



Schedule ABIE Exceptions to the Add Back of Intangible Expenses

Rev. 11/04

Massachusetts
Department of
Revenue

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

Taxpayer Information

Taxpayer name	Federal Identification number	For tax year beginning	Ending
Related member reporting the income	Federal Identification number	For tax year beginning	Ending
Name of jurisdiction(s) in which related member is taxed on net income (if applicable)			
Principal reporting corporation (if applicable)	Federal Identification number	For tax year beginning	Ending

Part 1 Exception 1

Full exception for intangible expense or cost paid, accrued, or incurred to a related entity that is taxed at a similar rate.

Complete only if the related entity's net income was taxed in more than one jurisdiction.

1 Amount of deductible intangible expense or cost claimed by taxpayer	1	<input type="text"/>
2 Actual tax rate applied to taxpayer (from Forms 355, 355C, 355S, 63FI, or P.S.1)	2	<input type="text"/>
3 Enter the tax rate applied to the intangible expense or cost 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 intangible expense or cost 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 intangible expense or cost add back. Complete this section only if the intangible expense or cost 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 intangible expense or cost claimed by taxpayer	1	<input type="text"/>
2 Amount of the intangible 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 intangible expense or cost paid, accrued, or incurred to a related individual that is filing in Massachusetts.

Complete this section only if the intangible expense or cost 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 intangible cost or expense add back.

1 Amount of deductible intangible expense or cost claimed by taxpayer	1	
2 Amount of the intangible income reported by the related individual	2	
3 Net income of related individual	3	
4 Enter the smaller of lines 2 or 3	4	
5 Taxpayer’s apportionment percentage from the apportionment schedule, line 5. Enter “1” if an apportionment schedule was not filed	5	
6 Multiply line 1 by line 5	6	
7 Tax rate applied to taxpayer (from Forms 355, 355C, 355S, 63FI, or P.S.1)	7	
8 Tax rate applied to related individual	8	
9 Multiply line 6 by line 7	9	
10 Multiply line 4 by line 8.	10	
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	

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:

- Conduit royalty payment
- Double taxation
- Business purpose/economic substance
- Section 31K foreign treaty exception

Total Exceptions

1 Enter amount from Exception 1, line 7	1	
2 Enter amount from Exception 2, line 13	2	
3 Enter amount from Exception 3, line 11	3	
4 Enter amount from Exception 4	4	
5 Total add back exception. Add lines 1 through 4. Enter here and on appropriate corporate return	5	