

Schedule B – Adjustments to Federal Taxable Income – O.R.C. Section 5733.04(I)

1. Additions:

- (a) Valuation limitation on losses from capital or 1231 assets (form FT 1120VL).....
- (b) Losses from sale of Ohio public obligations.....
- (c) Amount claimed as a credit for taxes paid by a qualifying pass-through entity.....
- (d) Net loss from an “exempted investment” in a public utility.....
- (e) Depreciation expense adjustment from Schedule B-4, line 1 and miscellaneous federal tax adjustments.....
- (f) Total additions (add lines 1a through 1e).....

1a.		
1b.		
1c.		
1d.		
1e.		
1f.		
2a.		
2b.		
2c.		
2d.		
2e.		
2f.		
2g.		
2h.		
2i.		
2j.		
3.		

2. Deductions:

- (a) Net income from foreign sources (Schedule B-2, line 5).....
- (b) Valuation limitation on gains from capital or 1231 assets (form FT 1120VL).....
- (c) Dividends received (I.R.C. section 243 and O.R.C. sections 5733.04(I)(7) and (I)(8)).....
- (d) Adjustment for targeted jobs tax credit or work opportunity tax credit.....
- (e) Net interest income from exempt U.S. obligations.....
- (f) Interest on Ohio public and purchase obligations and gain from the sale of Ohio public obligations.....
- (g) Contributions to an individual development account program.....
- (h) Net income from an “exempted investment” in a public utility.....
- (i) Depreciation expense adjustment from Schedule B-4, line 13 and miscellaneous federal tax adjustments.....
- (j) Total deductions (add lines 2a through 2i).....

3. Net adjustments:

Line 1f minus line 2j. If negative, put in parentheses. Enter here and on Schedule A, line 2.....

Schedule B-2 – Foreign Source Income Deduction – O.R.C. Section 5733.04(I)(2)

- 1. I.R.C. section 78 and 951 income.....
- 2. Foreign dividends x 100% =
- 3. Foreign royalties x 90% =
- 4. (a) Income from technical and other services.....
- (b) Reimbursed expenses for personal services performed for subsidiaries.....
- (c) Line 4a minus line 4b..... x 90% =
- 5. Foreign source income deduction (add lines 1, 2, 3 and 4c). Enter here and on Schedule B, line 2a.....

1.		
2.		
3.		
4c.		
5.		

Schedule B-3 – Related Entity and Related Member Adjustments

Note: If the taxpayer is a member of a combined franchise group, complete Schedule B-3 (combined) on form FT 1120C.

- 1. Related entity gains (losses) from sale of investments in stock or debt. O.R.C. section 5733.04(I)(12)(a).....
- 2. Related entity gains (losses) from sale of other intangible property. O.R.C. section 5733.04(I)(12)(b).....
- 3. Total related entity gains (losses). (Add lines 1 and 2.).....
- 4. Allocable portion of line 3.....
- 5. Apportionable related entity gains (losses). (Subtract line 4 from line 3.).....
- 6. Interest expense and intangible expense paid to related members. O.R.C. sections 5733.04(I)(13) and 5733.042.....
- 7. Add lines 5 and 6.....
- 8. Ohio apportionment ratio (Schedule D, line 4).....
- 9. Apportioned income (multiply line 7 by line 8).....
- 10. Related entity gains (losses) allocable to Ohio.....
- 11. Add excess related entity loss (if loss deducted in all states exceeds total loss). O.R.C. section 5733.054(B).....
- 12. Excess related entity gain (if gain taxed by all states exceeds total gain). O.R.C. section 5733.054(A).....
- 13. Related members’ net interest income and net intangible income taxed by other states. O.R.C. section 5733.055. (Enter the lesser of (i) such income taxed by other states or (ii) the product of line 6 times line 8.).....
- 14. Related entity and related member adjustment (add lines 9, 10, 11, 12 and 13). Enter here and on Sched. A, line 10.....

1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.	()	
13.	()	
14.		

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Schedule B-4 – Bonus Depreciation and Section 179 Adjustment – O.R.C. Section 5733.04(l)(17) and (l)(18)

	Schedule B (a)	To Schedule C Allocable to Ohio (b)	To Schedule C Allocable Everywhere (c)
1. Enter in column (a) and on Schedule B, line 1(e) the sum of (i) 5/6 of the IRC section 168(k) bonus depreciation amount deducted in determining federal taxable income for the taxable year and (ii) 5/6 of the “qualifying section 179 depreciation expense” ¹ deducted in determining federal taxable income for the taxable year. However, if a member of a combined report, enter here and on Schedule B (combined), line 2(e).			
2. Enter in column (b) the portion of the amount on line 1 that is related to Schedule C nonbusiness income ² allocable to Ohio.			
3. Enter in column (c) the portion of the amount on line 1 that is related to Schedule C nonbusiness income allocable everywhere.			
4. Enter in column (a) 1/5 of the amount entered on Schedule B-4, line 1 of the 2004 franchise tax report. That is, enter 1/5 the sum of (i) IRC section 168(k) bonus depreciation amount included on Schedule B-4, line 1 of the 2004 franchise tax report and (ii) the “qualifying section 179 depreciation expense” amount included on Schedule B-4, line 1 of the 2004 franchise tax report.			
5. If on the 2004 report the taxpayer entered an amount in Schedule B-4, line 2, enter in column (b) 1/5 of that amount.			
6. If on the 2004 report the taxpayer entered an amount in Schedule B-4, line 3, enter in column (c) 1/5 of that amount.			
7. Enter in column (a) 1/5 of the IRC section 168(k) bonus depreciation amount added back on Schedule B, line 1(e) of the 2003 franchise tax report.			
8. If on the 2003 report the taxpayer increased its rental income allocated to Ohio by the bonus depreciation add-back related to Ohio rental property, then in column (b) enter 1/5 of the add-back made to rental income allocated to Ohio on Schedule C of the 2003 report regardless of whether that rental income was business income ³ or nonbusiness income ⁴ for 2003.			
9. If on the 2003 report the taxpayer increased its rental income allocated everywhere by the bonus depreciation add-back related to rental property everywhere, then in column (c) enter 1/5 of the add-back made to rental income allocated everywhere on Schedule C of the 2003 report regardless of whether that rental income was business income or nonbusiness income for 2003.			
10. Enter in column (a) 1/5 of the IRS section 168(k) bonus depreciation amount added back on Schedule B of the 2002 franchise tax report.			
11. If on the 2002 report the taxpayer increased its rental income allocated to Ohio by the bonus depreciation add-back related to Ohio rental property, then in column (b) enter 1/5 of the add-back made to rental income allocated to Ohio on Schedule C of the 2002 report regardless of whether that rental income was business income or nonbusiness income for 2002.			
12. If on the 2002 report the taxpayer increased its rental income allocated everywhere by the bonus depreciation add-back related to rental property everywhere, then in column (c) enter 1/5 of the add-back made to rental income allocated everywhere on Schedule C of the 2002 report regardless of whether that rental income was business income or nonbusiness income for 2002.			
13. Add lines 4, 7 and 10. Enter the sum here and on Schedule B, line 2(i). If the taxpayer is a member of a combined report, enter here and on Schedule B (combined), line 2(o).			
14. Add lines 5, 8 and 11.			
15. Subtract line 14 from line 2. If negative, put in parentheses. Enter here and in the Ohio column of Schedule C, line 1.			
16. Add lines 6, 9 and 12.			
17. Subtract line 16 from line 3. If negative, put in parentheses. Enter here and in the everywhere column of Schedule C, line 1.			

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Endnotes for Schedule B-4 – Bonus Depreciation and Section 179 Adjustment

¹“Qualifying section 179 depreciation expense” means the difference between (i) the amount of depreciation expense directly or indirectly allowed to the taxpayer under section 179 of the Internal Revenue Code (I.R.C.), and (ii) the amount of depreciation expense directly or indirectly allowed to the taxpayer under I.R.C. section 179 as that section existed on December 31, 2002. See O.R.C. section 5733.04(l)(17)(a)(ii). That is, “qualifying section 179 depreciation expense” is the amount of section 179 expense allowed the taxpayer under current federal income tax law minus the amount of section 179 expense that the taxpayer would have been allowed if I.R.C. section 179, as it existed on December 31, 2002, had not been amended. In computing the taxpayer’s qualifying section 179 depreciation expense (i) “component members” of a federal controlled group are treated as one taxpayer for purposes of the annual I.R.C. section 179 limitation and (ii) the 179 limitation applies at both the pass-through entity level and at the owner-investor level.

²“Nonbusiness income” means all income other than business income. See O.R.C. section 5733.04(Q).

³“Business income” means income arising from transactions, activities, and sources in the regular course of a trade or business and includes income from real property, tangible personal property, and intangible personal property if the acquisition, rental, management, and disposition of the property constitute integral parts of the regular course of a trade or business operation. Business income includes

income, including gain or loss, from a partial or complete liquidation of a business, including, but not limited to, gain or loss from the sale or other disposition of goodwill. See O.R.C. section 5733.04(Q).

⁴If on the 2002, 2003 or 2004 franchise tax report the taxpayer made a 5/6 bonus depreciation add-back or a section 179 add-back and allocated all or a portion of that add-back to Ohio in Schedule C (because, for example, all or a portion of the add-back was attributed to property that generated rental income which the taxpayer allocated to Ohio on those franchise tax reports), then for the five tax years following the add-back year the taxpayer is entitled to allocate to Ohio the bonus depreciation deduction on that same equipment even if that same rental property generates apportionable business income on the 2005 report.

Similarly, if on the 2002, 2003 or 2004 franchise tax report the taxpayer made a 5/6 bonus depreciation add-back and allocated all or a portion of that add-back outside Ohio in Schedule C (because, for example, all or a portion of the add-back was attributed to property that generated rental income which the taxpayer allocated outside Ohio), then for the five tax years following the add-back year the taxpayer is required to allocate outside Ohio the bonus depreciation deduction on that same equipment even if that same rental property generates apportionable business income on the 2005 report.

**Bonus Depreciation and/or
I.R.C. Section 179 Add-back Years and Deduction Years**

Add-back Year	Franchise Tax Report Years during each of which 1/5 of the Bonus Depreciation and 1/5 of the I.R.C. section 179 Add-back is Deducted								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
2002	1/5	1/5	1/5	1/5	1/5				
2003		1/5	1/5	1/5	1/5	1/5			
2004			1/5	1/5	1/5	1/5	1/5		
2005				1/5	1/5	1/5	1/5	1/5	
2006					1/5	1/5	1/5	1/5	1/5

CAUTION: For taxable years ending on or after June 26, 2003 all income, gain, loss and expense, other than the amounts from Schedule B-4, lines 15 and 17, are presumed to be business income. See instructions.

	Within Ohio	Total Everywhere
1. Amounts from Schedule B-4, lines 15 and 17	1.	1.
2. Nonbusiness income (attach explanation).....	2.	2.
3. Total everywhere. (If negative, put in parentheses. Enter here and on Sched. A, line 4.)	3.	3.
4. Total Ohio. (If negative, put in parentheses. Enter here and on Schedule A, line 8.).....	4.	4.

In computing the property, payroll and sales factors do not include the portion of property, payroll and sales to the extent such portion relates to, or is used in connection with, the production of nonbusiness income.

Compute Schedule D on a separate company basis even if the taxpayer is a member of a combined report.

	(a) Within Ohio	(b) Total Everywhere	(c) Ratio	Weight	(d) Weighted Factor
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1. Property

(a) Owned (average cost).....					
(b) Rented (annual rental x 8).....					
(c) Total property	÷	=	(carry to six decimal places)	x .20 =	

Note: Any request for deviation from the statutory allocation and apportionment provisions must be in writing. If the denominator of any factor is zero, the weight given to the other factors must be proportionately increased so that the total weight given to the combined number of factors used is 100%.

2. Payroll

(a) From Schedule D					
(b) Adjustments					
(c) Total adjusted payroll	÷	=	(carry to six decimal places)	x .20 =	

3. Sales

(a) From Schedule D					
(b) Adjustments					
(c) Total adjusted sales.....	÷	=	(carry to six decimal places)	x .60 =	

4. Total apportionment ratio (add weighted factor column (d), lines 1c, 2 and 3). Enter here and on Schedule A, line 6 and, if applicable, Schedule F, line 6 (see note following Schedule F).

1c.	.	
2.	.	
3.	.	
4.	.	

CAUTION: Schedule D-2 applies only if you have nonbusiness income.

In apportioning net worth, the numerator and denominator of the apportionment ratio must be adjusted to include the portion of any real and tangible personal property, payroll and sales related to, or used in connection with, the production of nonbusiness income allocated under O.R.C. section 5733.051.

Compute Schedule D-2 on a separate company basis even if the taxpayer is a member of a combined report.

	(a) Within Ohio	(b) Total Everywhere	(c) Ratio	Weight	(d) Weighted Factor
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1. Property

(a) Owned (from Sched. D)					
(b) Adjustments					
(c) Rented (from Sched. D)					
(d) Adjustments					
(e) Total adjusted property.....	÷	=	(carry to six decimal places)	x .20 =	

2. Payroll

(a) From Schedule D					
(b) Adjustments					
(c) Total adjusted payroll	÷	=	(carry to six decimal places)	x .20 =	

3. Sales

(a) From Schedule D					
(b) Adjustments					
(c) Total adjusted sales.....	÷	=	(carry to six decimal places)	x .60 =	

4. Total apportionment ratio (add weighted factor column (d), lines 1e, 2c and 3c). Enter here and on Schedule F, line 6, even if the taxpayer is a member of a combined report.

1e.	.	
2c.	.	
3c.	.	
4.	.	

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Schedule E — Balance Sheet

Attach to this franchise tax report a balance sheet (e.g., I.R.S. form 1120, Schedule L) that reflects the books of the taxpayer on a separate company basis as of the beginning and the end of the taxable year.

Schedule F – Computation of Taxable Value – O.R.C. Section 5733.05(C)

1. Net worth (assets minus liabilities)	1.	
2. Qualifying amount (if the taxpayer is a related member to a qualifying holding company) O.R.C. section 5733.05(C)(2)	2.	
3. Adjusted net worth (add lines 1 and 2)	3.	
4. Exempted assets (net book value)		
(a) civil defense shelters	4a.	
(b) land in Ohio devoted exclusively to agriculture	4b.	
(c) Total exempted assets	4c.	
5. Net value of stock (line 3 minus line 4c). Enter here and on Schedule A, line 15	5.	
6. Ohio apportionment ratio (from Schedule D or D-2, line 4, see note below)	6.	
7. Taxable value (multiply line 5 by line 6). Enter here and on Schedule G, lines (d), (i) and (l)	7.	

Note: Taxable value is determined on a separate company basis even if the taxpayer is a member of a combined report. Multiply the taxpayer's separate company net value of stock by the taxpayer's separate company apportionment ratio.

Minimum Fee Requirements

Minimum Fee	Thresholds
\$1,000	1. The sum of the taxpayer's gross receipts from activities within and without Ohio during the taxable year equals or exceeds \$5 million; or 2. The total number of the taxpayer's employees within and without Ohio during the taxable year equals or exceeds 300. Note: In determining these thresholds, the taxpayer must include its proportionate share of the gross receipts of any pass-through entity in which the taxpayer has a direct or indirect ownership interest and its proportionate share of the number of employees of the pass-through entity. Gross receipts include receipts that generate business income and nonbusiness income.
\$50	If the taxpayer's gross receipts and number of employees are less than the thresholds above.

Schedule G – Tax Computation Worksheet

Section 1: Franchise Tax Computation

Net Income Basis

Note: All related Ohio taxpayer corporations that as of January 1 of the report year meet the ownership or control requirements to file as members of a combined report must share one \$0 to \$50,000 net income basis tax bracket to which the 5.1% rate applies. Such related taxpayers must share one \$0 to \$50,000 tax bracket regardless of whether those related taxpayer corporations actually file a combined report (see O.R.C. section 5733.06(F)).

Each taxpayer's Ohio taxable income that exceeds the prorated amount is taxable at the higher franchise tax and litter tax rates. Related taxpayers must prorate the \$0 to \$50,000 bracket on form FT OTAS, Ohio Taxpayer Affiliation Schedule. The proration, however made, applies to both the franchise tax and the litter tax.

- | | | |
|---|----------|----|
| (a) First \$50,000 of Ohio taxable income (see note above) | x .051 = | a. |
| (b) Ohio taxable income greater than \$50,000 (see note above).... | x .085 = | b. |
| (c) Tax on net income basis. (Add lines (a) and (b). Enter here and on Schedule A, line 14.)..... | | c. |

Net Worth Basis (The tax on net worth basis is not to exceed \$150,000.)

- | | | |
|---|----------|----|
| (d) Taxable value (from Schedule F, line 7). (Enter product here and on Schedule A, line 16.) | x .004 = | d. |
|---|----------|----|

Tax Due

- | | |
|--|----|
| (e) Greater of lines (c) or (d), but not less than the minimum fee. (Enter here and on Sched. A, line 17.) . | e. |
|--|----|

Section 2: Litter Tax Computation

Tier One Litter Tax (Complete tier one if the amount on line (e) is greater than the minimum fee.)

Net Income Basis

- | | | |
|--|-----------|----|
| (f) First \$50,000 of Ohio taxable income (see note above) | x .0011 = | f. |
| (g) Ohio taxable income greater than \$50,000 (see note above).... | x .0022 = | g. |
| (h) Add lines (f) and (g) | | h. |

Net Worth Basis

- | | | |
|---|------------|----|
| (i) Taxable value (from Schedule F, line 7) | x .00014 = | i. |
|---|------------|----|

Tier One Litter Tax

- | | |
|---|----|
| (j) Greater of lines (h) or (i) but not greater than \$5,000. If the taxpayer is a member of a combined report, see FT 1120C for limitation | j. |
|---|----|

Tier Two Litter Tax (Complete tier two only if the taxpayer manufactures or sells litter stream products. See instructions.)

Net Income Basis

- | | | |
|--|-----------|----|
| (k) Ohio taxable income greater than \$50,000 (see note above).... | x .0022 = | k. |
|--|-----------|----|

Net Worth Basis

- | | | |
|---|------------|----|
| (l) Taxable value (from Schedule F, line 7) | x .00014 = | l. |
|---|------------|----|

Tier Two Litter Tax

- | | |
|--|----|
| (m) Greater of lines (k) or (l) but not more than \$5,000. If the taxpayer is a member of a combined report, see FT 1120C for limitation | m. |
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|---|----|
| (n) Total Litter Tax – Add lines (j) and (m). Enter here and on Schedule A, line 18..... | n. |
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Schedule A-1 – Nonrefundable Credits

Credits must be claimed in the order listed. O.R.C. section 5733.98

Ohio Revised Code Section

	Ohio Revised Code Section	
1. Credit for taxes paid by a qualifying pass-through entity	5733.0611	1.
2. Credit for qualifying affiliated groups (due to related entity and related member adjustments).....	5733.068	2.
3. Credit for recycling and litter prevention donations.....	5733.064	3.
4. Credit for maintaining railroad crossing warning devices.....	5733.43	4.
5. Job retention credit	5733.0610(B)	5.
6. Second credit for purchases of new manufacturing machinery and equipment (7.5%-13.5% credit)	5733.33	6.
7. Job Training Credit.....	5733.42	7.
8. Credit for qualified research expenses	5733.351	8.
9. Credit for eligible new employees in an enterprise zone	5709.66	9.
10. Credit for eligible costs associated with voluntary action (brownfield site clean-up) (carryforward amount only)	5733.34	10.
11. Credit for employers that establish an on-site child daycare center	5733.37	11.
12. Ethanol plant investment credit.....	5733.46	12.
13. Credit for grape production property	5733.32	13.
14. Export sales credit (carryforward amount only)	5733.069	14.
15. Technology investment credit. (Attach credit certificate from Technology and Enterprise Advisory Board.)	5733.35	15.
16. Enterprise zone daycare and training credits.....	5709.65	16.
17. Research and development loan repayment credit	5733.352	17.
18. Total nonrefundable credits. (Enter here and on Schedule A, line 19.)		18.

Questionnaire (you must complete this schedule)

1. Corporation tax records are in care of (name) _____
Telephone number _____ E-mail address _____
2. Is this corporation a member of a consolidated U.S. 1120? Yes No. If "yes," enter the name and FEIN of the common parent: (Name) _____ (FEIN) _____
and the number of corporations that are included in the consolidated U.S. group _____
3. Is the corporation currently under audit by the I.R.S.? Yes No If yes, what years? _____
Does the corporation currently have I.R.S. audits under appeal? Yes No If yes, what years? _____
What was the last year the I.R.S. redetermined the corporation's federal taxable income? _____
4. During the taxable year, did this corporation make payments to, or receive payments from, a "related member" as defined in O.R.C. section 5733.042? Yes No
5. During 2003 or 2004 was this corporation the survivor of a merger with another corporation that was subject to the Ohio franchise tax? Yes No
6. If you entered any nonbusiness income on page 1, line 4, indicate the state(s) to which you reported such income as business income: _____
7. Is the taxpayer a "related member" to a Real Estate Investment Trust (REIT) or is a REIT a related member to the taxpayer? Yes No If "yes," please identify the REIT by name, address, and FEIN. _____
8. During the taxable year, did the taxpayer have a direct or indirect equity interest of 20% or more in any pass-through entity? Yes No
9. During the taxable year or any of the three preceding taxable years, did the taxpayer, directly or indirectly, participate in any tax shelter with respect to which registration is required under IRC section 6111? Yes No

Declaration/Signatures (an officer or managing agent of the corporation must sign this declaration)

I declare under penalties of perjury that this report (including any accompanying schedule or statement) has been examined by me and to the best of my knowledge and belief is a true, correct and complete return and report and that this corporation has not, during the preceding year, except as permitted by section 3517.082, 3599.03 and 3599.031 of the Ohio Revised Code, directly or indirectly paid, used or offered,

consented, or agreed to pay or use any of its money or property for or in aid of or opposition to a political party, a candidate for election or nomination to public office, or a political action committee, legislation campaign fund or organization that supports or opposes any such candidate or in any manner used any of its money for any partisan political purpose whatever, or for reimbursement or indemnification of any person for money or property so used.

▶	Date	Signature of officer or managing agent	Title
▶	Date	Signature of preparer other than taxpayer based on all information of which preparer has knowledge (See notice in Instructions, page 1.)	Title