Ohio | Department of Taxation

Reset Form

FT 1120C
Rev. 6/11

2012 Corporation Franchise Tax (Combined Report)

Caution: Most corporations are not subject to filing this report. See instructions.

Schedule B (Combined) Computation of Apportioned Income

	(1) Combined Totals	(2) Lead Corporation See "Note" below.	(3)	(4)	(5)
Name of corporation					
Ohio franchise tax I.D. number					
Federal employer I.D. number					
1. Federal taxable income (IRS form 1120, line 28)					
2. **Additions:**					
a. Valuation limitation on losses (Ohio form FT 1120VL)					
b. Loss from the 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. Distributive or proportionate share of pass-through entity expenses paid to, losses incurred from transactions with, and excess inventory costs paid to related members					
g. Total additions (add lines 2a through 2f)					
Deductions:					
h. Net income from foreign sources (Ohio form FT 1120, Schedule B-2, line 5)					
i. Valuation limitation on gains (Ohio form FT 1120VL)					
j. Dividends received (Internal Revenue Code [I.R.C.] 243 and R.C. 5733.04(I)(7) and (I)(8))					
k. Adjustment for federal targeted jobs credit or work opportunity credit					
l. Net interest from exempt U.S. obligations					
m. Interest on Ohio public obligations and purchase obligations and gain from the sale of Ohio public obligations					
n. Contributions to an individual development account program					
o. Net income from an "exempted investment" in a public utility					
p. Depreciation expense adjustment from Schedule B-4, line 19 and miscellaneous federal tax adjustments					
q. Total deductions (add lines 2h through 2p)	( )				
r. Net adjustment to federal taxable income (line 2(g) minus line 2(q) – if negative, enter in parentheses)					
3. Base income (line 1 plus line 2(r))					
4. Allocable income everywhere (Schedule C (combined), line 3, column 1)					
5. Apportionable income (line 3 minus line 4)					
6. Ohio apportionment ratio (Schedule D (combined), line 17, each column)		.	.	.	.
7. Ohio apportioned income (line 5, column 1 X line 6, each column). Enter each taxpayer's apportioned income on the taxpayer's separate Ohio form FT 1120, Schedule A, line 7					

Note: If the members of the combined franchise tax group consist of multiple tiers of parent and subsidiary corporations, please show in column (2) the highest ranking parent corporation included in the combined report. If the combined report does not contain a parent corporation, please show any corporation in column (2). We refer to the corporation shown in column (2) as the "lead corporation." Please attach this combined report to the franchise tax report of the lead corporation shown in column (2). It is not necessary to attach this combined report to the franchise reports of the other members.

Schedule D (Combined) Apportionment Ratio

	(1) Combined Totals	(2) Lead Corporation	(3)	(4)	(5)
Name of corporation					
Ending date of taxable year					
1. Property – Ohio (a) Owned (average cost)					
(b) Rented (annual rental x 8)					
(c) Total Ohio					
2. Property – everywhere (a) Owned (average cost)					
(b) Rented (annual rental x 8)					
(c) Total everywhere					
3. Payroll – Ohio					
4. Payroll – everywhere					
5. Sales – Ohio					
6. Less intercorporate sales					
7. Net Ohio sales					
8. Sales – everywhere					
9. Less intercorporate sales					
10. Net everywhere sales					
Ratios (carry to six decimal places)					
11. Property (line 1(c), each column, divided by line 2(c), column 1)		.	.	.	.
12. Payroll (line 3, each column, divided by line 4, column 1)		.	.	.	.
13. Sales (line 7, each column, divided by line 10, column 1)		.	.	.	.
Weighted Apportionment Ratio					
14. Property (multiply line 11, each column, by .20)		.	.	.	.
15. Payroll (multiply line 12, each column, by .20)		.	.	.	.
16. Sales (multiply line 13, each column, by .60)		.	.	.	.
17. Weighted apportionment ratio. Add the weighted ratios on lines 14, 15 and 16, each column. Enter each column on Schedule B (combined), line 6 and Schedule B-3 (combined), line 8	.	.	.	.	.

Note 1: If the denominator of any factor (column (1), lines 2(c), 4 or 10) 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%. Each taxpayer's apportionment ratio as determined on Schedule D (combined) applies only to the taxpayer's net income basis.

Note 2: For purposes of determining each taxpayer's net value of stock on the net worth basis, use the taxpayer's separate company apportionment ratio as determined on Schedule D, or if applicable, Schedule D-2, Ohio form FT 1120. See R.C. 5733.05(C)(3).

Note 3: Any request for deviation from the statutory apportionment provisions must be in writing.

Schedule C (Combined) Allocable Income Everywhere

Caution: See instruction booklet.

	(1) Combined Totals	(2) Lead Corporation	(3)	(4)	(5)
Name of corporation					
1. Amount from each corporation's Ohio form FT 1120, Schedule B-4, line 23					
2. Nonbusiness income					
3. Total (enter on Schedule B (combined), line 4)					

Caution: For taxable years ending on or after June 26, 2003 all income, gain, loss and expense is presumed to be business income. See instructions. Compute each taxpayer's income allocable to Ohio on Schedule C of each taxpayer's separate franchise tax report, Ohio form FT 1120. Any request for deviation from the statutory allocation provisions must be in writing.

Tier One Litter Tax Limitation – Tier One Tax is Limited to $5,000 for the Combined Group

(a) From each taxpayer's Ohio form FT 1120, Schedule G, enter the greater of line (h) or line (i) but not more than $5,000				
(b) Total of the amounts on line (a)				
(c) If the total on line (b) is not more than $5,000, enter each taxpayer's tier one litter tax from line (a), above, on its separate Ohio form FT 1120, Schedule G, line (j). If the total on line (b) is more than $5,000, divide $5,000 by the total and enter here				.
(d) Multiply amounts on line (a) by line (c). Enter here and on Ohio form FT 1120, Schedule G, line (j)				

Questionnaire (you must complete this schedule)

Note: A combined franchise tax group may not change the group with respect to amended reports or reports for future years without the written consent of the tax commissioner. The addition of a new member to a previously elected combination is a change in the combined group. See R.C. 5733.052(B) and *The Tranzonic Companies and Subs. v. Tracy*, BTA Case No. 90-M-1443 (Dec. 4, 1992).

1. If a combined report was filed for the previous tax year, does the combined report for the current tax year include any members that were not included in the combined report for the previous tax year?

☐ Yes ☐ No ☐ Not Applicable

If yes, please file Ohio form FT COM, Request for Permission to File or Amend a Combined Franchise Tax Report.

2. If a combined report was filed for the previous tax year, does the combined report for the current tax year exclude any members that were included in the combined report for the previous tax year? (In answering this question, do not consider corporations that are no longer subject to the franchise tax because of the phase-out and do not consider corporations that do not satisfy the income or ownership requirements for a combined report as of Jan. 1 of the current tax year.)

☐ Yes ☐ No ☐ Not Applicable

If yes, please file Ohio form FT COM, Request for Permission to File or Amend a Combined Franchise Tax Report.

Schedule B-3 (Combined)
Related Entity/Member Adjustments

	(1) Combined Totals	(2) Lead Corporation	(3)	(4)	(5)
Name of corporation					
1. Related entity gains (losses) from sale of investments in stock or debt. R.C. 5733.04(I)(12)(a)					
2. Related entity gains (losses) from sale of other intangible property. R.C. 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). (Line 3 minus line 4.)					
6. Interest expense and intangible expense paid to related members. R.C. 5733.04(I)(13) and 5733.042					
7. Add lines 5 and 6					
8. Ohio apportionment ratio (Schedule D (combined), line 17 each column)	.	.	.	.	.
9. Apportioned income (line 7, column 1 X line 8, each column)					
10. Related entity gains (losses) allocable to Ohio					
11. Add lines 9 and 10, each column					
12. Apportionable excess related entity loss (if loss taxed in all states exceeds total loss). R.C. 5733.054(B)					
13. Apportionable excess related entity gain (if gain taxed in all states exceeds total gain). R.C. 5733.054(A)	( )	( )	( )	( )	( )
14. Related members' net interest income and net intangible income taxed by other states. R.C. 5733.055	( )	( )	( )	( )	( )
15. Enter the lesser of (a) line 14 (combined) or (b) the product of line 6 (combined) times line 8 (combined)	( )				
16. Total of lines 12, 13 and 15					
17. Each taxpayer's proportionate share of the combined Ohio apportionment ratio. Divide line 8, each column by line 8, column 1	**1.000000**	.	.	.	.
18. Multiply line 16 by line 17, each column					
19. Allocable excess related entity loss (if loss deducted in all states exceeds total loss). R.C. 5733.054(B)					
20. Allocable excess related entity gain (if gain taxed by all states exceeds total gain). R.C. 5733.054(A)		( )	( )	( )	( )
21. Related entity and related member adjustment. Sum of lines 11, 18, 19 and 20, each column. Enter each taxpayer's amount on the taxpayer's separate Ohio form FT 1120, Schedule A, line 10					

2012 Instructions – See Ohio Revised Code Section (R.C.) 5733.052

Caution: As a result of the Ohio corporation franchise tax phase-out and the commercial activity tax phase-in, **most corporations are not subject to the franchise tax for tax years (report years) 2010 and thereafter. Corporations that are not subject to the 2012 franchise tax (based on the taxable year ending in 2011) have no report year 2012 franchise tax payment or filing obligation.** For all but the companies described below, the franchise tax phase-out was complete with the filing of the 2009 franchise tax report (based on the taxable year ending in 2008).

Exceptions to Franchise Tax Phase-Out. The following companies remain subject to the franchise tax for tax years 2010 and thereafter: (i) financial institutions, (ii) financial holding companies, (iii) bank holding companies, (iv) savings and loan holding companies, (v) affiliates of entities described in (i) through (iv) above when such affiliates are engaged in financial institution-type activities, (vi) certain affiliates of insurance companies when such affiliates are engaged in insurance-type activities, and (vii) "securitization" companies described in R.C. 5751.01(E)(10). See R.C. 5733.01(G) and 5751.01(E).

Elected Combination. If the corporation is subject to the franchise tax for report year 2012, and if the taxpayer on Jan. 1 of the tax year owns or controls either directly or indirectly more than 50% of the voting stock of one or more taxpayer corporations may elect to combine net income with such other taxpayer corporations. A "taxpayer" is a corporation subject to the franchise tax. Taxpayers whose voting stock on Jan. 1 of the tax year is more than 50% owned or controlled either directly or indirectly by another corporation or by related interests may also elect to combine net income. That is, brother-sister taxpayer corporations owned by an individual may elect to combine net income, and brother-sister taxpayer corporations owned by a parent corporation may elect to combine net income without inclusion of the parent corporation. However, where less than all eligible taxpayer corporations elect to combine net income, the group must include an explanation for the nonparticipation by such eligible taxpayer corporations. Net worth is not combined; each member of a combined report must determine its net worth and net-worth base tax on its separate franchise tax report.

Ohio Income Requirement. Each taxpayer in an elected combination must have income, other than dividend income, from sources within Ohio (either positive income or negative income [loss]). "Income from sources within Ohio" means income that would be allocated or apportioned to Ohio if the taxpayer were not included in a combined report. Those taxpayer groups that elected to combine in prior tax years must amend their combinations to delete taxpayers that during the taxable year did not have income, other than dividend income, from sources within Ohio.

Timely Election. Taxpayers that elect to combine must do so in a timely filed report. A report is timely if it is filed within the time prescribed by R.C. 5733.02 as extended under R.C. 5733.13. A combination is timely elected under R.C. 5733.052(B) if any member of the combination has complied with all of the franchise tax report deadlines even if other members have not so complied. Thus, a taxpayer that fails to pay its estimated tax by the required dates and fails to separately file its request(s) for extension by the required dates may nevertheless file in combination with other corporations after the due date of the taxpayer's report if another corporation in the combined group has timely paid its estimated tax, has timely filed its request(s) for extension, and has timely filed its franchise tax report in combination with the taxpayer. See *Roxane Laboratories, Inc. v. Tracy* (1996), 75 Ohio St. 3d 125. However, each member of a combined report that fails to comply with the filing and payment deadlines is subject to the applicable penalty and interest charges.

Changing the Election. An election to combine may not be changed by such taxpayers either in amended reports or reports for future years without the written consent of the tax commissioner. The addition of a new member to a previously elected combination is a change in the combined group. See R.C. 5733.052(B) and *The Tranzonic Companies and Subs. v. Tracy*, BTA Case No. 90-M-1443, Dec. 4 1992. Taxpayers seeking to change their existing combination must file Ohio form FT COM, Request for Permission to File or to Amend a Combined Corporation Franchise Tax Report. The deletion from the combination of a member that is no longer subject to the franchise tax because of the phase-out is not a change in the election.

Required or Permitted Combination. If on Jan. 1 of the tax year the combined report's more than 50% ownership requirement is met (see "Elected Combination" paragraph, above), the tax commissioner may require or permit a taxpayer and another corporation to combine their net income (whether or not the other corporation is a taxpayer and whether or not the other corporation has income from sources within Ohio on a separate company basis). The department will require franchise tax combinations and will pursue expanded combinations where the department ascertains that the failure to combine income distorts the amount of income fairly apportioned and allocated to Ohio. For purposes of ascertaining whether such income distortion exists, the department will consider all relevant evidence.

See the department's information release entitled "I.R.C. Section 482 Study: Taxpayers Seeking To Avoid Ohio Corporate Franchise Tax Report Required or Expanded Combinations," issued June 2000 and revised January 2005. Taxpayers requesting the tax commissioner's permission to file a combined report with corporations that are not taxpayers must file Ohio form FT COM. Nontaxpayer corporations included in a combined report must compute income in the same manner as if they were taxpayers.

Interest and Penalty; Estimated Payments. To avoid penalty and interest, each member of a combined franchise tax report must: (1) separately and timely file the Declaration of Estimated Tax (Ohio form FT 1120E) and the request(s) for extension (Ohio form FT 1120ER and FT 1120EX) and (2) pay the estimated tax due by the dates stated in general instructions 10A and 10B.

Payment by Electronic Funds Transfer. For purposes of determining whether members of a combined group are required to pay by electronic fund transfer (EFT), group members must add together their tax liabilities after reduction for nonrefundable credits for the second preceding tax year. If the combined group's aggregate tax liability after reduction for nonrefundable credits for the second preceding tax year exceeded $50,000, then for the current tax year each member must remit its payments by EFT.

Completing the Form. Two or more corporations filing in combination must complete Ohio form FT 1120C, Corporation Franchise Tax (Combined Report). Complete Combined Report Schedules B, B-3, C (everywhere) and D in columnar form showing the line item figures for each individual corporation and the combined totals of each line item **after the elimination of intercorporate transactions between corporations in the combined group.** Schedule B-3 (combined) must be completed in accordance with the instructions below (see May 6, 1992 franchise tax information release "Schedule B-3 (combined) Related Entity and Related Member Adjustments for Corporations Included in a Combined Franchise Tax Report"). Complete additional pages if needed to reflect the number of members included in the combination.

After completing the combined report, each taxpayer must enter on its own separate franchise tax report, Ohio form FT 1120, the following: (1) the taxpayer's apportioned income from Schedule B (combined), line 7, and (2) the taxpayer's related entity and related member adjustment from Schedule B-3 (combined), line 21. Each taxpayer must then compute its own Ohio allocable income, Ohio taxable income and net income base tax and its net worth base tax. Each member of a combined group has its own Ohio net operating loss deduction because each member computes its own Ohio taxable income on its own franchise tax report, Ohio form FT 1120. Each member of the combined group with a balance due must make payment with its franchise tax report. Each member with an overpayment will receive a refund or, if the corporation requests, a credit toward the corporation's estimated tax for the

following year. The overpayment of one member cannot be netted against the balance due of any other member.

Sharing the $0 to $50,000 Tax Bracket; Litter Tax Limitation. All Ohio taxpayer corporations that as of Jan. 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 taxable income bracket to which the 5.1% rate applies. Such related taxpayers must share the $0 to $50,000 taxable income bracket regardless of whether those related taxpayer corporations actually file a combined report (see R.C. 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 Ohio form FT OTAS, Ohio Taxpayer Affiliation Schedule. The proration, however made, applies to both the franchise tax and the litter tax. In addition, Ohio form FT 1120C contains limitation schedules to ensure that neither of the two litter taxes exceeds $5,000 for the combined group.

Credits Separately Determined and Used. Unless the statute that provides for the credit specifically states otherwise, each taxpayer in the combined group must separately determine and use any franchise tax credits to which the taxpayer is entitled.

Note: For taxable years ending on or after July 1, 2005, the R.C. 5733.33 manufacturer's credit converted to a nonrefundable grant administered by the Ohio Department of Development. For franchise tax report years 2007 and thereafter, only the grant is available because the taxable years for all taxpayers for all such report years will end after the June 30, 2005 effective date of the new law. This is so even for the 1/7 amounts from 2005 and earlier qualifying purchases for which the taxpayer claimed a credit on earlier reports.

For new manufacturing machinery and equipment purchased after Dec. 31, 2000 a "qualifying controlled group" must compute the 7.5%-13.5% manufacturer's credit (grant) on a consolidated basis, and for new manufacturing machinery and equipment purchased before Jan. 1, 2001, a qualifying controlled group can elect to compute the 7.5%-13.5% manufacturer's credit (grant) on a consolidated basis. See R.C. 5733.33(I) and 122.173(I). The term "qualifying controlled group" means two or more corporations that meet the R.C. 5733.052(A) ownership and control requirements to file a combined franchise tax report (whether or not the corporations actually file a combined report). See R.C. 5733.04(M).

Schedule B-3 (Combined) – Related Entity and Related Member Adjustments

The related member adjustments apply to all corporations that pay interest expense or intangible expense to certain related members.

Lines 1, 2, 4, 6 and 10 – Follow the Schedule B-3 line instructions in the Ohio corporation franchise tax report instruction booklet. For each corporation included in the combined report enter the line item amounts in the column for that corporation. Enter in column (1) the sum of the amounts of columns (2) through (5).

Line 8 – Enter each corporation's Ohio apportionment ratio from Schedule D (combined), line 17. Enter in column (1) the sum of the amounts in columns (2) through (5).

Lines 12 and 19 – Review the instructions for Schedule B-3, line 11 in the Ohio corporation franchise tax report instruction booklet. Also, analyze the related entity losses deducted from each corporation's federal taxable income on lines 1 and 2, above. For each related entity loss deducted, determine the excess related entity loss, if applicable. (Excess related entity loss is the amount by which the loss actually allocated or apportioned to Ohio and to other states that impose a tax on or measured by net income exceeds the total loss from the sale or other disposition of the asset. The excess related entity loss adjustment is limited to that portion of each loss actually allocated to Ohio on line 10 or apportioned to Ohio on line 9.) If an excess related entity loss is attributable to a loss that was allocated in whole or in part to Ohio, the excess related entity loss is allocable on line 19. If an excess related entity loss is attributable to an apportionable loss, the excess related entity loss is apportionable on line 12.

Enter on line 12 as a positive number each corporation's total apportionable excess related entity loss. Enter in column (1) the sum of the amounts in columns (2) through (5).

Enter on line 19 as a positive number each corporation's total allocable excess related entity loss.

Lines 13 and 20 – Review the instructions for Schedule B-3, line 12, in the Ohio corporation franchise tax report instruction booklet. Also, analyze the related entity gains added to each corporation's federal taxable income on lines 1 and 2, above. For each related entity gain added, determine the excess related entity gain, if applicable. (Excess related entity gain is the amount by which the gain actually allocated or apportioned to Ohio and to other states that impose a tax on or measured by net income exceeds the total gain from the sale or other disposition of the asset. The excess related entity gain adjustment is limited to that portion of each gain actually allocated to Ohio on line 10 or apportioned to Ohio on line 9.) If an excess related entity gain is attributable to an apportionable gain, the excess related entity gain is apportionable on line 13.

Enter on line 13 each corporation's total apportionable excess related entity gain. Enter in column (1) the sum of the amounts in column (2) through (5).

Enter on line 20 each corporation's total allocable excess related entity gain.

Line 14 – Follow the Schedule B-3, line 13 instructions contained in the Ohio corporation franchise tax report instruction booklet but do not determine the R.C. 5733.055 limitation on a separate company basis. The R.C. 5733.055 limitation is determined on a combined basis on line 15, Schedule B-3 (combined). For each corporation included in the combined report enter the line item amount in the column for that corporation. Enter in column (1) the sum of the amounts in columns (2) through (5).