

2016 Schedule TTP Instructions

Tax Treaty Positions

A corporation that takes a treaty-based return position in filing its Massachusetts return must disclose that position when filing its return. A taxpayer takes a treaty based return position by maintaining that a treaty of the U.S. overrules or modifies a provision of the Internal Revenue Code and thereby causes (or potentially causes) a reduction of the income required to be shown on the return. Note that the exclusions from a similar requirement to disclose treaty-based positions for U.S. federal tax purposes do not apply to the requirement that corporations of a combined group disclose the position with their Massachusetts return.

Header for Schedule TTP

Enter the name of the corporation, its Federal Identification number and the beginning and ending dates of the taxable year. If the corporation is a non-U.S. corporation that does not have a Federal Identification number, enter "Foreign" in the space provided for the FIN.

Indicate the type of Massachusetts tax return with which this schedule is being submitted. Also enter, in line 3 of the header, the corporation's U.S. address (which may be the address of the principal reporting of a combined group if the corporation does not have an office or other agent in the U.S.).

Enter, in line 4 of the header, the corporation's address in the country of residence including street address, city with province or state and postal code, and country name. Indicate whether or not the corporation filed U.S. Form 1120F and whether or not the taxpayer filed U.S. Form 8833 with the IRS for the taxable year.

Treaty Information

A single corporation relying on multiple U.S. national treaties files a single schedule TTP to identify the various treaties and the positions taken on the same schedule. If filing a paper return (e.g. a financial institution that is not required to file a combined report and submits Form 63FI), attach a statement providing information about any additional treaties.

For each treaty relied on, enter the name of the treaty country and indicate whether the treaty relied on is an income tax treaty or any other kind (e.g. commerce, etc.). Also identify the specific article(s) relied upon by the taxpayer (there may be more than one article providing benefits applicable to the corporation under a given treaty). For each treaty relied on, identify the IRS Code provision(s) overruled or modified by the treaty in question.

If the treaty relied upon has a limitation-on-benefits article, identify the provision(s) that the corporation relies on to prevent application of the article (e.g. how is the corporation a qualified person if such is required to claim a benefit under the treaty). Explain the treaty-based return position taken. Include a brief summary of the facts on which it is based and a description of the income to be excluded from the Massachusetts combined return. It is not necessary to quantify the items of income affected by each treaty separately.

Income Exclusions

Each corporation filing Schedule TTP must report the amount of income excluded from its return (from its Schedule U-M if the corporation is a member of a Massachusetts combined group filing a combined report) by application of all the treaties identified on Schedule TTP. Each corporation must report separately the amounts of interest, royalties, other FDAP income and other non-FDAP income from all sources that were excluded from its income as reported. Note that any corporation that excludes income from its Massachusetts income computation must also, for consistency purposes, exclude any expenses that relate to such income and also must adjust its apportionment formula to exclude any factor attributes that relate to the excluded income. Do not reduce these amounts on lines 1 through 4 on account of any deductions that would be allowable if the income were taxable on a net income basis. The total of lines 1 through 4 is reported on line 5.

Combined Report Filers Only

For each Schedule TTP, identify the name of the combined group's principal reporting corporation and the Federal Identification number of the principal reporting corporation.

Each corporation filing Schedule TTP that receives but excludes from the combined report any income that is derived, directly or indirectly, from intangible property or service-related activities, the costs of which are generally deductible for federal income tax purposes against the business income of other corporations of the Massachusetts combined group must also identify the amounts received from each related party.

Enter the name of each member of the Massachusetts combined group paying such amounts to the corporation filing Schedule TTP, the Federal Identification number of the other corporation making the payments and the total amount of income excluded from the return (without reduction on account of any deductions that would be allowable if the income were included in the combined report). The total of the amounts on line 6 may be less than the amount reported on line 5 if the corporation filing schedule TTP is excluding income from sources other than the members of the Massachusetts combined group because of the treaty.

For each Schedule TTP, also check the first applicable box that corresponds to this corporation (e.g. if the corporation is a non-U.S. corporation that, based on its own activities, is taxable on its income in Massachusetts, that box will be checked regardless of whether or not either of the subsequent tests is met).