



Massachusetts Department of Revenue
Schedule FCI
Foreign Corporation Income of U.S. Shareholder

2018

For calendar year 2018 or taxable year beginning

2018 and ending

The U.S. shareholder must provide copies of U.S. Forms 965, 5471, 8992 and 8993 (as filed, with all schedules and supporting statements) with this schedule.

A U.S. shareholder who is a member of a Massachusetts combined group must complete Parts A, B and C. All other taxpayers must complete Parts A and Part B only.

Name of U.S. shareholder

Taxpayer Identification number

Number of foreign corporations for which U.S. shareholder is reporting income

Fill in if U.S. shareholder is a Massachusetts combined group member

Combined group election

 Worldwide

 Affiliated group

 Neither

Name of principal reporting corporation of Massachusetts combined group

Taxpayer Identification number

Fill in if any foreign corporation for which U.S. shareholder is reporting income is a member of the same Massachusetts combined group as U.S. shareholder

Part A. IRC § 965 Repatriation Transition Income. See instructions.

Deemed repatriated income of U.S. shareholder. IRC § 965 inclusions and deductions.

- 1** U.S. shareholder's 2018 IRC § 965(a) inclusion amounts (from 2018 U.S. Form 965, Part I, line 3) **1**
- 2** U.S. shareholder's total 2018 tax year IRC § 965(c) deduction (from 2018 U.S. Form 965, Part II, Section 1, line 17) . . . **2**
- 3** U.S. shareholder's 2017 IRC § 965(a) inclusion amounts (from 2018 U.S. Form 965, Part I, line 6) **3**
- 4** U.S. shareholder's total 2017 tax year IRC § 965(c) deduction (from 2018 U.S. Form 965, Part II, Section 1, line 28) . . . **4**

Part B. Controlled Foreign Corporation (CFC) Income. See instructions.

Subpart F income of U.S. shareholder

- 1** U.S. shareholder's Subpart F income (from U.S. Form 5471, Schedule I, total of lines 1 through 4; see instructions) . . . **1**

Global Intangible Low-Taxed Income (GILTI) of U.S. shareholder

- 2** U.S. shareholder's IRC § 951A GILTI (from U.S. Form 8992, Part II, line 3) **2**

Dividends actually received by U.S. shareholder from CFCs

- 3** Dividends actually received by U.S. shareholder from CFCs (from U.S. Form 5471, Schedule I, line 5; see instructions) **3**



Name of U.S. shareholder

Taxpayer Identification number

Part C. Total Dividends of U.S. Shareholder — Massachusetts Combined Group Member

Complete lines 1 through 9 for each year only if U.S. shareholder is a member of a Massachusetts combined group. See instructions.

	2017	2018
1 Total of all U.S. and foreign dividends (deemed or actual) of U.S. shareholder (including IRC § 965(a) inclusions, Subpart F income, GILTI and CFC dividends)		
2 Combined group dividends of U.S. shareholder subject to intercompany elimination		
3 Total of all dividends of U.S. shareholder not subject to intercompany elimination. Subtract line 2 from line 1		
4 Line 3 dividends attributable to U.S. subsidiaries where U.S. shareholder owns less than 15% of voting stock		
5 Line 3 dividends attributable to foreign subsidiaries where U.S. shareholder owns less than 15% of voting stock		
6 Line 3 dividends attributable to U.S. shareholder's ownership of RICs, REITs or non-wholly owned DISCs		
7 Total line 3 taxable dividends of U.S. shareholder. Add lines 4 through 6		
8 Total line 3 dividends of U.S. shareholder eligible for 95% Massachusetts DRD. Subtract line 7 from line 3		
9 95% Massachusetts DRD of U.S. shareholder. Multiply line 8 by .95		

2018 Instructions for Schedule FCI

(Foreign Corporation Income of U.S. Shareholder)

Note: taxpayers/U.S. shareholders must refer to specific Massachusetts tax return instructions to ensure amounts reflected on Schedule FCI are reported correctly in order to calculate their respective business or personal income tax liability.

General Instructions

Federal legislation enacted in December of 2017, generally known as the Tax Cuts and Jobs Act (TCJA), made major changes to federal taxation of foreign business activities. Major provisions of the TCJA include, among others, reporting of deemed repatriation income, a federal dividends-received deduction for dividends from foreign subsidiaries, and new rules relating to IRC § 951A Global Intangible Low-Taxed Income (GILTI) which subject certain previously deferred foreign earnings to current U.S. taxation.

The TCJA has a number of tax implications for Massachusetts taxpayers. These are, among others, tax treatment of Internal Revenue Code (IRC) § 951 Subpart F income, GILTI, and corporate excise income add-back adjustments for disallowed federal deductions (including the IRC § 245A participation exemption deduction for foreign-source dividends and IRC § 250 deduction from GILTI and from foreign-derived intangible income (FDII)).

As a result, for tax years beginning on or after January 1, 2018, certain eligible business taxpayers and individual personal income taxpayers must file MA Schedule FCI (Foreign Corporation Income of U.S. Shareholder) with their tax return to report the pro rata share of foreign corporation income reported by them for federal tax purposes under the TCJA. This includes, among other things, reporting of deemed repatriation income under Internal Revenue Code (IRC) § 965 and inclusion of IRC § 951A GILTI. For a detailed explanation of the impact of new IRC § 951A and revised IRC § 965, among other things, see *TIR 18-11: Treatment of Deemed Repatriated Income under General Laws Chapter 63* and *TIR 18-XX: Impact of Selected Provisions of the Federal Tax Cuts and Jobs Act on Massachusetts Personal Income Tax under Chapter 62*.

The scope of reporting on Schedule FCI includes U.S. shareholder and foreign corporation information and income and deductions attributable to controlled foreign corporations (CFCs) and certain specified foreign corporations (SFCs) for tax years 2017 and 2018. Eligible taxpayers/U.S. shareholders that are members of a Massachusetts combined group must also report total dividends received and deductions claimed for both U.S. and foreign dividend sources for tax years 2017 and 2018.

Record Keeping Requirements

In addition to completing and submitting Schedule FCI with their tax return, eligible taxpayers/U.S. shareholders must provide complete copies of the following 2018 U.S. tax forms (as filed with all supporting schedules and statements) to the extent they were required to do so for federal tax purposes:

- Form 965 (Inclusion of Deferred Foreign Income Upon Transition to Participation Exemption System);
- Form 5471 (Information Return of U.S. Persons with Respect to Certain Foreign Corporations);
- Form 8992 (U.S. Shareholder Calculation of Global Intangible Low-Taxed Income (GILTI)); and
- Form 8993 (Section 250 Deduction for Foreign-Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI)).

Note: Submission of these U.S. forms with Schedule FCI constitutes a part of the taxpayer's Massachusetts tax return reporting and filing requirements.

Who must file Schedule FCI with their Tax Return?

With few exceptions below, Schedule FCI must be completed and filed with the tax return of any Massachusetts business entity or individual taxpayer who, for federal tax purposes, is a U.S. shareholder of any controlled foreign corporation (CFC) or specified foreign corporation (SFC) as such are defined in the Internal Revenue Code (IRC) under the TCJA. Schedule FCI must be completed and filed when such taxpayer/US shareholder has a legal requirement to file and report

income and deductions attributable to CFCs or SFCs on certain specified US tax forms. The taxpayer must provide complete copies of these US forms with Schedule FCI and their tax return if they were filed with the IRS. See **Record Keeping Requirements** above.

Business taxpayer filing requirement - Reporting Required at Entity-level Only

Eligible business taxpayers with a Massachusetts tax return filing requirement must complete and submit Schedule FCI with their tax return if they have reported income and/or deductions attributable to CFCs or SFCs on certain specified U.S. tax forms listed under the **Record Keeping Requirements** above.

Business taxpayer reporting required on an entity-level basis. C corporations and Pass-Through Entities (PTEs) (S corporations, partnerships or trusts) are required to complete Schedule FCI at the entity level only. Individual pass-through members of a PTE (i.e., individual S corporation shareholders, partners or trust beneficiaries who are pass-through recipients of income attributable to a CFC or a SFC) are not required to complete and submit a MA Schedule FCI with their tax returns.

Exception: in the event a pass-through member of a PTE is a business entity (non-individual) with a Massachusetts tax return filing requirement, it must also complete and submit Schedule FCI with its tax return to the extent it is an eligible taxpayer/U.S. shareholder with income attributable to a CFC or a SFC.

Individual taxpayer filing requirement

Individual personal income taxpayers who are direct recipients of income attributable to foreign corporations must complete and submit Schedule FCI with their MA Form 1 (Resident Income) or Form 1-NR/PY (Nonresident/Part-Year Resident) tax return. Because filing of Schedule FCI is only required on an entity-level basis, a personal income taxpayer whose only foreign corporation income attributable to a CFC or a SFC is received as an individual pass-through member of a PTE is not required to complete and submit Schedule FCI with their tax return.

Exception: in some cases, an individual pass-through member of a PTE may also have separate income attributable to a CFC or a SFC which is unrelated to its status as a pass-through recipient of a PTE. In such cases, such individual pass-through member of a PTE must complete and submit Schedule FCI with its individual tax return to report the separate unrelated foreign income attributable to a CFC or a SFC.

Note: Individual taxpayers are not required to report repatriation income under Schedule FCI Part A.

Instructions for Top Portion of Schedule FCI

The taxpayer/U.S. Shareholder must enter the beginning and ending dates of its taxable year on the top portion of Schedule FCI. The taxpayer/U.S. shareholder must report U.S. shareholder and foreign corporation information as provided on U.S. Form 5471 and the other related U.S. forms that must be submitted with Schedule FCI (see **Record Keeping Requirements** above).

U.S. shareholders are generally required to report aggregate inclusion amounts for federal tax purposes. As such, U.S. shareholders are generally required to complete a separate U.S. Form 5471 for each applicable foreign corporation. As a result, a number of forms 5471 may be filed by a single U.S. shareholder. To address this, Schedule FCI requires that the taxpayer/U.S. shareholder report the total number of foreign corporations from which the taxpayer/U.S. shareholder is reporting income and deductions. All forms 5471 related to the total number of foreign corporations reported must be provided with Schedule FCI.

Schedule FCI also requests whether the taxpayer/U.S. shareholder is a member of a Massachusetts combined group. If so, the taxpayer/U.S. shareholder must indicate its combined group election status, the name and TIN of the principle reporting corporation of the combined group, and whether any controlled foreign corporation (CFC) or specified foreign corporation (SFC) reported on Schedule FCI is also a member of the same combined group as the taxpayer/U.S. shareholder.

Specific Reporting Instructions – Schedule FCI Parts A through C

Note: Eligible taxpayers/U.S. shareholders who are members of a Massachusetts combined group must complete Parts A, B and C of Schedule FCI. All other taxpayers/U.S. shareholders must complete Parts A and Part B of Schedule FCI only.

Part A – IRC § 965 Repatriation Transition Income (Inclusion and Deduction Amounts)

For purposes of completing Schedule FCI, the taxpayer/U.S. shareholder must report the applicable § 965(a) inclusion and § 965(c) deduction amounts for 2017 and 2018 tax years. See [TIR 18-11: Treatment of Deemed Repatriated Income Under General Laws Chapter 63](#) for specific details regarding Massachusetts reporting of deemed repatriated income by eligible U.S. shareholders of SFCs and CFCs. TIR 18-11 contains a table with the specific reporting locations at which taxpayers are to reflect deemed repatriated income and corresponding MA adjustments on their MA tax return.

In addition to enclosing a completed copy of its 2018 U.S. Form 965 as filed, the taxpayer/U.S. shareholder must enter the following amounts in Schedule FCI, Part A:

Line 1 - enter the 2018 IRC § 965(a) inclusion amount as reported on 2018 U.S. Form 965, Part I, line 3

Line 2 - enter the total 2018 IRC § 965(c) deduction amount as reported on 2018 U.S. Form 965, Part II, § 1, line 17

Line 3 - enter the 2017 IRC § 965(a) inclusion amount as reported on 2018 U.S. Form 965, Part I, line 6

Line 4 - enter the total 2018 IRC § 965(c) deduction amount as reported on 2018 U.S. Form 965, Part II, § 1, line 17.

Note: Individual taxpayers are not required to report repatriation income under Schedule FCI Part A.

Part B - Controlled Foreign Corporation (CFC) Income

In addition to enclosing completed copies of 2018 U.S. Forms 5471 and 8992 as filed, the taxpayer/U.S. shareholder must enter the following amounts in Schedule FCI, Part B:

Line 1 - Subpart F income of U.S. shareholder

The taxpayer/U.S. shareholder must enter the U.S. shareholder's Subpart F income from U.S. Form 5471, Schedule I, total of lines 1 through 4, on line 1 of Part B.

Line 2 - Global Intangible Low-Taxed Income (GILTI) of U.S. shareholder

The TCJA added new IRC § 951A, which requires U.S. individual shareholders of a controlled foreign corporation (CFC) to include their pro rata share of the CFC's global intangible low-taxed income (GILTI) in federal gross income each year starting with taxable years beginning after December 31, 2017. The taxpayer/U.S. shareholder must enter the U.S. shareholder's IRC § 951A GILTI from U.S. Form 8992, Part II, line 3, on line 2 of Part B.

Line 3 - Dividends actually received by U.S. shareholder from Controlled Foreign Corporations (CFCs)

For federal tax purposes, a U.S. shareholder must report on U.S. Form 5471 all dividends actually received from a foreign corporation that were not previously taxed under subpart F in the current year or in any prior year. For line 3, Part B of Schedule FCI, the taxpayer/U.S. shareholder must enter the dividends received by the U.S. shareholder from CFCs from U.S. Form 5471, Schedule I, line 5.

Part C. Total Dividends of U.S. Shareholder — Massachusetts Combined Group Member

An eligible taxpayer/U.S. shareholder that is a member of a MA combined group must report their total dividend income and deductions on Schedule FCI, Part C, for tax years 2017 and 2018. To complete Part C, enter the requested information in the same manner as a stand-alone business corporation or financial institution would report total dividend income and deductions on Schedule E-1 of MA Forms 355/355S or Schedule D of MA Form 63-FI.

The taxpayer/U.S. shareholder that is a member of a MA combined group must enter the total dividend income and

deduction amounts on Schedule FCI, Part C, for tax years 2017 and 2018. Enter the line item information for each separate tax year column:

Line 1 - Enter on line 1 the total of all U.S. and foreign source dividends (whether deemed or actual) of the taxpayer/U.S. shareholder (including but not limited to IRC § 965(a) inclusions, Subpart F income, GILTI and CFC dividends)

Line 2 - Enter on line 2 the total of all combined group dividends of the taxpayer/U.S. shareholder that are subject to intercompany elimination pursuant to the Massachusetts combined group reporting regulation. See 830 CMR 63.32.2(6)(c)(4)

Line 3 - Enter on line 3 the total of all dividends of the taxpayer/U.S. shareholder that are not subject to intercompany elimination by subtracting line 2 from line 1

Line 4 - Enter on line 4 the total of all line 3 dividends attributable to U.S. subsidiaries where the taxpayer/U.S. shareholder owns less than 15% of voting stock

Line 5 - Enter on line 5 the total of all line 3 dividends attributable to foreign subsidiaries where the taxpayer/U.S. shareholder owns less than 15% of voting stock

Line 6 - Enter on line 6 the total of all line 3 dividends that are attributable to U.S. shareholder's ownership of RICs, REITs or non-wholly owned DISCs

Line 7 - Enter the total of lines 4 through 6 on line 7. This amount represents the total of taxable dividends not subject to the 95% Massachusetts dividends received deduction (MA DRD)

Line 8 - Subtract the total on line 7 from the total on line 3 and enter this amount on line 8. This amount represents the total of all line 3 dividends of U.S. shareholder that are eligible for the 95% MA DRD

Line 9 - Multiply the total on line 8 by .95 and enter this amount on line 9. This represents the total of all 95% Massachusetts DRD of the taxpayer/U.S. shareholder