



Massachusetts Department of Revenue

Schedule FCI

Foreign Corporation Income of U.S. Shareholder

(Note: Schedule FCI is for corporate and partnership taxpayers only)

2019

For calendar year 2019 or taxable year beginning

2019 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.

All corporate and partnership taxpayers (including stand-alone businesses and combined group members) must complete Part A and Part B below. A U.S. shareholder that is a member of a Massachusetts combined group must also complete Part C below. See instructions.

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 Deferred Foreign Income. See instructions.

IRC § 965 inclusions and deductions

- 1 U.S. shareholder's 2019 IRC § 965(a) inclusion amounts (from 2019 U.S. Form 965, Part I, line 3) 1 []
2 U.S. shareholder's 2019 IRC § 965(c) deduction (from 2019 U.S. Form 965, Part II, Section 1, line 17) 2 []
3 U.S. shareholder's 2018 IRC § 965(a) inclusion amounts (from 2018 U.S. Form 965, Part I, line 3) 3 []
4 U.S. shareholder's total 2018 tax year IRC § 965(c) deduction (from 2018 U.S. Form 965, Part II, Section 1, line 17) 4 []
5 U.S. shareholder's 2017 IRC § 965(a) inclusion amounts (from 2018 U.S. Form 965, Part I, line 6) 5 []
6 U.S. shareholder's total 2017 tax year IRC § 965(c) deduction (from 2018 U.S. Form 965, Part II, Section 1, line 28) 6 []

Part B. U.S. Shareholder Income Other Than IRC § 965 Deferred Foreign Income

See instructions.

Subpart F income of U.S. shareholder

- 1 U.S. shareholder's 2019 Subpart F income (from 2019 U.S. Form 5471, Schedule I, total of lines 1 through 4) 1 []

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

- 2 U.S. shareholder's 2019 IRC § 951A GILTI (from 2019 U.S. Form 8992, Part II, line 3) 2 []

Dividends actually received by U.S. shareholder from CFCs

- 3 Dividends actually received in 2019 by U.S. shareholder from CFCs (from 2019 U.S. Form 5471, Schedule I, line 5) 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 the 2019 tax year only if U.S. shareholder is a member of a Massachusetts combined group. See instructions.

2019

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

Schedule FCI Instructions

Note: Taxpayers must refer to their specific Massachusetts tax return instructions to ensure that amounts reported on Schedule FCI are correctly reflected on their tax returns.

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 Global Intangible Low-Taxed Income (GILTI) which subject certain previously deferred foreign earnings to current U.S. taxation.

The TCJA has a number of Massachusetts tax implications for business and individual taxpayers. These are, among others, inclusion of deemed repatriation income, GILTI and Massachusetts income adjustments for disallowed federal deductions (including the IRC § 245A participation exemption deduction for foreign-source dividends and the IRC § 250 deduction from GILTI and Foreign-Derived Intangible Income (FDII)). This income is also subject to the dividend gross-up rules set out in IRC § 78 which must be reflected in amounts reported by the taxpayer in its respective business or personal income tax return.

As a result, for tax years beginning on or after January 1, 2018, certain business taxpayers and personal income taxpayers were required to file Massachusetts Schedule FCI (Foreign Corporation Income of U.S. Shareholder) with their tax returns to report the pro rata share of foreign corporation income reported for federal tax purposes under the TCJA. This included, 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 IRC § 965, see TIR 19-11: Legislation Impacting the Massachusetts Tax Treatment of Selected International Provisions of the Federal Tax Cuts and Jobs Act.

2019 - Schedule FCI (to be filed by corporate and partnership taxpayers)

For 2019, Schedule FCI retains the same format as in 2018. Corporate taxpayers and partnerships will continue to be required to file Schedule FCI with their tax returns in the same manner they filed the schedule in 2018. Other U.S. shareholders are required to file Schedule FCI-I with their tax returns. See "New for 2019 - Schedule FCI-I (to be filed by chapter 62 income taxpayers)" above.

New for 2019 - Schedule FCI-I (to be filed by chapter 62 income taxpayers)

As a result of tax law changes in the 2019 Massachusetts Supplemental Budget, for tax years beginning on or after January 1, 2019 chapter 62 income taxpayers are required to file Massachusetts Schedule FCI-I (Foreign Corporation Income of U.S. Shareholder) with their tax returns to report the pro rata share of foreign corporation income reported for federal tax purposes under the TCJA. This includes, among other things, reporting of deemed repatriation income under IRC § 965 and inclusion of IRC § 951A GILTI.

Partnership entities are not subject to the taxes imposed by chapter 62 and therefore should not file Schedule FCI-I. However, individuals carrying on business as partners are liable for the taxes

imposed by chapter 62 in their separate or individual capacities. See MGL ch 62 § 17. Separate or individual partners must file Schedule FCI-I with their tax returns. Partnerships should instead file Schedule FCI with their Form 3 return.

Trusts and trust beneficiaries (in their separate or individual capacities) are subject to the taxes imposed by chapter 62 and therefore should file Schedule FCI-I. Separate or individual trust beneficiaries must file Schedule FCI-I with their individual tax returns. Trusts should file Schedule FCI-I with Form 2.

Submit Federal Forms with Schedule FCI

In addition to completing and submitting Schedule FCI, taxpayers must also provide completed copies of the following 2019 U.S. tax forms (or their equivalents) as filed with all counterparts, supporting schedules and statements in the same manner as they were required to do so for federal tax purposes:

- Form 965 (Inclusion of Deferred Foreign Income Upon Transition to Participation Exemption System);
- Form 965-B (Corporate and Real Estate Investment Trust (REIT) Report of Net 965 Tax Liability and (REIT) Report of Net 965 Inclusion);
- 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));
- Form 8993 (Section 250 Deduction for Foreign-Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI)); and
- Any other related or equivalent U.S. form, schedule or statement

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

General Information

Who must file Schedule FCI?

Schedule FCI must be completed and filed with the tax return of any Massachusetts corporate or partnership 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 IRC under the TCJA. Schedule FCI must be completed and filed when a taxpayer has a legal requirement to file and report income and deductions attributable to CFCs or SFCs on certain specified U.S. tax forms. The taxpayer must provide completed copies of these U.S. forms with Schedule FCI and their Massachusetts tax return. See Record Keeping Requirements above.

Specific Reporting Instructions

The scope of reporting on Schedule FCI includes U.S. shareholder and foreign corporation information and income and deductions attributable to CFCs and SFCs. Taxpayers 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.

General Information (To be completed by all taxpayers)

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

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

Schedule FCI also requests whether the taxpayer is a member of a Massachusetts combined group. If so, the taxpayer 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 a member of the same combined group as the taxpayer.

Completing Schedule FCI, Parts A through C

In addition to completing the top portion of the schedule, all corporate and partnership taxpayers (including stand-alone businesses and combined group members) must complete Part A and Part B of schedule FCI. A U.S. shareholder that is a Massachusetts combined group member must also complete Part C of schedule FCI.

See TIR 19-11: Legislation Impacting the Massachusetts Tax Treatment of Selected International Provisions of the Federal Tax Cuts and Jobs Act for specific details regarding Massachusetts reporting of deemed repatriated income and GILTI by corporate and non-corporate taxpayers. TIR 19-11 contains charts showing where corporate and non-corporate taxpayers are to report deemed repatriated income and GILTI (as well as corresponding Massachusetts adjustments) on their Massachusetts business and individual tax returns.

Part A. IRC § 965 Deferred Foreign Income

The taxpayer must report IRC § 965(a) inclusion and §965(c) deduction amounts for 2017, 2018 and 2019 tax years. In addition to enclosing a complete copy of its 2019 U.S. Form 965 (or its equivalent) as filed, the taxpayer must enter the following in Part A of Schedule FCI:

Line 1

Enter 2019 IRC § 965(a) inclusion amount as reported on 2019 U.S. Form 965, Part I, line 3.

Line 2

Enter total 2019 IRC § 965(c) deduction amount as reported on 2019 U.S. Form 965, Part II, Section 1, line 17.

Line 3

Enter 2018 IRC § 965(a) inclusion amount as reported on 2018 U.S. Form 965, Part I, line 3.

Line 4

Enter total 2018 IRC § 965(c) deduction amount as reported on 2018 U.S. Form 965, Part II, Section 1, line 17.

Line 5

Enter 2017 IRC § 965(a) inclusion amount as reported on 2018 U.S. Form 965, Part I, line 6.

Line 6

Enter total 2017 IRC § 965(c) deduction amount as reported on 2018 U.S. Form 965, Part II, Section 1, line 28.

Note: Taxpayers must report amounts on Part A, lines 3 through 6, as reported on their 2018 U.S. Form 965.

Part B. U.S. Shareholder Income other than IRC § 965 Deferred Foreign Income

The taxpayer must report U.S. Shareholder Income other than IRC § 965 Deferred Foreign Income in Part B. In addition to enclosing completed copies of 2019 U.S. Forms 965, 5471, 8992 and 8993 as filed, the taxpayer must enter the following amounts in Part B of Schedule FCI:

Line 1

Enter U.S. shareholder's Subpart F income from U.S. Form 5471, Schedule I, total of lines 1 through 4.

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

Line 2

Enter the U.S. shareholder's IRC § 951A GILTI from U.S. Form 8992, Part II, line 3.

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

Line 3

Enter 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

Note: Only a taxpayer that is a member of a Massachusetts combined group must complete Part C.

A taxpayer that is a member of a Massachusetts combined group must report total dividend income and deductions on Part C of Schedule FCI for the 2019 tax year. 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 Massachusetts Forms 355/355S or Schedule D of Massachusetts Form 63-FI (including any Code § 78 gross-up attributable to such income). See TIR 19-11, Section V.

Line 1

Enter total of all U.S. and foreign source dividends (whether deemed or actual) of the taxpayer (including but not limited to IRC § 965(a) inclusions, Subpart F income, GILTI and CFC dividends, including any Code § 78 gross-up attributable to such income).

Line 2

Enter total of all combined group dividends of the taxpayer 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 total of all dividends of the taxpayer that are not subject to intercompany elimination by subtracting line 2 from line 1.

Line 4

Enter total of all line 3 dividends attributable to U.S. subsidiaries where the taxpayer owns less than 15% of voting stock.

Line 5

Enter total of all line 3 dividends attributable to foreign subsidiaries where taxpayer owns less than 15% of voting stock.

Line 6

Enter 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 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 (Massachusetts DRD).

Line 8

Subtract total on line 7 from 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% Massachusetts DRD.

Line 9

Multiply the total on line 8 by .95 and enter this amount on line 9. This represents the total 95% Massachusetts DRD of the taxpayer.