



## Massachusetts Department of Revenue

## Schedule FCI

## Foreign Corporation Income of U.S. Shareholder

**Note:** Schedule FCI should be used for all tax types.**2022**

For calendar year 2022 or taxable year beginning

2022 and ending

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

All taxpayers 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. **Note:** Individual taxpayers who elected installment treatment of deemed repatriated income should reference their 2019 Schedule FCI-I, Part C, line 6e, and/or their 2022 payment voucher for the installment amount due on April 18, 2023.

Name of U.S. shareholder

Taxpayer Identification number

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

**To be completed only by business corporations or financial institutions that are members of a Massachusetts combined group:**

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 2022 IRC § 965(a) inclusion amounts (from 2022 U.S. Form 965, Part I, line 3) . . . . . **1** **2** U.S. shareholder's 2022 IRC § 965(c) deduction (from 2022 U.S. Form 965, Part II, Section 1, line 17) . . . . . **2** **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 2022 Subpart F income (from 2022 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 2022 IRC § 951A GILTI (from 2022 U.S. Form 8992, Part II, line 5) . . . . . **2** **Dividends actually received by U.S. shareholder from CFCs****3** Dividends actually received in 2022 by U.S. shareholder from CFCs (from 2022 U.S. Form 5471, Schedule I, line 5) . . . . **3** **Gross-up associated with foreign income of U.S. shareholder****4** U.S. shareholder's 2022 total gross-up for foreign taxes deemed paid . . . . . **4**



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 2022 tax year only if U.S. shareholder is a corporation or financial institution that is a member of a Massachusetts combined group. See 2022 instructions.

	2022
<b>1</b> 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) . . . . .	<b>1</b> <input type="text"/>
<b>2</b> Combined group dividends of U.S. shareholder subject to intercompany elimination. . . . .	<b>2</b> <input type="text"/>
<b>3</b> Total of all dividends of U.S. shareholder not subject to intercompany elimination. Subtract line 2 from line 1. . . . .	<b>3</b> <input type="text"/>
<b>4</b> Line 3 dividends attributable to U.S. subsidiaries where U.S. shareholder owns less than 15% of voting stock. . . . .	<b>4</b> <input type="text"/>
<b>5</b> Line 3 dividends attributable to foreign subsidiaries where U.S. shareholder owns less than 15% of voting stock. . . . .	<b>5</b> <input type="text"/>
<b>6</b> Line 3 dividends attributable to U.S. shareholder's ownership of RICs, REITs or non-wholly owned DISCs . . . . .	<b>6</b> <input type="text"/>
<b>7</b> Total line 3 taxable dividends of U.S. shareholder. Add lines 4 through 6 . . . . .	<b>7</b> <input type="text"/>
<b>8</b> Total line 3 dividends of U.S. shareholder eligible for 95% Massachusetts DRD. Subtract line 7 from line 3 . . . . .	<b>8</b> <input type="text"/>
<b>9</b> 95% Massachusetts DRD of U.S. shareholder. Multiply line 8 by .95 . . . . .	<b>9</b> <input type="text"/>

# 2022 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.

The Tax Cuts and Jobs Act (TCJA) was enacted by the federal government in December of 2017. 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 Internal Revenue Code (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.

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.

For a more detailed explanation see TIR 19-11: Legislation Impacting the Massachusetts Tax Treatment of Selected International Provisions of the Federal Tax Cuts and Jobs Act.

## Submit Federal Forms with Schedule FCI

In addition to completing and submitting Schedule FCI, taxpayers must also provide completed copies of the following 2022 U.S. tax forms (or their equivalents) as filed with all counterparts, supporting schedules and statements in the same manner as required for federal tax purposes:

- Form 965 (Inclusion of Deferred Foreign Income Upon Transition to Participation Exemption System);
- Form 965-A (Individual Report of Net 965 Tax Liability);
- Form 965-B (Corporate and Real Estate Investment Trust (REIT) Report of Net 965 Tax Liability and (REIT) Report of Net 965 Inclusion);
- Form 965-D (Transfer Agreement Under Section 965(i)(2))
- Form 965-E (Consent Agreement Under Section 965(i)(4)(D))
- 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));
- Schedule B (Form 8992) (Calculation of GILTI for Members of a U.S. Consolidated Group Who Are U.S. Shareholders of a CFC)
- 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 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 "Submit Federal Forms with Schedule FCI" 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.

### Registration Information

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 "Submit Federal Forms with Schedule FCI" 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.

A U.S. shareholder that is a business corporation or financial institution must also indicate whether it is a member of a combined group on its Schedule FCI. If it is, 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 taxpayers 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 adjust-

ments) 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 the 2022 tax year if the taxpayer is reporting any such income for federal purposes. In addition to enclosing a complete copy of its 2022 U.S. Form 965 (or its equivalent) with all supporting schedules and statements as filed, the taxpayer must enter the following in Part A of Schedule FCI:

### **Line 1**

Enter 2022 IRC § 965(a) inclusion amount as reported on 2022 U.S. Form 965, Part I, line 3.

### **Line 2**

Enter total 2022 IRC § 965(c) deduction amount as reported on 2022 U.S. Form 965, Part II, Section 1, line 17.

## **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 2022 U.S. Forms 965, 5471, 8992 and 8993 with all supporting schedules and statements as filed, the taxpayer must enter the following amounts in Part B of Schedule FCI:

### **Subpart F Income of U.S. Shareholder**

#### **Line 1**

Enter U.S. shareholder's Subpart F income from 2022 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 5.

### **Other Dividends Received by U.S. Shareholder**

#### **Line 3**

Enter other dividends received by the U.S. shareholder from 2022 U.S. Form 5471, Schedule I, total of lines 5a through 5e.

#### **Line 4**

Enter the U.S. shareholder's 2022 total IRC § 78 gross-up associated with foreign taxes deemed paid.

For certain business corporation and financial institution taxpayers, this is the amount reported on 2022 U.S. Form 1120, Schedule C, line 18, Column (a). For other business and individual taxpayers, enter the U.S. shareholder's 2022 total IRC § 78 gross-up associated with foreign taxes deemed paid from equivalent 2022 U.S. tax forms or schedules. See TIR 19-11, Section V for additional information regarding U.S. shareholder reporting of IRC § 78 gross-up associated with foreign income.

**Note:** Massachusetts does not allow the deductions in IRC §§ 245A, 250 and 965(c) for any amount of foreign income and/or gross-up attributable to such foreign income.

## **Part C. Total Dividends of U.S. Shareholder - Massachusetts Combined Group Member**

**Note:** Only a U.S. shareholder that is a business corporation or financial institution and a member of a Massachusetts combined group must complete Part C.

A U.S. shareholder that is a member of a Massachusetts combined group must report total dividend income and deductions on Part C of Schedule FCI for the 2022 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 IRC § 78 gross-up attributable to such income). See TIR 19- 11, Section V.

## **Massachusetts Dividends Received Deduction**

Massachusetts does not allow the dividends received deduction allowed under the IRC. However, a deduction is generally allowed for 95% of the value of dividends received (Massachusetts DRD) **except for** the following:

- Dividends from ownership of shares in a corporate trust engaged in business in the Commonwealth;
- Dividends resulting from deemed or actual distributions (except actual distributions of previously taxed income) from a DISC which is not wholly-owned;
- Dividends from any class of stock if the corporation owns less than 15% of the voting stock of the payer corporation or
- Dividends received from a RIC or REIT, whether the dividend is paid directly by the RIC or REIT or indirectly as through a subsidiary or affiliate of the taxpayer.

Enclose a schedule showing payers, amounts and percent of voting stock owned by class of stock if claiming the Massachusetts DRD.

### **Line 1**

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

### **Line 2**

Enter total of all combined group dividends of the 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 total of all dividends of the U.S. shareholder 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 U.S. shareholder owns less than 15% of voting stock.

### **Line 5**

Enter total of all line 3 dividends attributable to foreign subsidiaries where U.S. shareholder 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 U.S. shareholder.