Schedule ABI
Exceptions to the Add Back of Interest Expenses

2025

Enclose this schedule to claim an exception to the requirement under MGL ch 63, §§ 31J, 31K to add back to net income related member interest expenses and costs. Complete a separate schedule for each transaction with a related member as to which an exception is claimed.

Name of taxpayer	Federal Identification number	For tax year beginning	Ending

Related member reporting the income	Federal Identification number	For tax year beginning	Ending

Name of jurisdiction(s) in which related member is taxed on net income (if applicable)	Unitary business identifier

Principal reporting corporation (if applicable)	Federal Identification number	For tax year beginning	Ending

Deduction claimed is taken on:

○ Form 355U, Schedule U-E   ○ Form 355U, Schedule U-MTI   ○ Form 355 or 355S, Schedule E   ○ Other

Total Exceptions Claimed

1 Amount from Exception 1, line 7 . . . . **1**

2 Amount from Exception 2, line15f **2**

3 Amount from Exception 3, line 1 . . . . **3**

4 Total add back exception claimed. Add lines 1 through 3. Enter here and on appropriate corporate return **4**

Exception 1. Full exception for interest paid, accrued or incurred to a related member that is taxed at a similar rate.

1 Amount of deductible interest expense or cost claimed by taxpayer **1**

2 Actual tax rate applied to taxpayer (from Forms 355, 355U, 355S or 63 FI) **2**

3 Tax rate(s) applied to the corresponding interest income from the related member's return(s). Do not enter the tax rate of a jurisdiction in which the related member is filing with the taxpayer on a combined or unitary basis.

    3a Tax rate from related member's return **3a**

    3b Tax rate from related member's return **3b**

    3c Tax rate from related member's return **3c**

    3d Tax rate from related member's return **3d**

    3e Tax rate from related member's return **3e**

4 Related member apportionment percentage(s) for the jurisdiction(s) referenced in line 3. Enter "1" if the related member is taxable in only one jurisdiction and therefore not subject to apportionment.

    4a Related member's apportionment percentage **4a**

    4b Related member's apportionment percentage **4b**

    4c Related member's apportionment percentage **4c**

    4d Related member's apportionment percentage **4d**

    4e Related member's apportionment percentage **4e**

Name of taxpayer   Federal Identification number   For tax year beginning   Ending

Exception 1 (cont'd.)

5 Multiply line 3 by line 4. Where the related member is taxed in more than one jurisdiction, multiply the respective responses from lines 3 and 4.

5a .... **5a** ☐

5b .... **5b** ☐

5c .... **5c** ☐

5d .... **5d** ☐

5e Apportioned tax rate... **5e** ☐

5f Add lines 5a through 5e .... **5f** ☐

6 Subtract line 5f from line 2 .... **6** ☐

7 Exception amount claimed. If line 6 is equal to or less than .03, enter the amount from line 1 here and in Total Exceptions Claimed, line 1. Otherwise, enter "0". .... **7** ☐

Exception 2. Partial exception for interest paid, accrued or incurred to a related member.

Do not complete this section if you have claimed Exception 1 as to the same interest expense or cost add back. Complete this section only if the interest expense or cost was reported as income by the related member and, if applicable, the tax reported by the related member on that return exceeded the minimum tax.

1 Amount of deductible interest expense or cost claimed by taxpayer .... **1** ☐

2 Taxpayer's apportionment percentage from apportionment schedule, line 5. Enter "1" if an apportionment schedule was not filed .... **2** ☐

3 Multiply line 1 by line 2 .... **3** ☐

4 Tax rate applied to taxpayer (from Forms 355, 355U, 355S or 63 FI) .... **4** ☐

5 Multiply line 3 by line 4 .... **5** ☐

6 Total interest expense or cost incurred to related member by all other related members including taxpayer .... **6** ☐

7 Divide line 1 by line 6 .... **7** ☐

8 For each of the jurisdictions where the related member is taxed, enter the related member's net income. Do not enter any amount for a jurisdiction in which the related entity is filing with the taxpayer on a combined or unitary basis.

8a Related member's net income .... **8a** ☐

8b Related member's net income .... **8b** ☐

8c Related member's net income .... **8c** ☐

8d Related member's net income .... **8d** ☐

8e Related member's net income .... **8e** ☐

9 Multiply line 7 by line 8. Where the related member is taxed in more than one jurisdiction, multiply the respective responses from lines 7 and 8.

9a .... **9a** ☐

9b .... **9b** ☐

9c .... **9c** ☐

9d .... **9d** ☐

9e .... **9e** ☐

Name of taxpayer   Federal Identification number   For tax year beginning   Ending

Exception 2 (cont'd.)

10 For each jurisdiction referenced in line 8, enter amount from line 1 or line 9, whichever is lesser.

10a .... **10a** [   ]

10b .... **10b** [   ]

10c .... **10c** [   ]

10d .... **10d** [   ]

10e .... **10e** [   ]

11 Provide related member apportionment percentages for jurisdiction(s) referenced in line 8. Enter "1" if the related member is taxable in only one jurisdiction and therefore not subject to apportionment.

11a Related member's apportionment percentage .... **11a** [   ]

11b Related member's apportionment percentage .... **11b** [   ]

11c Related member's apportionment percentage .... **11c** [   ]

11d Related member's apportionment percentage .... **11d** [   ]

11e Related member's apportionment percentage .... **11e** [   ]

12 Multiply line 10 by line 11. Where the related member is taxed in more than one jurisdiction, multiply the respective responses from lines 10 and 11.

12a .... **12a** [   ]

12b .... **12b** [   ]

12c .... **12c** [   ]

12d .... **12d** [   ]

12e .... **12e** [   ]

13 For each jurisdiction referenced in line 8, enter tax rate(s) applied to the related entity.

13a Related entity's tax rate. .... **13a** [   ]

13b Related entity's tax rate. .... **13b** [   ]

13c Related entity's tax rate. .... **13c** [   ]

13d Related entity's tax rate. .... **13d** [   ]

13e Related entity's tax rate. .... **13e** [   ]

14 Divide each rate in line 13 by line 4. Do not enter more than "1".

14a .... **14a** [   ]

14b .... **14b** [   ]

14c .... **14c** [   ]

14d .... **14d** [   ]

14e .... **14e** [   ]

Name of taxpayer | Federal Identification number | For tax year beginning | Ending

Exception 2 (cont'd.)

15 Exception amount claimed. Multiply line 12 by line 14. Where the related member is taxed in more than one jurisdiction, multiply the respective responses from lines 12 and 14. Enter here and in Total Exceptions Claimed, line 2.

15a **15a**

15b **15b**

15c **15c**

15d **15d**

15e **15e**

15f Add lines 15a through 15e. **15f**

Exception 3. Exception based on supporting statement.

Taxpayer must prepare with its tax return and make available to the Commissioner upon request a supporting statement prepared in accordance with the Department's public written statements. All double tax exception claims must be made by answering the questions in Exception 1 or 2.

Basis for this claim (fill in only one): ○ Business purpose or economic substance ○ Section 31K foreign treaty exception

1 Amount of deductible interest claimed by taxpayer. Enter here and in Total Exceptions Claimed, line 3 . . . . **1**

2 Name of the related member to which the taxpayer paid, accrued or incurred the interest expense or cost ▶

3 Federal Identification number of the related member to which taxpayer paid, accrued or incurred the interest expense or cost. **3**

4 Date the underlying debt or liability was originally incurred (if the expense or cost was paid, accrued or incurred pursuant to a note or similar obligation, date of the note or instrument). **4**

5 Dollar amount of the underlying debt or liability as originally incurred **5**

6 Outstanding dollar amount of debt or liability at the end of tax year covered by this return **6**

7 If the underlying debt or liability has a fixed term, enter the termination date. **7**

8 Interest rate on the underlying debt or liability (if a variable rate, enter effective date for the period covered by this return) **8**

9 If the taxpayer is seeking section 31K exception, enter name of the foreign nation in which the related member is resident **9**

10 Fill in if interest expense or cost paid, accrued or incurred was pursuant to a note or similar instrument . . . . ○

11 Fill in if answer to line 10 is Yes and the interest expense or cost paid, accrued or incurred was in connection with a dividend note or similar instrument. . . . . ○

12 Fill in if taxpayer asserted an add back exception in connection with the debt or liability on its Massachusetts tax return for a prior year . . . . ○

13 Fill in if interest expense or cost was actually paid (e.g., as opposed to accrued) . . . . ○

14 Fill in if answer to line 13 is Yes and the amount paid was substantially returned to the taxpayer, either directly or indirectly, during the tax year (e.g., through the means of a dividend, loan, etc.) . . . . ○

15 Fill in if underlying transaction was entered into in whole or in part on the advice of a tax advisor . . . . ○

16 Fill in if reduction of tax was a principal purpose for the underlying transaction. . . . . ○

17 Fill in if interest expense or cost was result of the taxpayer participating in a cash management, cash sweep or similar arrangement or system . . . ○

18 Fill in if amount of interest expense or cost was the result of or supported by a written study or appraisal . . . . ○

19 Provide greater detail, if necessary, concerning Exception 3 claim