

# GENERAL INSTRUCTIONS - BANK FRANCHISE TAX RETURN

RSMo. 148.010 - 148.110

1. FILE RETURN ON OR BEFORE APRIL 15 (tax becomes delinquent after this date and is subject to interest at 8% per annum). Make check or money order payable to Financial Institution Tax. Mail to: Department of Revenue, P.O. Box 898, Jefferson City, Missouri 65105-0898.

An extension of time to file this return may be obtained from the Department of Revenue upon written request. Such request should indicate the extension period requested, the reason and must be accompanied by a tentative return and payment for the estimated tax due. An extension of time to file the return does not extend the time for payment of the tax. An extension of time may not exceed 180 days from the due date (April 15) pursuant to Regulation 12 CSR 10-10.110. Note: Any payment submitted after the due date of April 15 is subject to interest at the rate determined by Section 32.065, RSMo. Additionally if the tentative payment does not equal 90% of the tax due as shown on the final return, a penalty of 5% is calculated on the underpayment.

If any return is not filed by the due date, a penalty of 5% per month or fraction thereof, not to exceed 25% is calculated on the amount due.

2. **WHO MUST FILE** - Every bank and every trust company organized under any general or special law of this state and every national banking association located in this state and any branch or office physically located in this state of any commercial bank or trust company.

3. If any bank operates more than one office or branch in the State of Missouri, the bank shall file one return giving the address of each such office or branch and setting forth the total dollar amounts of accounts or deposits of each such office. To complete the Bank Franchise Tax Return in this regard, complete the enclosed Schedule B (DOR-2448). For proper completion of Schedule B, refer to Regulation 12 CSR 10-10.020. If the banking institution has only one office, indicate on Schedule B. **SCHEDULE B MUST BE COMPLETED AND SUBMITTED WITH THE BANK FRANCHISE TAX RETURN.**

4. All returns are to be filed based upon a calendar year business activity basis.

## SPECIFIC INSTRUCTIONS FOR COMPLETION OF THIS RETURN

Line 1. Enter the amount of taxable income or loss from Line 28, U.S. Corporation Income Tax Return, Form 1120, before any net operating loss deduction or special deduction is applied, or Line 21, Form 1120S.

Taxpayers that are members of an affiliated group filing a consolidated Federal income tax return shall compute Federal taxable income as if a separate Federal tax return had been filed by each member of the affiliated group. A pro forma Federal return or appropriate schedules should then be attached together with a copy of pages 1 and 3 of the consolidated Federal income tax return.

Line 2. Enter here all income received on State and/or Political subdivision obligations excluded from the Federal return. This income is taxable on this return. Explain if different from Federal Form 1120, Schedule M-1, Line 7.

Line 3. Enter here all income received on Federal securities excluded from the Federal return (e.g., non-taxable portion Federal Reserve Bank dividends). This income is taxable on this return.

Line 4. Enter the charitable contribution claimed on the federal return.

Line 5. Enter here any additions to a bad debt reserve claimed as a deduction on Federal Form 1120. The reserve method is not a permissible method on this return.

Line 6. Enter here the excess, if any, of recoveries of bad debts previously charged off over current year chargeoffs.

Line 7. Enter here any Missouri Bank Franchise tax deducted on Federal Form 1120. This is not an allowable deduction on this return.

NOTE: Cash basis banks should add the Missouri Bank Franchise Tax paid in the preceding calendar year.

Accrual basis banks should add the Missouri Bank Franchise Tax accrued during the previous calendar year.

Line 8. Enter here and on Line 19B taxes to be claimed as credits on this return. All taxes paid to the State of Missouri or any political subdivision thereof are eligible except taxes on real estate, unemployment taxes, bank tax, and taxes on tangible personal property owned by the taxpayer and held for lease or rental to others. Show detail on Schedule A.

All state and local sales and use taxes paid by banks as purchasers to sellers, vendors, or the state of Missouri on purchases of tangible

personal property and services enumerated in Chapter 144, RSMo. may be claimed as a credit. Capitalized sales and use taxes paid by banks as purchasers are creditable. Documentation to support the capitalized sales and use tax credit must be submitted.

Pursuant to Regulation 12 CSR 10- 10.150, certain criteria must be met in order for a tax credit to be allowable. The regulation reads as follows:

### 12 CSR 10-10.150 Tax Credits on Bank Tax Return —

(1) The following criteria shall be used to establish whether or not a tax credit may be claimed against the bank franchise tax, imposed by Sections 148.010 to 148.110, RSMo, computed pursuant to Section 148.030.3:

(A) The payment must have been made to the State of Missouri or a political subdivision located in the State of Missouri.

(B) Payment must have resulted from a tax liability imposed by a government agency, as defined in subsection (1)(A), and cannot be a regulatory fee collected solely for the purpose of paying the cost of administering the taxing jurisdiction's laws.

(C) The following should be used as a general guideline to determine if an exaction, required by subsection (1)(A), is an allowable tax credit or a non-creditable fee:

1. If the proceeds, paid as defined in subsection (1)(A), are collected for deposit into the general revenue account of the taxing jurisdiction, to raise revenue for said entity, then it is a tax and is an allowable tax credit.

2. If the proceeds, paid as defined in subsection (1)(A), are collected primarily to cover the costs of the regulation of an activity, and which are then deposited with the regulatory agency, then it is a non-creditable fee.

(2) At all times the burden of establishing whether an exaction is an allowable tax credit or a non-creditable fee shall be on the taxpayer.

An accrual basis taxpayer that is a member of an affiliated group filing a consolidated Missouri income tax return shall allocate a portion of the consolidated Missouri income tax liability for the year by multiplying such liability by a fraction, the numerator of which is the separate Missouri taxable income of such member, and the denominator of which is the sum of the separate Missouri taxable incomes of all members having Missouri taxable income for the applicable year.

A cash basis taxpayer that is a member of an affiliated group filing a consolidated Missouri income tax return shall allocate each component of the consolidated Missouri income tax paid (or refunded) during the year by multiplying each component by a fraction, the numerator of which is the separate Missouri taxable income of such member for the applicable year, and the denominator of which is the sum of the separate Missouri taxable incomes of all members having Missouri income for the applicable year.

In the computation of separate Missouri taxable income, each member of a group filing a consolidated Missouri income tax return shall start with its separate Federal taxable income as computed pursuant to the method applicable to the group under Treasury Regulation 1.1552-1. The amount of the Federal income tax deduction of each member under Section 143.171.1 RSMo., shall be that portion of the actual Federal consolidated income tax liability of the group as is required to be allocated to such member under Internal Revenue Code section 1552 without regard to any additional allocations under Treasury Regulation 1.1502-33(d).

Sales tax paid to check printer(s) on checks the bank sold to its' customers is not an allowable credit.

The annual registration fee is not an allowable credit because it is considered a fee and not a tax.

**ATTACH SCHEDULE OF TAXES DEDUCTED ON LINE 17, FEDERAL FORM 1120 OR LINE 12, FORM 1120S FOR VERIFICATION PURPOSES.**

Line 9. Enter on this line deductions claimed on the Federal return which are not allowable on this return and income not included on the Federal return which is required to be included on this return. (Attach schedule). The environmental tax under section 59A of the Internal Revenue Code must be added back to income.

Line 10. Enter the total of Lines 1 through 9.

Line 11. Enter here the excess, if any, of bad debt chargeoffs over current year recoveries.

Line 12. Enter here the relevant income period deduction for Federal income taxes. The relevant income period deduction will be the amount actually accrued (if an accrual basis taxpayer) or paid (if a cash basis taxpayer) during the income period.

A taxpayer that is a member of an affiliated group of corporations which filed a consolidated federal income tax return shall determine its deduction for or its gross income in respect of federal income taxes paid or accrued during the income period to the United States as if it and all other members of the affiliated group of which it was a member had filed separate federal income tax returns for all relevant income periods.

Line 13. Enter the total amount of any deduction claimed on this return and not included on the Federal return. These deductions must be itemized on a schedule attached to this return.

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Banks that are required to recapture bad debt reserve to income pursuant to 26 USC § 585 should include the dollar amount recaptured to income (Line 10, Form 1120) on Line 13.

Line 14. Enter the total of Lines 11 through 13.

Line 15. Subtract Line 14 from Line 10 and enter amount. If "loss", indicate by brackets "( )" and enter "none" on Line 18.

Line 16. Enter here the charitable contribution deduction claimed on this return.

The contribution deduction is limited to 5% of taxable income before the contribution deduction. Contribution carryover from prior years allowable on Federal Form 1120 is not allowable on this return. Attach charitable contribution schedule for verification purposes.

Line 17. Subtract Line 16 from Line 15 and enter amount.

Line 18. Multiply the taxable income amount on Line 17 by 7% and enter amount. If Line 10 includes income from business activity both within and without the State of Missouri from offices or branches located in such state, the taxpayer may be eligible to apportion the tax. These taxpayers shall complete Apportionment Schedule Bank Franchise Tax and attach to this return.

Line 19A. Enter here the Bank Franchise Tax from Line 7A Schedule BF.

Line 19B. Enter the amount from Line 8.

Line 20A. Enter the amount of tentative payment. (If applicable).

Line 20B. Enter here approved overpayment of previous years tax. The original Financial Institution Tax Credit Authorization must be attached or credit will be disallowed.

Line 20C. Enter here any amounts claimed for Neighborhood Assistance Credit, Development Reserve Credit, Infrastructure Development Credit, Export Finance Credit, Affordable Housing Assistance Credit, Small Business Incubator Credit, Missouri Low Income Housing Credit, Missouri Business Modernization and Technology Credit, Community Bank Credit, Small Business Investment Credit, Abandoned Property Credit, Missouri Higher Education Scholarship Fund Credit and Special Needs Adoption Tax Credit. A schedule listing amounts for each credit and a copy of approved authorization must be attached to return.

Line 20D. Enter here approved enterprise zone credit. Attach copy of approval from Department of Economic Development or credit will be disallowed.

Compute allowable enterprise zone credit as follows.

Seven percent (7%) calculation for Line 20D: Taxable Income Line 17 multiplied by percentage in second paragraph of Certification of Eligibility multiplied by 7% or tax liability on Line 18 less Lines 19A & 19B multiplied by the percentage shown which may be used to offset the tax.

Schedule BF calculation for Line 7b: Total assets shown on Line 5 multiplied by percentage in second paragraph of Certification of Eligibility multiplied by .0005% or tax liability on Line 7a multiplied by the percentage shown which may be used to offset the tax.

Line 21. Subtract Lines 19A through 20D from Line 18 and enter amount. Amount shall not be less than zero.

Line 22A. Calculate interest for period which tax payment is delinquent. Interest should be calculated from the due date of April 15 through date of payment at the annual rate of 8%.

Line 22B. Compute additions to tax for failure to file a return or pay tax by April 15. Calculate at rate of 5% for each month or fraction thereof not to exceed 25% in the aggregate.

Compute additions to tax if estimated payment did not equal 90% of tax shown on return. Calculate at rate of 5% of underpayment.

Line 23. Enter the total of Lines 21, 22A and 22B.

Line 24. Enter the amount shown on Line 7h Schedule BF.

Line 25. Enter the total of Lines 23 and 24. A remittance should be submitted for this amount.