

## **2012 Schedule M-1 Instructions**

### **Federal Reconciliation**

Schedule M-1 reports the taxpayer's current year net income and expenses as they are or would be shown on U.S. Form 1120, lines 1 through 28, in calculating gross income under the provisions of the U.S. IRC and the deductions allowable in calculating net income under the code. Corporations reporting their income on Form 355U as part of a combined group file Schedule U-M with that combined report are not required to file Schedule M-1. All other corporations filing Form 355 or 355S and subject to the income measure of excise must complete Schedule M-1. (S corporations with receipts of less than \$6 million on an annualized basis, and therefore not required to complete Schedule E, do not complete Schedule M-1.)

### **Part 1. Income and Expenses**

Corporations filing U.S. Form 1120 on a separate company basis enter on lines 1 - 28 the amounts from their U.S. return. S corporations, and any other corporations not filing U.S. Form 1120, if required to file Schedule M-1, must complete lines 1 through 28 on a pro-forma basis as a C corporation. Corporations filing in Massachusetts and participating in a U.S. consolidated return must complete Schedule M-1 on a separate company basis.

### **Part 2. Corporate Ownership**

1. If any corporation or other listed entity owned directly or indirectly more than 50% of the total voting power of all of the corporation's stock entitled to vote, identify the owner here. In making this determination if a partnership, estate, trust or corporation owns, directly or indirectly, more than 50% of the voting control of a corporation, it shall be considered to own all the stock or other ownership or control interests in such corporation as provided in 830 CMR 63.32B.2(2). Where, because of a chain of ownership, more than one corporation meets this criteria (e.g. A owns 60% of B which owns 60% of C, so that both A and B are considered to own more than 50% of C), the entire ownership chain must be reported with the exception of subsidiary corporations in federal tax consolidated groups and disregarded entities.

2. If the corporation filing Schedule M-1 owns, directly or indirectly, 50% or more of the total voting power of any other domestic or foreign corporation, identify all such corporations.