

FORM MO-1120

GENERAL INFORMATION

This information is for guidance only and does not state the complete law.

WHO MUST FILE FORM MO-1120

Corporation Income Tax:

Every corporation, as defined in Chapter 143, RSMo, is required to file a return of income in Missouri for each year it is required to file a federal income tax return and has gross income from sources within Missouri of \$100 or more. The tax on corporations will not apply to:

- (1) A corporation, which by reason of its purposes and activities is exempt from federal income tax. The preceding sentence shall not apply to unrelated business taxable income and other income on which Chapter 1 of the Internal Revenue Code imposes the federal income tax or any other tax measured by income;
Note: Any corporation filing a Federal Form 990, 990EZ, or 990PF should **not** send a copy of the federal form or any Missouri income/franchise tax form to the Department of Revenue.
- (2) An express company, which pays an annual tax on its gross receipts, in this state;
- (3) An insurance company, which pays an annual tax on its gross premium receipts, in this state;
- (4) A Missouri mutual or an extended Missouri mutual insurance company organized under Chapter 380, RSMo; or
- (5) Any other corporation that is exempt from Missouri income taxation under the laws of Missouri or the laws of the United States.

Corporations reporting taxable income on a federal return other than a Federal Form 1120 or 1120A (such as Federal Forms 1120POL, 1120H, 1120SF, 1120REIT, 990T, or 990C), shall attach a copy of the appropriate federal form and make the computations on Form MO-1120.

A "candidate committee" set up under Section 130.011, RSMo who is required by the Internal Revenue Code Section 527 to file a federal form 1120-POL, but is not set up as a corporation, is not required to file the Form MO-1120.

Corporation Franchise Tax:

Every corporation must determine if their assets or apportioned assets are greater than \$1,000,000. If their assets (in or apportioned to Missouri) are over \$1,000,000, the corporation must complete and file Schedule MO-FT and Form MO-1120. Attach a copy of the balance sheet and any supporting schedules. If assets (in or apportioned to Missouri) are equal to or less than \$1,000,000, the corporation must check Box A on Form MO-1120 and sign the return.

Note: An S corporation, as defined by Section 1361(a)(1) of the Internal Revenue Code, is not subject to income tax. S corporations must file a Form MO-1120S, if Federal Form 1120S is required to be filed and the S corporation has: (1) a shareholder that is a Missouri resident; or (2) any income derived from Missouri sources (Section 143.471, RSMo). **S corporations required to file corporation franchise tax must file Form MO-1120S with Schedule MO-FT.**

MISSOURI REGISTRATION

Every corporation and S corporation must register with the Department of Revenue to receive a Missouri Tax Identification Number. To register, please contact: **Missouri Department of Revenue, Taxation Bureau, P.O. Box 3300, Jefferson City, MO 65105-3300, visit our web site at www.dor.mo.gov/tax, or call (573) 751-5860.**

TIME AND PLACE OF FILING AND PAYMENT

Corporation Income Tax:

Corporation income tax is due on or before the 15th day of the fourth month following the **end** of the tax year. Example: Taxable period June 1, 2005, to December 31, 2005; due April 17, 2006.

Corporation Franchise Tax:

Corporation franchise tax is due on or before the 15th day of the fourth month following the **beginning** of the tax year. Example: Taxable period of January 1, 2006, to December 31, 2006; due April 17, 2006.

Note: When the due date falls on a Saturday, Sunday, or a legal holiday, the return and payment will be considered timely if made on the next business day.

If you have a balance due, mail your return and payment to: **Missouri Department of Revenue, P.O. Box 3365, Jefferson City, MO 65105-3365.** **Note:** Include the Missouri Tax Identification Number on the check or money order.

If you are due a refund or have no amount due, mail your return to: **Missouri Department of Revenue, P.O. Box 700, Jefferson City, MO 65105-0700.**

CONSOLIDATED FEDERAL RETURN/SEPARATE MISSOURI RETURN

A corporation, which is a member of an affiliated group filing a consolidated federal income tax return, shall (if no Missouri consolidated return is filed) determine its federal taxable income as if it had filed a separate federal income tax return for the year.

The corporation must enclose a pro forma Federal Form 1120, with all pertinent schedules, wherein its separate federal taxable income is computed with Form MO-1120. The first four pages of the actual consolidated federal income tax return and an income statement, or a summary of profit companies for the year, must be attached. The complete consolidated federal return may be required upon an audit of the Missouri return. The corporation's federal income tax deduction will be the amount from the consolidated Federal Form 1120, Schedule J, Line 11 plus Line 6a multiplied by the ratio of the individual profit company divided by the total profit companies of the corporation. This amount will be multiplied by 50 percent to arrive at the Missouri corporation return's federal income tax deduction. For further clarification, see 12 CSR 10-2.090. The computed federal income tax deduction must be multiplied by 50 percent. See Form MO-1120, Part 3.

SUBSIDIARIES INCLUDED IN THE FILING OF THIS RETURN

If the corporation is filing a consolidated Missouri return, attach a separate schedule that lists the names of the subsidiaries, Federal Employer Identification Numbers (FEIN), and Missouri Tax Identification Numbers. **Subsidiaries must file a separate Form MO-1120 and Schedule MO-FT for franchise tax and attach their separate balance sheet.**

NET OPERATING LOSSES

Corporations that file a Missouri return with a federal net operating loss (NOL) must treat the loss under the provisions of the Internal Revenue Code. Corporations that file a consolidated federal and separate Missouri return shall compute the separate federal taxable income as if each member filed a separate federal return. The corporation is bound by the federal return election to carry losses forward or back, (i.e., if the loss is carried back on your federal return, the separate company loss must be carried back).

If there is a consolidated gain, the corporation may elect to carry the federal separate company loss forward or back pursuant to the Internal Revenue Code on a separate company basis in Missouri.

The only net operating loss subject to carry forward or carryback is the loss from your federal tax return. **Missouri does not have provisions for a state net operating loss deduction.** A negative number on Form MO-1120, Lines 8, 9, or 12 is not a net operating loss.

If your corporation is required to file an amended Missouri return to carryback a federal NOL, please provide the following information with your amended Form MO-1120:

- If your consolidated federal income is positive and you are carrying back a separate company loss, attach a copy of the consolidated Federal Form 1120 to document that there is no consolidated loss to be carried back.
- If your consolidated federal return is a loss for 2005 and the previous tax periods are consolidated losses, attach a copy of the consolidated Federal Form 1120 for 2005 and the consolidated Federal 1120 for the tax period being amended on a separate company basis.

- For tax periods that your consolidated and separate company incur a NOL that is carried back, attach a copy of the consolidated Federal Form 1139. Also include a revised income statement for the loss year and the amended tax period and a schedule showing the calculation of the federal income tax deduction on the amended return.

Note: Your corporation may need to file an amended return to adjust the federal income tax deduction for any tax period that the consolidated tax liability changes due to a NOL carryback, even if no loss exists to be carried back on a separate company basis.

DECLARATION OF ESTIMATED TAX

Every corporation subject to income tax in this state must make a declaration of its estimated tax for the taxable year on Form MO-1120ES, if its Missouri estimated tax could reasonably be expected to be at least \$250 (Section 143.521, RSMo).

If an affiliated group of corporations file a Missouri consolidated income tax return for the taxable year, its Missouri estimated tax payments may be combined on Form MO-1120 (12 CSR 10-2.045(39)).

Estimated tax payments may be applied against a franchise tax liability.

A corporation may amend its declaration on Form MO-1120ES.

Mail declaration of estimated tax payments to: **Missouri Department of Revenue, P.O. Box 3020, Jefferson City, MO 65105-3020.** Make check payable to Director of Revenue and include your Missouri Tax Identification Number on your check.

EXTENSION OF TIME TO FILE AND PAY

If a corporation has been granted an extension of time to file its federal income tax return, the time for filing the Missouri income/franchise tax return is automatically extended for the same period of time. A copy of the Federal Extension, Form 7004, must be attached to the Form MO-1120 when filed.

An extension of time to file an income/franchise tax return does not extend the time for payment of the tax. The corporation must pay, on or before the original due date, the amount estimated as its corporation income tax and corporation franchise tax for the taxable year. Submit this amount with Form MO-7004 and mail to: **Missouri Department of Revenue, P.O. Box 3400, Jefferson City, MO 65105-3400.**

If a corporation files a Form MO-7004, it should attach a copy of the federal extension. To obtain a Form MO-7004, access the Department of Revenue's web site at www.dor.mo.gov/tax/forms/ or call (800) 877-6881.

FILING AMENDED RETURNS

Form MO-1120 and Schedule MO-FT must be used for amending tax years beginning 2000 and forward for Corporate Income and beginning 2003 and forward for Franchise Tax. Check the box to indicate that it is an amended return and check applicable box b, c, or d. **The corporation must complete the entire return using the corrected figures. Do not write, "see attached." Complete each line using the corrected amounts.**

The corresponding tax year Form MO-1120 must be used for amending corporation income tax for tax years 1993–1999.

The corresponding tax year Schedule MO-FT, must be used for amending franchise tax for tax years 2000 and prior.

If the corporation is filing an amended corporate income tax return for tax year 1992 and prior, the corporation must use Form MO-1120X.

Note: Form MO-1120, Parts 4 and 5 must be completed when applicable.

A corporation must file an amended return within 90 days of filing an amended federal income tax return. The corporation must also file an amended return within 90 days after the final determination of changes made by the Internal Revenue Service (12 CSR 10-2.105 and Section 143.601, RSMo). Attach a copy of the amended federal return with applicable schedules (e.g., Federal Revenue Agent's Report, Form 1139, Form 1120X) or if the federal return was not amended, explain why the corporation is amending the Missouri return and accompany the explanation with applicable schedules. For Missouri forms, **visit our web site at www.dor.mo.gov/tax/forms/ or call (800) 877-6881.**

TAX FORMS AVAILABLE BY FAX

Blank Missouri tax forms are available by fax. To access the Forms-by-Fax system call (573) 751-4800 from your **fax machine handset**. The Forms-by-Fax system will take you through the steps required to receive a fax copy of the forms you need. If you are speech or hearing impaired, please call TDD (800) 735-2966 or fax (573) 526-1881.



FORM MO-1120 MISSOURI CORPORATION TAX

LINE-BY-LINE INSTRUCTIONS

At the top of the return, fill in the blanks indicating the beginning and ending dates of the tax period. The corporation's accounting period and method for Missouri income tax purposes must be the same as for federal income tax purposes (12 CSR 10-2.030, 12 CSR 10-2.035, and Sections 143.271 and 143.281, RSMo).

NAME AND ADDRESS SECTION

The corporation's Missouri Tax Identification Number, Missouri Charter Number or Certificate of Authority Number, and Federal Employer Identification Number (FEIN), must be entered in the spaces provided. **Failure to include the Missouri Tax Identification Number and Charter Number will delay the processing of the return.** Please contact the Taxation Bureau at (573) 751-5860 if you cannot locate or do not have a Missouri Tax Identification Number.

RETURN TYPE

Consolidated Missouri Return — Check this box if filing a consolidated Missouri return. In order to file a consolidated Missouri return, the corporation must be part of a consolidated federal return (12 CSR 10-2.045 and Section 143.431, RSMo). Form MO-22 must be included for each member of the consolidated group when filing the initial consolidated Form MO-1120 and for each new member added thereafter.

Note: This return is for Missouri Consolidated Corporate Income Tax and the parent company's separate franchise tax. Subsidiaries will need to complete a separate Form MO-1120 and Schedule MO-FT for their individual franchise tax liability and attach their own balance sheet. For each subsidiary, Form MO-1120 must have Box C checked to indicate "franchise tax only."

Consolidated Federal/Separate Missouri Return — Check this box if filing a consolidated federal return and a separate Missouri return. The following information must be included with the Form MO-1120: (1) pro forma Federal Form 1120 plus schedules; (2) consolidated Federal Form 1120; (3) consolidated Schedule J; and (4) income statement showing the income and loss of all corporations included in the consolidated group.

Amended Return — Check the box if the corporation is filing an amended return. Also, check Box B, C, or D, if applicable.

Name Change — Check this box if the corporation's name has changed since filing the previous Form MO-1120, Corporation Income Tax Return.

Address Change — Check this box if the corporation's address has changed since filing the previous Form MO-1120, Corporation Income Tax Return.

Final Corporate Income Tax Return — Check this box if the corporation ceased doing business during the tax period for which this return is being filed.

Bankruptcy — Check this box if the corporation has filed for bankruptcy since filing the previous Form MO-1120, Corporation Income/Franchise Tax Return or if you are still in bankruptcy.

990C — Check this box if the corporation filed Federal Form 990C. Per Section 143.511, RSMo, the effective due date for entities filing Federal Form 990C is the same as the federal due date. For calendar year filers, this is September 15, 2006. For fiscal year filers, the due date is the 15th day of the ninth month following the close of the taxable year.

Franchise tax is always due the 15th day of the fourth month following the beginning of the tax year.

990T — Check this box if the corporation filed Federal Form 990T. Per Section 143.511, RSMo, the effective due date for entities filing Federal Form 990T is the same as the federal due date. For calendar year filers, this is May 15, 2006. For fiscal year filers, the due date is the 15th day of the fifth month following the close of the taxable year.

Balance Sheet Date — Enter the balance sheet date.

A. Zero Franchise Tax Liability — Check this box if your assets in or apportioned to Missouri are less than or equal to \$1,000,000. Complete Form MO-1120 if applicable and sign the return. You do not owe franchise tax.

B. Both Income and Franchise Tax — Check this box if the return is being filed for both income tax and franchise tax. If this box is marked, Box C and Box D cannot be marked.

C. Income Tax Only — Check this box if the return is being filed for income tax only. **Note:** This box should not be checked if Box A is checked.

D. Franchise Tax Only — Check this box if the return is being filed for franchise tax only.

COMPUTATION OF INCOME TAX

LINE 1 — FEDERAL TAXABLE INCOME

Enter the total amount of federal taxable income from Federal Form 1120, Line 30 or Federal Form 1120A, Line 26. The line numbers for federal taxable income will differ on other federal forms (1120POL, 1120H, 1120SF, 1120REIT, 990T, and 990C).

LINE 2 — MISSOURI CORPORATION INCOME TAX & CORPORATION INCOME TAX OF OTHER STATES DEDUCTED IN DETERMINING FEDERAL TAXABLE INCOME

Enter the amount of Missouri corporation income tax deducted in determining federal taxable income (Section 143.141(1), RSMo), and the amount of corporation income taxes from other states, their subdivisions and the District of Columbia deducted in determining federal taxable income (12 CSR 10-2.160 and Section 143.141(2), RSMo). Do not include St. Louis or Kansas City earnings taxes. **A schedule must be attached showing the breakdown of taxes on Federal Form 1120, Line 17 or from Federal Form 1120-A, Line 17.**

LINE 3 — MISSOURI MODIFICATIONS — ADDITIONS

Enter the net amount from Page 2, Part 1, Line 5. See instruction for completing Part 1.

LINE 4 — TOTAL ADDITIONS

Enter the total of Lines 2 and 3.

LINE 5 — MISSOURI MODIFICATIONS — SUBTRACTIONS

Enter the net amount from Page 2, Part 2, Line 10. See instructions for completing Part 2.

LINE 6 — BALANCE

Enter the total of Lines 1 and 4 less Line 5.

LINE 7 — FEDERAL INCOME TAX — CURRENT YEAR

Enter the amount from Page 2, Part 3, Line 3. See the instructions for completing Part 3. Consolidated federal/separate Missouri filers must compute the federal income tax deduction per 12 CSR 10-2.090.

LINE 8 — MISSOURI TAXABLE INCOME — ALL SOURCES

Enter the total of Line 6 less Line 7.

LINE 9 — MISSOURI TAXABLE INCOME

If taxable income is 100 percent from Missouri sources, enter the amount from Line 8. If taxable income is not 100 percent from Missouri sources, complete Schedule MO-MS. Enter the apportionment method number used (such as apportionment election 1, 2, 3, 4, 5, 6, or 7) and the percentage (rounded to three digits to the right of the decimal point, such as 12.345 percent), in the boxes provided. These boxes must be completed even if Missouri taxable income is zero. Multiply Line 8 by the percentage and enter the result on Line 9. Nonbusiness income will only be considered if Schedule MO-NBI is attached. Non-Missouri source income will only be considered if a list itemizing the source of income is attached. See Schedule MO-MS instructions for additional information.

LINE 10 — MISSOURI DIVIDENDS DEDUCTION

If income is 100 percent from Missouri sources, calculate the net dividend deduction by subtracting Federal Form 1120, Line 29b from Federal Form 1120, Line 4.

Single Factor Apportionment — Complete Schedule MO-C and allocate dividends according to the location of payor. If payor is commercially domiciled in Missouri, the dividends are Missouri source dividends. The total Missouri dividends shall be multiplied by a percentage factor. This percentage factor is from Schedule MO-MS, Part 1, Line 7. After multiplying the Missouri source dividends by the apportionment factor, enter this amount on Schedule MO-C, Line 22 and on Form MO-1120, Line 10.

Three Factor Apportionment — Calculate the net dividend deduction by subtracting Federal Form 1120, Line 29b, from Federal Form 1120, Line 4. This amount is then multiplied by the apportionment factor from Schedule MO-MS, Part 2, Line 4. Enter this amount on Form MO-1120, Line 10.

Note: If you are claiming nonbusiness dividends, determine the nonbusiness dividends from Missouri sources by allocation and include on Schedule MO-MS, Part 2, Line 12. Determine nonbusiness dividends from all sources and include on Schedule MO-MS, Part 2, Line 9. Determine business dividends from Missouri sources by multiplying business dividends by the apportionment factor from Schedule MO-MS, Part 2, Line 4. The dividend deduction entered on Form MO-1120, Line 10, is the sum of business dividends from Missouri sources and nonbusiness dividends from Missouri sources.

LINE 11 — ENTERPRISE ZONE OR RURAL EMPOWERMENT INCOME MODIFICATION

Enter the amount of modification as approved by the Missouri Department of Economic Development.

LINE 12 — MISSOURI TAXABLE INCOME

Enter the total of Line 9 less Line 10 and Line 11.

TAX

LINE 13 — CORPORATION INCOME TAX

Enter the amount of Line 12 multiplied by 6.25 percent.

Missouri tax cannot be prorated or annualized.

LINE 14 — RECAPTURE OF MISSOURI LOW INCOME HOUSING CREDIT

If your corporation is required to recapture a portion of any federal low income housing credit(s) taken on a low income housing project, your corporation is also required to recapture a portion of any Missouri credits. The Missouri recapture amount is equal to the proportion of the

Missouri credit that equals the proportion the federal recapture amount bears to the original federal low income housing credit amount subject to recapture (Section 135.355.2, RSMo). You must attach to your Missouri return a copy of your Federal Form 8611.

LINE 15 — CORPORATION FRANCHISE TAX

If your corporation is required to pay corporation franchise tax, enter amount from Schedule MO-FT, Corporation Franchise Tax Schedule, Line 7C.

LINE 16 — TOTAL TAX

Enter the total of Lines 13, 14, and 15.

CREDITS AND PAYMENTS

LINE 17 — TAX CREDITS

Enter the total from Form MO-TC, Line 13. Visit our web site at www.dor.mo.gov/tax to download Form MO-TC.

You may be eligible for certain tax credits. The total amount of tax credit is computed by completing Form MO-TC, Miscellaneous Income Tax Credits. See Form MO-TC instructions for further information.

LINE 18 — ESTIMATED TAX PAYMENT(S)

Enter the total 2005 estimated payment(s) made with Form MO-1120ES. Include any approved overpayment(s) credited from 2004. If the requested overpayment(s) credited from 2004 has been adjusted, you must use the adjusted amount.

If filing a consolidated Missouri return, a complete list of subsidiary payments must be attached to Form MO-1120. The list must include each corporation's Missouri Tax Identification (MITS) Number.

If you are part of a consolidated group and filing a separate Form MO-1120 for franchise tax only, and claiming payments made by the parent company, indicate payments on Line 18 and enter parent company's MITS number to the left of the amount shown on Line 18.

Enter on Line 18 the total amount withheld from 2005 gross earnings as a nonresident entertainer, as shown on Form(s) MO-2ENT, Line 5. Attach copies of Form MO-2ENT or a schedule showing the date and place of the performance(s), and the amount of the withholding at each performance.

LINE 19 — PAYMENTS ON FORM MO-7004

Enter the total payment(s) made with Form MO-7004.

LINE 20 — AMENDED RETURN ONLY: TAX PAID WITH (OR AFTER) THE FILING OF THE ORIGINAL RETURN

Enter the amount of tax previously paid by check or money order on the original return and any previously filed amended return. Do not include any previous interest, additions to tax, or penalties.

LINE 21 — SUBTOTAL

Enter the total of Lines 17, 18, 19, and 20.

LINE 22 — AMENDED RETURN ONLY: OVERPAYMENT, IF ANY, AS SHOWN ON ORIGINAL RETURN OR AS LATER ADJUSTED

Enter the amount of overpayment received (or expected to be received) or the amount to be credited to estimated tax, as shown or adjusted on the original return. Any refund due on the original return will be refunded separately from any additional refund claimed on the amended return.

LINE 23 — TOTAL

Enter Line 21 less Line 22.

REFUND OR TAX DUE

LINE 24 — OVERPAYMENT

Enter the overpayment if Line 23 is greater than Line 16.

LINE 25 — TRUST FUND CONTRIBUTIONS

Enter on Lines 25a, 25b, 25c, 25d, 25e, 25f, 25g, and 25h any portion of your corporation income tax overpayment you wish to

contribute to the following trust funds. If you file a balance due return and wish to contribute to the Trust Funds enter the amount on Line 25a, 25b, 25c, 25d, 25e, 25f, 25g, or 25h and attach a **separate check** for this amount.



Children's Trust Fund — Children's Trust Fund, Missouri's Foundation for Child Abuse Prevention, is a non-profit organization dedicated to the vision of children free to grow and reach their full potential in a nurturing and healthy environment free from child abuse and neglect. Rather than reacting to abuse after the fact, Children's Trust Fund provides funding for education, public awareness, training, and community-based prevention projects statewide that help support and strengthen families to prevent child abuse and neglect. Your contribution may be applied to the annual \$25 donation needed to acquire a one-year logo use authorization form, which is required to purchase the popular "prevent child abuse" license plate featuring the handprints logo. For more information, please contact: Children's Trust Fund, P.O. Box 1641, Jefferson City, MO 65102-1641, or call (573) 751-5147. (*Minimum contribution: \$2, or \$4 if married filing combined*)



Veterans Trust Fund — The Veterans Trust Fund expands the Missouri Veterans Commission's ability to provide quality health-care at its seven veterans homes, and to assist veterans and dependents through its Service to Veterans Program. Because of the availability of this fund, nursing care staff receive specialized training and assistance for the treatment of residents suffering from Alzheimer's, dementias, and other extraordinary ailments; and Veterans Service Officers and Assistants receive comprehensive training relating to veterans benefits. Contributions may be made at any time directly to: Veterans Trust Fund, c/o The Missouri Veterans Commission, P.O. Drawer 147, Jefferson City, MO 65102-0147. (*Minimum contribution: \$2, or \$4 if married filing combined*)



Elderly Home Delivered Meals Trust Fund — The Elderly Home Delivered Meals Trust Fund provides an opportunity to support the home delivered meals program for Missouri's senior citizens. Over 5.8 million meals are provided each year to home bound senior citizens. These nutritionally balanced meals, delivered to the homes of seniors on the average of one meal per day, five days per week, help them live independently in their homes. The need for home delivered meals increases yearly as persons are living longer and may need assistance. For more information, please contact: Elderly Home Delivered Meals Trust Fund, c/o Division of Senior Services, P.O. Box 570, Jefferson City, MO 65102, or call (573) 751-3082. (*Minimum contribution: \$2, or \$4 if married filing combined*)



Missouri National Guard Trust Fund — The Missouri National Guard Trust Fund expands the capability to provide/coordinate Military Funeral Honors Ceremonies for veterans of Missouri and veterans buried in Missouri who have served their country in an honorable manner. Military Funeral Honors may be composed of "Two Member Detail" who may render honors, fold, and present the United States of America flag to primary next-of-kin, and sound Taps; "Four Member Detail" who may render honors, fire volleys, sound Taps, and fold and present the United States of America flag to primary next-of-kin; or "Veterans' Organization Detail" who may render honors, fire volleys, sound Taps, and fold and present the United States of America flag to primary next-of-kin. Contributions may be made at any time directly to Missouri National Guard Trust Fund, ATTN: NGMO-CMH, 2302 Militia Drive, Jefferson City, MO 65101-1203. (*Minimum contribution: \$2, or \$4 if married filing combined*)



Workers' Memorial Trust Fund — The Workers' Memorial Fund has been established to create a permanent memorial for all workers who suffered a job related death or injuries that resulted in a permanent disability while on the job in Missouri. The memorial will be located on the grounds of the state capitol. Requests for information and contributions may be made at any time directly to Workers' Memorial Fund, ATTN: Office of Administration, 301 W. High St., Rm. 570, Jefferson City, MO 65101. (*Minimum contribution: \$1, or \$2 if married filing combined*)



Childhood Lead Testing Fund — The Childhood Lead Testing Fund is used to support the administration of childhood lead programs, blood lead tests for uninsured children, educational materials,

AUTHORIZATION

Check the “yes” box for authorization of release of confidential information. This authorizes the Missouri Director of Revenue or delegate to discuss **this** return and attachments with the preparer whose signature appears on the Form MO-1120 or with any member of his/her firm or if internally prepared, any member of the internal staff. If the authorization box is checked “no”, or if no box is checked, the Missouri Director of Revenue or delegate can only discuss this return with an officer of the corporation. Refer to Section 32.057, RSMo.

SIGNATURE

The Department of Revenue requires the return to be signed by an officer of the corporation. Enter the date signed, the title of the officer whose signature is affixed, and the corporation’s telephone number. Lines are provided for the preparer’s signature (other than taxpayer), Federal Employer Identification Number (FEIN), telephone number, and date. Failure to sign the return will cause a delay in the processing of the return.

FORM MO-1120, PAGE 2 LINE-BY-LINE INSTRUCTIONS

MISSOURI MODIFICATIONS (ADDITIONS/SUBTRACTIONS)

Modifications are allowed only per Sections 143.121, 143.141, and 143.143, RSMo. Any modifications taken that are not related to these sections will be disallowed. A detailed explanation of any modification must be attached to the return. Failure to attach such explanation will delay the processing of the return.

PART 1 MISSOURI MODIFICATIONS — ADDITIONS

LINE 1 — STATE AND LOCAL BOND INTEREST (EXCEPT MISSOURI)

Enter on Line 1a all interest from state and local bonds, excluding Missouri (Section 143.121.2(b), RSMo).

Enter on Line 1b the amount of expenses associated with the state and local bond interest shown on Line 1a. The expenses must exceed \$500. Refer to Section 143.121.2(b), RSMo, for further explanation.

Enter on Line 1 the net amount of Line 1a less Line 1b.

LINE 2 — FIDUCIARY AND PARTNERSHIP ADJUSTMENT (FROM FORM MO-1041 AND FORM MO-1065)

Enter the share of fiduciary and partnership adjustment as shown on Form MO-1041, Page 2, Part 1, Line 18, and Form MO-1065, Line 18 (Section 143.121.4 and 5, RSMo). A copy of Forms MO-1041 and MO-1065, must be attached to the Form MO-1120.

LINE 3 — MISSOURI DEPRECIATION BASIS ADJUSTMENT

Enter on Line 3 the difference between the Federal and Missouri depreciation calculated on assets purchased between July 1, 2002 and June 30, 2003. See Section 143.121.2(c), RSMo for more information. For examples and more information, access the Department of Revenue’s web site at www.dor.mo.gov/tax.

LINE 4 — NET OPERATING LOSS MODIFICATION

If a net operating loss deduction is allowed for this tax year, and if, in the tax year of the corresponding net operating loss, total

addition modifications exceeded total subtraction modifications, enter the smaller of:

Net operating loss deduction attributable to the loss year (tax year in which the net operating loss occurred)

OR

Cumulative net operating loss deductions attributable to the loss year that are allowed for this tax year and all prior tax years

+ net addition modification (amount that addition modifications exceed subtraction modifications) for the loss year

– total net operating loss for the loss year.

The above items are each considered to be a positive amount for purposes of this calculation. If the result of combining amounts is negative, use zero.

If the total net operating loss deduction for this tax year consists of net operating losses from more than one tax year, calculate the modification separately for each loss and enter the total.

Attach Form MO-5090, Net Operating Loss Modification Worksheet, if, in the tax year of the net operating loss, total addition modifications exceed total subtraction modifications.

NOTE: This entry is a modification and not the net operating loss. The net operating loss is shown only on Form MO-1120, Line 1.

LINE 5 — TOTAL

Add Lines 1 through 4. Enter the amount on Line 5 and on Form MO-1120, Page 1, Line 3.

PART 2 MISSOURI MODIFICATIONS — SUBTRACTIONS

LINE 1 — INTEREST AND DIVIDENDS FROM EXEMPT FEDERAL OBLIGATIONS (MUST ATTACH SCHEDULE)

Enter on Line 1a the amount of interest and dividends from federal obligations to the extent they are exempt from Missouri income tax, but subject to federal tax (12 CSR 10-2.150 and Section 143.121.3(a), RSMo). A detailed list showing the amount of monies received or the percentage of funds received from **direct** U.S. Government obligations must be attached to Form MO-1120.

Enter on Line 1b the amount of interest on indebtedness and expenses associated with the production of interest and dividend income on federal obligations shown on Line 1a. The expenses must exceed \$500. Refer to Section 143.121.3(a), RSMo, for further explanation.

In arriving at the amount of related expenses, the taxpayer may use actual expenses or a reasonable estimate. In general, the taxpayer should use the same or similar method to that used to compute related expenses for federal income tax purposes, provided that the method reasonably reflects related expenses for Missouri exempt income.

If a taxpayer fails to compute reasonable related expenses, the Director of Revenue will make adjustments based on the best information made available. If sufficient information is not made available or if the taxpayer’s records do not provide sufficient information, the Director of Revenue will use the following formula to compute related expenses:

$$\frac{\text{Exempt income}}{\text{Total income}} \times \text{Expense items} = \text{Reduction to exempt income}$$

The principal expense item in this formula is interest expense; however, the Director of Revenue may include other expense items because of their direct relationship to the production of exempt income. The taxpayer may propose an alternative method provided that it properly reflects the amount of related expenses.

Enter on Line 1 the net amount of Line 1a less Line 1b.

LINE 2 — FEDERALLY TAXABLE — MISSOURI EXEMPT**OBLIGATION**

The amount of any bond issued by the Missouri Higher Education Loan Authority (MOHELA) including interest or proceeds resulting from the sale of the bond is exempt from Missouri tax. If the amount is included in federal taxable income, the amount can be subtracted from federal taxable income for Missouri tax purposes pursuant to Section 173.440, RSMo. Enter the exempt amount on Line 2 and provide documentation with the return.

LINE 3 — REDUCTIONS IN GAIN DUE TO BASIS DIFFERENCE

Enter the amount of reduction in gain due to basis difference. If a taxpayer's federal taxable income prior to January 1, 1973, included any gain from a sale or other disposition of property, which had a higher adjusted basis to the taxpayer for Missouri income tax purposes than for federal income tax purposes, a modification must be made to adjust for the difference in basis (12 CSR 10-2.020 and Section 143.121.3(b), RSMo).

LINE 4 — PREVIOUSLY TAXED INCOME

Enter the amount of any income or gain included in federal taxable income to the extent it was properly reported as income or gain on a prior Form MO-1120, Corporation Income Tax Return, filed under Missouri laws in effect prior to January 1, 1973 (12 CSR 10-2.025 and Section 43.121.3(c), RSMo).

LINE 5 — AMOUNT OF ANY STATE INCOME TAX REFUND INCLUDED IN FEDERAL TAXABLE INCOME

Enter the amount of any state income tax refund for a prior year that was included in the federal taxable income for the current year (Section 143.121.3(e), RSMo).

LINE 6 — CAPITAL GAIN EXCLUSION FROM THE SALE OF LOW INCOME HOUSING PROJECT

Enter the excludable amount of gain resulting from the sale of a low income project subsidized by the Federal Department of Housing and Urban Development to a nonprofit or governmental organization, agreeing to preserve or increase the low income occupancy of the project. A copy of Federal Form 4797 must be attached to verify credit.

For those owners whose low income project has at least 40 percent of its units occupied by persons or families having income of 60 percent or less of the median income, the exclusion shall equal 25 percent of the capital gain.

LINE 7 — FIDUCIARY AND PARTNERSHIP ADJUSTMENT (FROM FORM MO-1041 AND FORM MO-1065)

Enter the share of fiduciary and partnership adjustment as shown on Form MO-1041, Page 2, Part 1, Line 19 and Form MO-1065, Line 19 (Section 143.121.4 and 5, RSMo). A copy of Forms MO-1041 and MO-1065 must be attached to the Form MO-1120.

LINE 8 — MISSOURI DEPRECIATION BASIS ADJUSTMENT

Enter on Line 8 the difference between the Federal and Missouri depreciation calculated on assets purchased between July 1, 2002 and June 30, 2003. See Section 143.121.3(g), RSMo for more information. For examples and more information, access the Department of Revenue's web site at www.dor.mo.gov/tax.

LINE 9 — SUBTRACTION MODIFICATION OFFSETTING PREVIOUS ADDITION MODIFICATION ON 1996, 1997, AND 1998 TAX YEARS

Enter on Line 9 any net operating loss carryback that was previously reported as an Addition Modification on 1996, 1997, and 1998 tax years (Section 143.121.2(d)).

LINE 10 — DEPRECIATION RECOVERY ON QUALIFIED PROPERTY THAT IS SOLD

Enter on Line 10 any depreciation that was previously not recovered when an asset is sold or otherwise disposed of and federal bonus depreciation was previously taken.

LINE 11 — TOTAL

Add Lines 1 through 10. Enter the amount on Line 11 and on Form MO-1120, Page 1, Line 5.

PART 3 FEDERAL INCOME TAX — CURRENT YEAR

Enter the amounts of federal income tax on Lines 1 and 2. The instructions for entering the federal income tax are found on each line number. The line numbers will differ on other federal forms (1120A, 1120POL, 1120H, 1120REIT, 990T, and 990C). **Add Lines 1 and 2; multiply total by 50 percent; and enter the result on Line 3 and on Form MO-1120, Page 1, Line 7.**

If filing a consolidated federal and separate Missouri return, the federal income tax deduction must be computed as follows:

Enter on Part 3, Line 1, federal tax from the consolidated Schedule J, Line 11 or Federal Form 1120A, Part 1, Line 5. Enter on Part 3, Line 2, the foreign tax credit from the consolidated Schedule J, Line 6a. Enter on Part 3, Line 3, half of Lines 1 and 2. Enter on Part 3, Line 4, the numerator (the amount of separate company federal taxable income). Enter on Part 3, Line 5, the denominator (total of all positive separate company federal taxable incomes; companies which incurred a loss must not be included in the denominator). Divide Line 4 by Line 5 and enter the percentage in the box on Line 6 (round percentage to four digits to the right of the decimal point, such as 12.3456 percent). Multiply Line 3 by the percentage and enter on Part 3, Line 6 and on Form MO-1120, Page 1, Line 7. Refer to 12 CSR 10-2.090 and 12 CSR 10-2.165 for further explanation. Attach the consolidated Federal Form 1120, consolidated Schedule J, and an income statement or summary of profit companies.

PART 4 REASON FOR AMENDMENT

Check the box that indicates the reason for filing this amended return. **A separate Form MO-1120 must be completed for each reason.** The applicable Federal Form 1139, 1120X, 4549, 4549A, 870AD, and/or 5278 must be attached.

A separate Form MO-1120 must be filed for each loss year carryback. For example, if you have an IRS audit or federal correction that includes a Net Operating Loss, one amended return must be filed for the federal audit and a separate amended return must be filed for the NOL.

PART 5 LOSS CARRYBACK OR TAX CREDIT CARRYBACK—AMENDED RETURN ONLY

Complete Part 5 when there is a loss carryback and/or credit carryback. A loss would include a net operating loss, capital loss, or product liability loss. A loss carryback is required to be filed by the 15th day of the 39th month following the end of the loss year (Section 143.801.6, RSMo). Lines 2 and 3 should reflect the total net operating loss/capital loss carryback.

Line 4 should reflect the difference between the original and amended federal income tax deductions for Missouri Form MO-1120, Line 7. A separate Form MO-1120 must be filed for each loss year carryback.

Note: Missouri does not allow a net operating loss carryback to apply to any tax period older than two years (Section 143.121.2(d)). See Form MO-1120, Part 1, Line 4.

ASSEMBLE YOUR RETURN

Assemble any forms and/or schedules behind Form MO-1120 in order of the "Attachment Sequence No." shown in the upper right corner of the form and/or schedule. Put forms without an attachment sequence number next. If you have supporting documentation, arrange them in the same order of forms and/or schedules they support and attach them behind the schedule they support.

RELEASE OF INFORMATION

The Department of Revenue can only release confidential information to corporate officers, authorized individuals having power of attorney, the preparer, or any member of his/her firm, or if internally prepared, any member of the internal staff, when the authorization box is checked. When the authorization box is checked, this authorizes the Missouri Director of Revenue or delegate to discuss **this** return and attachments with the preparer whose signature appears on the Form MO-1120 or with any member of his/her firm or if internally prepared, any member of the internal staff.

The Department of Revenue strives to assist taxpayers in their inquiries; however, the Department of Revenue is bound by confidentiality statutes dealing with the release of confidential information. If you are contacting the Department of Revenue regarding financial information of a corporation, refund issuance, or filing status of a corporation, you will be asked to identify your position with the corporation. If you are an officer of the corporation, an authorized individual having power of attorney, the preparer or any member of his/her firm, or if internally prepared, any member of the internal staff, the authorization box on the form must have been checked for us to release financial information. To prevent delays in answering questions, you should provide the Department of Revenue with a Form 2827, Power of Attorney, prior to making the inquiry. This also applies to employees of the corporation. This form should list the tax type, the tax form, and tax year(s) in question.

The corporation should try to ensure the Department of Revenue has an updated list of officers on file and any changes to officers' status should be filed with the Taxation Bureau as soon as the change takes effect. To update corporate officers, send the information to: **Taxation Bureau, P.O. Box 3300, Jefferson City, MO 65105-3300**. These procedures are to protect the taxpayer from unauthorized disclosure of financial records.

FORM MO-FT FRANCHISE TAX SCHEDULE INSTRUCTIONS

Corporations/S Corporations Subject to Franchise Tax

All **domestic** corporations must file a Form MO-1120, Corporation Income Tax/Corporation Franchise Tax Return or Form MO-1120S, S Corporation Income/Franchise Tax Return and Schedule MO-FT, Franchise Tax Schedule and pay any tax due. All **foreign** corporations engaged in business or qualified to do business in Missouri must likewise file a Form MO-1120 or Form MO-1120S and Schedule MO-FT and pay any tax due. Franchise tax is based on the total assets of the corporation or the par value of issued and outstanding capital stock, whichever is greater. For capital stock with no par value, the value is \$5 per share or actual value, whichever is higher.

If a corporation's assets in Missouri or apportioned to Missouri are \$1,000,000 or less, the corporation is not required to pay franchise tax. However, the corporation must still file and state that their assets do not exceed \$1,000,000. Check Box A on Form MO-1120 or Form MO-1120S to indicate assets do not exceed \$1,000,000 and sign the return.

To determine the corporation's tax basis, complete Schedule MO-FT, Lines 1 through 6.

Corporations/S Corporations Exempt From Filing Franchise Tax

Not-for-profit corporations, industrial development authorities, insurance companies, which pay an annual tax on their premium receipts in this state, certain electric and telephone corporations, mutual insurance corporations not having shares, savings and loan associations, and regulated investment companies (see Section 147.010.2, RSMo), or banking institutions subject to the franchise tax imposed by Sections 148.010–148.110, RSMo, are exempt from filing corporation franchise tax.

New Domestic and Foreign Corporations

- Corporations required to file a franchise tax return will have the initial return due by the 15th day of the fourth month following either:
 - The date of incorporation for Missouri domestic corporations or
 - The date of qualification or date when business actually began (whichever came first) if a foreign corporation.
- The initial franchise tax must be filed with Form MO-1120 or Form MO-1120S and must be filed for **Franchise Tax Only (Box D)**.
- The initial franchise tax return is based on the beginning assets as of its Missouri incorporation date or qualification/business begin date (whichever came first) if a foreign corporation.
- The beginning file period date represents the incorporation, qualification, or actual date when business began (foreign corporations, whichever came first). The ending file period date is the corporation's year-end consistent with federal filing requirements.
 - Example: a Missouri corporation incorporates 7/1/05. It has elected to file on a calendar (Dec. 31) year-end for federal purposes. The initial franchise tax return is filed for the short period 7/1/05 – 12/31/05. It is due 10/15/05. It is prorated for 6 months. The tax is based on its beginning balance sheet as of 7/1/05. It is filed on Form MO-1120 or MO-1120S and Box D "Return filed for Franchise tax only" is checked. Its next franchise return (which may be filed for **Both** income and franchise tax) is filed for the full period 1/1/06 – 12/31/06, based on its 12/31/05 balance sheet, due 4/14/06.
 - Example: a foreign corporation purchases assets in Missouri 2/1/05, but it does not receive its qualification from the Secretary of State's office until 4/1/05. It files on a fiscal year ending September 30 for federal purposes. The initial franchise tax return is filed for the short period 2/1/05 – 9/30/05. It is due 5/15/05. It is prorated for 8 months. The tax is based on its beginning balance sheet as of 2/1/05. It is filed on Form MO-1120 or MO-1120S and Box D "Return filed for Franchise tax only" is checked. Its next franchise return (which may be filed for **Both** income and franchise tax) is filed for the full period 10/1/05 – 9/30/06, based on its 9/30/05 balance sheet, due 1/15/06.

Administrative Dissolution

If a corporation required to file franchise tax, fails to file and/or pay the tax within 90 days from the original due date (or 90 days from the extension due date), it shall forfeit its charter (or Certificate of Authority for a foreign corporation) in this state under the provisions of Section 351.525, RSMo.

Line by Line Instructions for Completing Schedule MO-FT

- Complete the corporation name.
- Complete the Missouri I.D. number (as issued by the Missouri Department of Revenue), Charter number (as issued by the Missouri Secretary of State), and FEIN.
- Complete file period beginning and ending month, date, year.

4. Complete the balance sheet date. **NOTE: the balance sheet date must correspond with the beginning date of the franchise tax file period.** Example: balance sheet ending 12/31/05 is beginning 1/1/06 franchise tax file period.
5. Check Box Yes or No if the corporation is using flow-through assets from a partnership and/or LLC in the calculation of its franchise tax.
6. Check Box Yes or No if there has been a change in your accounting period. State prior accounting period. **NOTE: Because the Missouri franchise tax is filed and paid prospectively and the beginning taxable period must coincide with the ending balance sheet date, adjustments may need to be made to your prior year return to allow for proration of tax.**
7. Corporations having all assets within Missouri complete Lines 1, 2, 6a, and 7 **ONLY**.
8. Corporations having assets both within and without Missouri complete all lines **EXCEPT** 6a.

Line 1. Enter the par value of issued and outstanding stock. For capital stock with no par value, the value is \$5 per share or actual value, whichever is higher.

Line 2a. Enter the value of total assets. **NOTE: You must attach a balance sheet prepared in conformity with the books and records of the taxpayer as of the beginning of business on the first day of its tax year. Schedule L of IRS Form 1120 or Part 3 of IRS Form MO-1120A and supporting schedules shall satisfy the requirement. You must add negative figures back to total assets since they constitute a liability and are not deductible. Do not use averages.**

Line 2b. Enter the total of investments in and advances to subsidiaries. **NOTE: You must attach a schedule showing the name of subsidiaries, percentage of ownership, and amount. Ownership of the subsidiary must be over 50% to qualify. Subsidiaries must be corporations.**

Line 2c. Enter the adjusted total (Line 2a less Line 2b).

Line 3a. Enter the amount of accounts receivable. Include all notes, accounts, and contracts receivables that are based upon Missouri destination sales. Receivables not derived from sales must be included if the borrower is located in Missouri. If accounts receivables from subsidiaries are included in Line 2b, do not include in Line 3a. **Accounts receivables must be reported net of bad debt. Do not use averages.***

Line 3b. Enter the amount of inventories. The value of inventories is reported net and at book value. Do not use averages.*

Line 3c. Enter the sum of fixed assets, depletable assets, and land. The value is reported at book value, net of accumulated depreciation, depletion, and amortization. Include property and equipment under construction and leasehold improvements. Do not use averages.*

*** NOTE: If you are using flow-through assets from a partnership and/or LLC in the calculation of the franchise tax apportionment, you must include a reconciliation of these values. In addition to the balance sheet of the corporation, attach a schedule or balance sheet of all partnerships and/or limited liability companies doing business in Missouri, the percentage of ownership, the value of assets, and the partner's capital account.**

Line 4. Enter the Missouri percentage for apportionment by dividing Line 3d, column A, by Column B. Extend the apportionment percentage to six digits to the right of the decimal point. Example: 12.34565 % is .123457 and 1.2345 is .012345.

Line 5. Enter assets apportioned to Missouri by multiplying Line 4 by Line 2c.

Line 6. Enter the tax basis.

6a. Corporations having all assets within Missouri, enter Line 2c or Line 1, whichever is greater. *

6b. Corporations having assets both within and without Missouri, enter Line 5 or the product of Line 1 times Line 4, whichever is greater. *

*** NOTE: If Line 6a or Line 6b is \$1,000,000 or less, STOP HERE and check Box A on Form MO-1120 or Box A on Form MO-1120S.**

Line 7. Tax computation

7a. Enter the franchise tax by multiplying Line 6a or Line 6b by .000333 (1/30th of 1%)

7b. Enter the prorated tax due. Short periods may be filed for franchise tax for the following situations: a new corporation, a change in accounting periods, a merger, a termination, or a withdrawal. **NOTE: If you are filing a short period for a reason other than those previously stated, you must attach a detailed explanation. You will be notified if the short period is disallowed or adjustments were made to a previously filed return. You must report the number of months in the short period as whole numbers.**

7c. Enter the tax due (Line 7a or Line 7b, whichever applies.) Enter the franchise tax on Form MO-1120, Page 1, Line 15 or Form MO-1120S, Page 1, Line 15.

Final Checklist Before Mailing

- Was the Form MO-1120 signed by an officer of the corporation?
- Did you review your completed return?
- Is the corporation name, address, and tax identification number correctly shown on the return?
- Did you complete the Schedule MO-FT, if liable to pay corporation franchise tax?
- Did you check Box A on Form MO-1120 if your assets in or apportioned to Missouri are less than or equal to \$1,000,000 and you are not exempt from filing or paying franchise tax?
- Are your beginning and ending filing periods shown on the Form MO-1120 and Schedule MO-FT? (They cannot be the same.)
- Have you verified all math calculations?
- Did you receive a federal extension of time to file your return? If so, have you attached a copy of the federal extension (Federal Form 7004)?
- Have you attached a copy of the federal form and supporting schedules?
- Did you attach a copy of your balance sheet and any supporting schedules?
- Have you addressed your envelope to the proper address?
- Did you enter your Missouri Tax Identification Number? If you do not know your Missouri Tax Identification Number, an officer must call (573) 751-5860.
- Did you enter your Missouri Charter Number? If you do not know your Missouri Charter Number, call (866) 223-6535.