



INSTRUCTIONS

New Hampshire treats subchapter "S" corporations as if they were "C" corporations. Items of income and deductions are reported on Federal Form 1120S, Schedule K as flow-through items to the shareholders. These instructions explain how Federal Schedule K amounts will be treated on the NH-1120 at the entity level.

FILE ONLY ONE FORM combining all S-Corp entities reporting as part of the combined returns. Include a statement detailing each entity separately, similar to the method used for consolidated federal pages.

NAME AND TAXPAYER IDENTIFICATION NUMBER

Enter the business organization's name and taxpayer identification number [Social Security Number (SSN), Federal Employer Identification Number (FEIN), or Department Identification Number (DIN)] in the spaces provided.

Enter the beginning and ending dates of the taxable period.

CONFIDENTIAL INFORMATION

Tax information disclosed to the New Hampshire Department of Revenue Administration is held in strict confidence by law. The information may be disclosed to the United States Internal Revenue Service, agencies responsible for the administration of taxes in other states in accordance with compacts for the exchange of information, and as otherwise authorized by RSA 21-J:14.

TAXPAYER IDENTIFICATION

The Commissioner of the Department of Revenue is authorized pursuant to RSA 21-J:27-a to require submission of an SSN, FEIN, or any other identifying number used in filing or preparing federal tax documents. If you do not have any such identifying number, or share one with another taxpayer, then, under N.H. Code of Admin. Rules, Rev 2903.01, you must obtain a Department Identification Number (DIN). If you have a DIN, use it on all New Hampshire filings. To ensure that your filings and payments are applied to the correct account, the sequence of names and taxpayer ID numbers on all filings must be consistent. The failure to provide a taxpayer identification number may result in the rejection of filed documents. Failure to timely file documents complete with a consistent taxpayer identification number may result in the imposition of penalties and interest, the disallowance of claimed exemptions, exclusions, credits, deductions, or an adjustment that may result in increased tax liability.

ADDITIONS TO INCOME TO DETERMINE 1120S CORPORATION GROSS BUSINESS PROFITS

Round every entry to the nearest whole dollar (if 49 cents or less round down, if 50 cents or more round up). **REPORT NEGATIVE AMOUNTS USING A MINUS SIGN.**

LINE 1(a) Enter Schedule K, Line 1 ordinary business income (loss).

LINE 1(b) Enter Schedule K, Line 2 net rental real estate income (loss).

LINE 1(c) Enter Schedule K, Line 3(c) net income (loss) from other rental activities other than those reported on Form 8825. The gain or loss from the sale of an asset used as a rental as reported on Line 17 of Federal Form 4797 is reflected on Line 1(c).

LINE 1(d) Enter Schedule K, Line 4 interest income.

LINE 1(e) Enter Schedule K, Line 5(a) dividend income.

LINE 1(f) Enter Schedule K, Line 6 royalty income.

LINE 1(g) Enter the amount of net short-term capital gain reported on Federal Form 1120S, Schedule K, Line 7 less the amount of net long-term capital loss reported on Federal Form 1120S, Schedule K, Line 8a but not less than zero. If the sum of Federal 1120S, Schedule K, Lines 7 and 8a gains and losses is less than zero, enter net loss in the box to the left of the calculation row.

LINE 1(h), Enter the amount of net long-term capital gain reported on Federal Form 1120S, Schedule K, Line 8(a), less the amount of net short term capital loss reported on Federal Form 1120S, Schedule K, Line 7, but not less than zero.



INSTRUCTIONS - continued

- LINE 1(i), Enter Schedule K, Line 9 net section 1231 gain or loss from the sale of assets used in the business as reported on Federal Form 4797.
- LINE 1(j) Enter Schedule K, Line 10 any other item of income (loss) not reported above is reported here and includes such items as other portfolio income not reported as interest, ordinary dividends, royalty, and capital gain (loss) on prior add backs to corporate income on the NH-1120. Cancellation of debt is recognized as income to the corporation and should also be reported here.
- LINE 1(k) Enter the amount of any other item of income (loss) not reported on Federal Form 1120S, Schedule K, that should be included in gross business profits. Sales of property for which IRC §179 expense deduction has been passed through to a shareholder should be reported here. Also include global intangible low-taxed income from controlled foreign corporations owned by the business organization and reported on the returns of the shareholders of the business organization under Treas. Reg. 1.951A-1(e)(i).

DEDUCTIONS TO INCOME TO DETERMINE 1120S CORPORATION GROSS BUSINESS PROFIT

- LINE 1(l) Enter Schedule K, Line 11 Enter IRC §179 expense reported on Federal Form 1120S.
- LINE 1(m) Enter Schedule K, Line 12(a) deductions for charitable contributions to tax exempt organizations by 1120S corporations (must follow the limitations for charitable contributions followed by C-Corporations).
- LINE 1(n) Enter Schedule K, Line 12(b) investment interest expense related to assets held for investment purposes. This is deductible if the assets or debt is associated with the production of income for the corporation.
- LINE 1(o) Enter Schedule K, Line 12(c) IRC §59(e)(2) expenditures are deductible on the Form NH-1120.
- LINE 1(p) Enter Schedule K, Line 12(d) This line includes only business expenses allowed as deductions for BPT adjustment not reported on Schedule K, Lines 12(a),12(b), or 12(c). New Hampshire does not have any limitations placed on portfolio deductions, thus the 2% limitations to AGI at the shareholder level does not apply to this deduction for the corporation.
- LINE 1(q) Enter Schedule K, Line 16(f) Deduct the amount of foreign taxes paid or accrued on this line. Foreign taxes deducted on this line would be an add back to income on NH-1120, Additions and Deductions, Line 6(b), or NH-1120-WE Additions and Deductions Line 12(d).
- LINE 2 Combine Lines 1(a) through 1(k) and from the result subtract the sum of Lines 1(l) through 1(q). Report on Form NH-1120-WE, Schedule 1-A, Line 2 or Form NH-1120, Line 1.