

# Schedule A-7

## Gross Income Test for Financial Businesses That are Members of a Combined Group

Qualifying financial businesses should use this schedule as a worksheet and keep for their records.

This schedule is used to determine whether a member qualifies as a Financial Business Corporation. For the purpose of making this computation, column 1 shall be the sum of the amounts reported on line 1a and lines 4 through 10 of Schedule A, Part I, Form CBT-100U, adjusted for interest on federal, State, municipal and other obligations not included on line 5 of Schedule A, Part I and the dividend exclusion. Column 2 is the gross income included in column 1 that was derived from the following financial activities:

- 1) Discounting and negotiating promissory notes, drafts, bills of exchange and other evidences of debt;
- 2) Buying and selling exchange;
- 3) Making of or dealing in secured or unsecured loans and discounts;
- 4) Dealing in securities or shares of corporate stock by purchasing and selling such securities and stock without recourse, solely upon the order and for the account of customers;
- 5) Investing and reinvesting in marketable obligations evidencing indebtedness of any person, co-partnership, association, or corporation in the form of bonds, notes, or debentures commonly known as investment securities; or
- 6) Dealing in or underwriting obligations of the United States, any state or any political subdivision thereof or of a corporate instrumentality of any of them.
- 7) Certain leasing transactions that approximate secured loans by meeting each of the following requirements:
  - i. Lessor must look primarily to the creditworthiness of the lessee in order to recover its investment.
  - ii. Lessor may not rely on repetitious leasing of the same property.
  - iii. The lease must be a net lease.
  - iv. The lessor must recover its full investment plus its cost of financing through the rental payments, tax benefits, and the residual value of the property.

See N.J.A.C. 18:7-1.16(b) for additional information regarding leasing transactions.

Unitary ID Number \_\_\_\_\_

Member FEIN \_\_\_\_\_

Member Name \_\_\_\_\_

<b>Part I</b> From the corresponding lines in the member's column of Schedule A, Part I, Form CBT-100U,	Column 1 Gross Income Overall	Column 2 Gross Income Financial Activities
Line 1a Gross receipts .....		
Line 4a Dividends .....		
Line 4b Foreign Derived Intangible Income .....		
Line 4c Global Intangible Low-Taxed Income .....		
Line 5 Interest .....		
Line 6 Gross rents .....		
Line 7 Gross royalties .....		
Line 8 Capital gain net income .....		
Line 9 Net gain or loss from federal Form 4797 .....		
Line 10 Other income .....		
<b>Part II</b>		
Line 11: TOTAL – Add lines 1 through 10 in Part I .....		
Line 12 Interest on federal, State, municipal and other obligations not included on line 28, Part I of Schedule A .....		
Line 13 Subtotal – Add lines 11 and 12 .....		
Line 14 Allocation factor from the member's column of Schedule J, line 9 .....		
Line 15 Allocated Subtotal – Multiply line 13 by the allocation factor on line 14 .....		
Line 16 a. Allocated dividend exclusion from Schedule R, line 12 .....		
b. Divide line 16a by the group allocation factor from the combined group column of Schedule J, line 9 .....		
c. Member's share of allocated dividend exclusion – Multiply line 16b by the member's allocation factor from the member's column of Schedule J, line 9 .....		
Line 17 Subtotal – Subtract line 16c from line 15 .....		
Line 18 Reserved for future use .....		
Line 19 GROSS INCOME – Enter amount from line 17 .....		

Divide the gross income from column 2 by the gross income from column 1 and enter the result \_\_\_\_\_%

If the resulting percentage is **less than 75%**, the corporation **does not qualify** as a Financial Business. Do not check the box at line 5 of the Members and Affiliates Schedule.

If the resulting percentage is **75% or more**, the corporation qualifies as a Financial Business. Check the box at line 5 of the Members and Affiliates Schedule and complete the member's section of Schedule L, apportioning the financial business in New Jersey consistent with N.J.S.A. 54:10A-38 (section 38 of the Corporation Business Tax Act).