

**REV-860 A** (CT) 09-18

**CORPORATE NET INCOME TAX**

**QUALIFIED MANUFACTURING INNOVATION AND REINVESTMENT DEDUCTION WORKSHEET**

**TAX YEAR BEGINNING** \_\_\_\_\_  
**TAX YEAR ENDING** \_\_\_\_\_

**CORPORATION NAME** \_\_\_\_\_ **REVENUE ID** \_\_\_\_\_

The Qualified Manufacturing Innovation and Reinvestment Deduction (QMIRD) may not reduce a taxpayer's liability by more than 50% in any given tax year. Because of this, the taxpayer must calculate their Corporate Net Income Tax (CNIT) liability both **before and after** the application of the deduction. Note: An adjusted QMIRD may be required if the calculated deduction results in a reduction in the tax liability that exceeds 50% of the tax liability due without taking the QMIRD deduction. The QMIRD amount should be included on REV-860, Schedule OD.

**Complete the REV- 860A, QMIRD Worksheet, following the example on Page 24 of the REV-1200, CT-1 Instructions.**

**Step 1, Column 1 (CNIT calculation before deducting QMIRD)**

Use the example to calculate the entity's corporate net income tax "before" the deduction for the Qualified Manufacturing Innovation and Reinvestment Deduction. **Note: Other allowable deductions included on REV-860 must be included in this calculation.**

**Step 2, Column 2 (CNIT calculation after deducting QMIRD prior to adjusting to 50% of tax liability, if applicable)**

Use the example to calculate the entity's corporate net income tax "including" the deduction for the Qualified Manufacturing Innovation and Reinvestment Deduction.

Calculate the reduction in tax liability between Column 1 and Column 2 and record the amount in Column 2, Line 16.

If Column 2, Line 16 is less than 50% of the calculated tax liability in Column 1 Line 15, STOP. Carry the QMIRD amount to REV-860, Schedule OD.

**Step 3, Column 3 (CNIT calculation with adjusted QMIRD deduction)**

If Column 2, Line 16 exceeds 50% of the calculated tax liability in Column 1, Line 15 determine the QMIRD deduction allowable (in Column 3, Line 2D) that results in a calculated tax due that does not exceed 50% of the calculated tax due in Column 1, Line 15. Then carry this reduced amount to REV-860, Schedule OD.

**CORPORATE NET INCOME TAX CALCULATION**

|  | Column 1<br>BEFORE | Column 2<br>AFTER | Column 3<br>ADJUSTED |
|--|--------------------|-------------------|----------------------|
| 1. Income or loss from federal return on a separate-company basis.   |                    |                   |                      |
| <b>2. DEDUCTIONS:</b>  |                    |                   |                      |
| 2A. Corporate dividends received (must include REV-798, Schedule C-2, Line 8).   |                    |                   |                      |
| 2B. Interest on U.S. securities (GROSS INTEREST minus EXPENSES).   |                    |                   |                      |
| 2C. Current yr. addtl. PA deprec. plus adjust. for sale (REV-1834, Sched. C-8, Line 8).  |                    |                   |                      |
| 2D. Other (must include REV-860, Schedule OD) See instructions.  |                    |                   |                      |
| <b>TOTAL DEDUCTIONS</b> - Add Lines 2A through 2D and enter the result here.   |                    |                   |                      |
| <b>3. ADDITIONS:</b>   |                    |                   |                      |
| 3A. Taxes imposed on or measured by net income (include REV-860, Schedule C-5, Line 6).  |                    |                   |                      |
| 3B. Employment incentive payment credit adjustment (must include Schedule W).  |                    |                   |                      |
| 3C. Current year bonus depreciation (REV-1834, Sched. C-8, Line 3).  |                    |                   |                      |
| 3D. Intangible expense or related interest expense (include REV-802, Sched. C-6, Line 11).   |                    |                   |                      |
| 3E. Other (must include REV-860, Schedule OA) See instructions.  |                    |                   |                      |
| <b>TOTAL ADDITIONS</b> - Add Lines 3A through 3E and enter the result here.  |                    |                   |                      |
| 4. Income or loss with Pennsylvania adjustments (Line 1 minus Line 2 plus Line 3).   |                    |                   |                      |
| 5. Total nonbusiness income or loss (must include REV-934, Column C, Total).   |                    |                   |                      |
| 6. Income or loss to be apportioned (Line 4 minus Line 5).   |                    |                   |                      |
| 7. Apportionment (from Schedule C-1, 1C, OR 2C if using Special Apportionment).  |                    |                   |                      |
| 8. Income or loss apportioned to PA (Line 6 times Line 7).   |                    |                   |                      |
| 9. Nonbusiness income or loss allocated to PA (must include REV-934, Column A, Total).   |                    |                   |                      |
| 10. PA taxable income or loss after apportionment (Line 8 plus Line 9).  |                    |                   |                      |
| 11. Total net operating loss deduction (must include RCT-103, Part A, Line 4).   |                    |                   |                      |
| 12. PA taxable income or loss (Line 10 minus Line 11).   |                    |                   |                      |
| 13. PA corporate net income tax (Line 12 times 0.0999). If Line 12 is less than zero, enter "0".   |                    |                   |                      |
| 14. Less: Credit for tax paid by affiliate(s) for intangible expense or related interest expense (must include REV-803, Schedule C-7, Line 9). |                    |                   |                      |
| 15. Tax Due (Line 13 minus Line 14.)   |                    |                   |                      |
| 16. Difference from Column 1 (Column 1, Line 15 minus Column 2, Line 15).  |                    |                   |                      |