

Annual Report Checklist

Check to make sure you received each of the following to file your annual report properly and completely:

- RCT-143, Mutual Thrift Institutions Net Income Tax Report
- RCT-143-I, Instructions for RCT-143
- REV-235, Estimated Payment Coupon
- REV-425, Extension to File Coupon

Imposition, Base and Rate

Mutual thrift institutions tax is imposed at the rate of 11.5 percent on net taxable income of mutual thrift institutions in Pennsylvania, including savings banks without capital stock, building and loan associations, savings and loan associations and savings institutions having capital stock.

Mutual thrift institutions are exempt from all other Pennsylvania corporate taxes and local taxes except taxes on real estate and real estate transfers.

For more information, see Section 1502 of the Tax Reform Code of 1971 (72 P.S. § 8502).

New for 2010

- The following have been removed from RCT-143:
 - Income Statement;
 - Balance Sheet;
 - Reconciliation of Reserves; and
 - Reconciliation of Net Income with Undivided Profits and/or Surplus Account per Books.
- See Page 3 for line-by-line instructions for completing RCT-143.

Filing Guidelines – Attachments to be Included with Report

- Taxpayers filing this report who meet the following conditions must provide copies of the reports of condition filed for each quarter.
 - The taxpayer is filing Mutual Thrift Institutions Net Income Tax Report for a year ending Dec. 31.
 - The taxpayer files reports of condition on a separate company basis.
 - The taxpayer did not enter into a business combination after Dec. 31, 1986, (which is treated as reorganization for purposes of section 368 of the Internal Revenue Code of 1986) or a similar successor provision that is accounted for under the purchase accounting method.
- A taxpayer not meeting these conditions must provide:
 - An income statement for the year being reported, prepared on a separate company basis. If the taxpayer entered into a business combination after Dec. 31, 1986, (which is treated as reorganization for purposes of section 368 of the Internal Revenue Code of 1986) or a similar successor provision, net income or net loss must be determined by accounting for the acquisition under the pooling of interest method.
 - Balance sheets prepared on a separate company basis reporting the asset, liability and equity accounts as of the beginning of year and the last day of the third, sixth, ninth and 12th month of the tax year.
 - A reconciliation of the beginning and ending balances of the equity accounts
- A schedule identifying names and interest amounts from U.S. and Pennsylvania obligations must accompany the report.

Amended Report

Check this box if you are filing an amended report to add, delete or adjust information. Provide documentation to support all changes being made. An amended report should only be filed if an original report was filed previously for the same period.

The department may adjust the tax originally reported based on information from the amended report. The department will not make a tax adjustment three years beyond the receipt date of the original report unless the taxpayer consents to extending the assessment period.

When filing an amended report, record the amended tax liability on Page 1, Column A.

KOZ/KOEFZ/EIP Credit

Check this box if the corporate taxpayer is claiming the Keystone Opportunity Zone Credit, the Keystone Opportunity Expansion Zone Credit or the Employer Incentive Payment Credit.

Last Report

If this box is checked, the taxpayer should submit the following information:

- Account number of the surviving entity, if applicable
- Account number of the merging entity, if applicable
- Effective date of the event
- A copy of the regulatory authority's approval of the merger, dissolution, plan of reorganization and/or articles of merger

Report Due Date, Payments and Mailing Addresses

The annual report for calendar year institutions must be filed on or before April 15 following the end of the tax year. An institution operating on a fiscal year must file the report within 105 days of the close of the fiscal year. If April 15 or the 105th day following the close of the fiscal year falls on a Saturday, Sunday or holiday, the report is due the next business day. A penalty for late filing will be imposed as follows and assessed at the time of filing: 10 percent of the first \$1,000 of tax liability, 5 percent of the next \$4,000 of tax liability and 1 percent on any tax liability in excess of \$5,000.

Payments of \$20,000 or more must be remitted electronically. For information on electronic filing and to register for electronic funds transfer, visit www.etides.state.pa.us. Payments under \$20,000 may be remitted by mail, made payable to the PA Department of Revenue.

Mail RCT-143 – with remittance, if applicable – to the following address, using the envelope provided (E-140):

PA DEPARTMENT OF REVENUE
PO BOX 280407
HARRISBURG, PA 17128-0407

Due Date Extension Request

To request a due date extension of up to 180 days to file the annual report, you must file an extension request coupon by the original report due date. However, an extension of time to file does not extend the deadline for payment of tax, and an extension request must be accompanied by payment of taxes owed for the taxable year for which the extension is requested. Mail the extension coupon separately from all other forms, using the enclosed return envelope (E-203).

Taxpayers using an electronic method to make payment with an extension request should not submit the extension coupon.

Current Period Overpayment Instructions

If the remittance column is less than zero on Page 1 of your completed RCT-143, an overpayment exists and you should instruct the department how to transfer and/or refund the overpayment. Select only one option in the "Overpayment Instructions" area of Page 1. If no option is selected, any overpayment will automatically be credited to the next tax period.

- A. Overpayment is transferred automatically to offset other underpaid taxes in the current tax period, and any remaining credit is then applied to the next tax period for estimated tax purposes.
- B. Prior to issuing a refund, the department will apply overpayment to unpaid tax in the current tax period. The department may also offset other unpaid liabilities or commonwealth obligations for the account.

Estimated Payment Instructions

All accounts are expected to remit estimated prepayments toward the final liability a corporation estimates is due for the taxable year. Estimated payments for mutual thrift institutions tax are due on the 15th day of the third, sixth, ninth and 12th month following the close of the prior tax year. Tax remaining due at the close of the taxable year must be paid by the 15th day of the fourth month following the close of the tax year.

Should a corporation realize estimated tax is underpaid, additional payments should be submitted to minimize underpayment penalty. Underpayment is measured against 90 percent of the tax reported due for the taxable year. However, if the final total tax increases the self-reported tax by 10 percent or more, the underpayment will be measured against 90 percent of the final total tax. The period of underpayment is measured from the due date of the installment to the date the underpayment is paid or the date the safe harbor is satisfied.

A corporation may avoid interest charges by timely paying estimated tax equal to the liability in the second-prior taxable year (safe harbor). This amount must be adjusted to reflect the tax rate and law for the estimated tax year and must reflect the total liability if it exceeds the self-reported liability by 10 percent or more. Where the second-prior year is a short period, the safe harbor is annualized. Second year corporations may use the immediate prior year (annualized if necessary) as the base year for the safe harbor.

Mail the estimated payment coupon separately from all other forms, using the enclosed return envelope (E-203).

Requests for Refund or Transfer of Available Credit

Requests for refund or transfer of available credit from prior periods or from the current nonreported tax period can be faxed on company letterhead, signed by an authorized representative, to 717-705-6227.

Requests can also be submitted in writing to the following address:

PA DEPARTMENT OF REVENUE
PO BOX 280701
HARRISBURG, PA 17128-0701

Please do not duplicate requests for refund and/or transfer by submitting both RCT-143 and written correspondence.

Instructions for completing RCT-143**Page 2—Calculation of Net Income Tax****Line 1—Income from financial statements**

Enter the income from the income statement on the report of condition or financial statements.

Line 2—Interest from U.S. Obligations

- Enter the interest from U.S. obligations reported on the income statement on the report of condition or financial statements.
- A schedule identifying names and interest amounts from U.S. obligations must accompany the report.

Line 3—Interest from PA Obligations

- Enter the Interest from PA Obligations reported on the income statement of the report of condition or financial statements.
- A schedule identifying names and interest amounts from PA obligations must accompany the report.

Line 4—Total Deductions

Enter the total of Lines 2 and 3.

Line 5—Line 1 minus Line 4

Subtract Line 4, Total Deductions, from Line 1, Income from financial statements.

Line 6—Interest Expense Allocable to Tax-Exempt Income

Enter the interest income allocable to tax-exempt income from Line 7 of Schedule A of RCT-143 (see instructions for Schedule A).

Line 7 —Employment Incentive Payment Credit

Enter the amount of Employment Incentive Payment Credit earned in this year.

Line 8 —Total Additions

Enter the total of Lines 6 and 7

Line 9—Income to be Apportioned

Enter the total of Lines 5 and Line 8.

Line 10—Apportionment

Enter the apportionment factor from Line 5 of Table 4 on the Apportionment Schedule. If the activity of the entity is entirely inside Pennsylvania enter 1.000000.

Line 11—Income Apportioned to PA

Multiply Line 9 by Line 10.

Line 12—Net Loss Deduction (Complete Schedule B)

Enter the lesser of net loss available to be used in this period or the amount on Line 11.

Line 13—Taxable Income

Subtract Line 12 from Line 11. This is your taxable income.

Line 14—Tax

Multiply Line 13 by 0.115. This is your tax for the period. Enter the amount on Line 14 of this page on Page 1, Column A on the line for the appropriate tax type.

Page 3, Schedule A—Interest Expense Allocable to Tax Exempt Income**Line 1—Interest from U.S. Obligations**

Enter total interest income from U.S. Obligations reported on Page 2.

Line 2—Interest from PA Obligations

Enter total interest income from PA Obligations reported on Page 2.

Line 3—Total Tax-Exempt Income

Enter the total of Line 1 plus Line 2.

Line 4—Total Interest Income for Year

Enter the total interest income included in total income reported on Page 2, Line 1.

Line 5—Line 3 Divided by Line 4

Divide Line 3 by Line 4. This is the percentage of interest expense allocated to tax exempt income.

Line 6—Total Interest Expense

Enter the total interest expense for the year.

Line 7—Interest Expense Allocable to Tax-Exempt Income

Multiply Line 5 by Line 6. Enter the result here and on Page 2, Line 6.

Page 3, Schedule B—Net Loss Carryforward

- On each line, enter the date each tax period began, the date each tax period ended, the net loss from each period available to be used in the current period, the amount of net loss from each period used in the current period and the net loss from each period available to be used in subsequent periods (net loss available for the current period minus the net loss used in the current period).
- The net loss generated in a period may be carried forward three tax periods.
- The fourth line is used to record any net loss generated in the current period.

CONTACT INFORMATION

- To make electronic payments and file extensions electronically, visit e-TIDES at www.etides.state.pa.us. For additional information and assistance with electronic payment and filing options, call 717-783-6277.
- If you have general business tax questions, call 717-787-1064.
- To confirm account payments, call 1-888-PATAXES.
- If you have questions regarding payments or refunds, call the Accounting Division at 717-705-6225.
- Requests for transfer of credit may be faxed to the Accounting Division at 717-705-6227.
- If you have questions regarding tax settlements, assessments or filing requirements, call the Specialty Tax Unit at 717-783-6031.



**ESTIMATED PAYMENTS AND EXTENSIONS TO FILE THE RCT-143
CAN BE FILED ONLINE AT WWW.ETIDES.STATE.PA.US**

MUTUAL THRIFT INSTITUTION TAX INSTRUCTIONS FOR APPORTIONMENT

Who may apportion?

A mutual thrift institution may apportion its taxable shares or net income if the institution is or could be subject to tax in another state based on or measured by net worth, gross receipts, net income or another similar base of taxation.

How is the apportionment fraction calculated?

The apportionment percentage is an average of payroll, receipts and deposits.

PAYROLL FACTOR — The numerator is total wages paid in Pennsylvania, and the denominator is the total wages paid in all states. Wages are paid in a state if paid to an employee having regular presence therein.

RECEIPTS FACTOR — The numerator is total receipts in Pennsylvania, and the denominator is the total receipts in all states. Receipts do not include principal repayments on loans or credit, or travel or entertainment cards. Receipts from the sale or disposition of property include only the net gain from the sale.

Determine the location of receipts as follows:

- Receipts from loans are located at the place of origin. Receipts from loans primarily secured by real property are assigned to the state in which the predominant portion of such property is located, if the institution has an office in that state at which application, negotiation, approval or administrative responsibility occurs. Receipts from all other loans are assigned to the state of residency or commercial domicile of the borrower, if the institution has an office in that state at which application, negotiation, approval or administrative responsibility occurs. Otherwise, receipts from loans are assigned to the state where the office is located that treats the loan as an asset on its books or records.
- A receipt from performance of services is located in the state where the services are performed. If services are performed in more than one state, the receipts located in each state must be measured by the ratio of time spent performing such services in one state to the total time spent performing services in all states. Time spent performing services in a state is the time spent by employees having a regular presence in the state performing such services.
- Receipts from lease transactions are located in the state where the leased property is located.
- Interest or service charges – excluding merchant discounts from credit, travel and entertainment card receivables and credit card holders' fees – are located in the state where the credit card holder resides. If the taxpayer is a corporation maintaining a commercial domicile, such charges are in the state of the card holder's commercial domicile. Otherwise, receipts are located in the state where the institution maintains an office that treats such receivables as assets on its books of record.
- Interest, dividends and net gains from the sale or disposition of intangibles, excluding receipts described elsewhere in this section, are located in the state where the institution maintains an office that treats such intangibles as assets on its books of record.
- Traveler's checks and money order fees or charges are located in the state where the traveler's checks or money orders are issued.
- Receipts from sales of tangible property are located in the state where the property is delivered or shipped, regardless of the free on board (FOB) point or other condition of sale.
- Receipts from the issuance of title insurance are located in the state where the insured property is located.
- All receipts not specifically addressed above are located in the state where the greatest portion of income-producing activities is performed, based on costs of performance.

DEPOSITS FACTOR — The numerator is the average value of deposits in Pennsylvania during the taxable year, and the denominator is the average value of total deposits during the taxable year. The average value of deposits is to be calculated on a quarterly basis. Deposits are located in the state where the institution maintains an office that treats the deposits as a liability on its books of record. A deposit is considered properly treated as a liability on the books or records of the office with which it has a greater portion of contact. In determining whether a deposit has a greater portion of contact with a particular office, consideration is given to the following:

- Whether the deposit account was opened at or transferred to that office by or at the direction of the depositor, regardless of where subsequent deposits or withdrawals are made.
- Whether employees regularly connected with that office are primarily responsible for servicing the depositor's general banking and other financial needs.
- Whether the deposit was solicited by an employee regularly connected with that office, regardless of where such deposit was actually solicited.
- Whether the terms governing the deposit were negotiated by employees regularly connected with that office, regardless of where the negotiations were actually conducted.
- Whether essential records relating to the deposit are kept at that office and whether the deposit is serviced at that office.