



REV-798 A (CT) 06-18 (FI)
SCHEDULE RTT - TREATMENT OF REPATRIATION TRANSITION TAX

CORPORATION NAME _____ **REVENUE ID** _____

TAX YEAR BEGINNING _____
TAX YEAR ENDING _____

The **Tax Cuts and Jobs Act of 2017** contains the Repatriation Transition Tax (RTT) on untaxed earnings of foreign corporations accumulated prior to 2018. Because Pennsylvania's Corporate Net Income Tax (CNIT) uses federal income as its starting point, the RTT must be considered when calculating CNIT.

a portion of the RTT income. The income that will need to be included in the RCT-101 Line 1 income figure is the net of these two figures.

Income recognized as part of the RTT will not be shown on the front page of a corporation's federal form 1120, but will instead be shown on an alternate schedule. This schedule will also include a deduction (IRC 965(c)) that offsets

In addition, because this income is deemed to be a dividend, corporations will also receive a corporate dividend deduction on their RCT-101. This deduction cannot exceed the net figure calculated above (total RTT income less section 965(c) deduction).

EXAMPLE: XYZ Corporation must report \$1,000 of repatriated income on its RCT-101. This income is in addition to \$10,000 of other taxable income. XYZ is allowed a deduction of \$770 of the \$1,000 because this repatriated income is received in the form of cash. In addition, XYZ is allowed a 100% dividends received deduction on this income on its RCT-101.

RTT Income	\$1,000.00
IRC 965(c) Deduction	-\$770.00
Net RTT Income to add to RCT-101	\$230.00
Income or loss from federal return on a separate-company basis	\$10,000.00
Adjustment due to RTT	\$230.00
Adjusted income or loss from federal return on a separate-company basis	\$10,230.00
DEDUCTIONS:	
A. Corporate dividends received	\$230.00
Income or loss with Pennsylvania adjustments	\$10,000.00

RCT-101 CALCULATIONS

RTT Income	
IRC 965(c) Deduction	
Adjusted RTT Income	

* - Total amount required to be included in income by reason of section 965(a).
 * - Total deduction under section 965(c).
 RTT Income less 965(c) deduction.

* - From the IRS's IRC 965 Transition Tax Statement

1. Income or loss from federal return on a separate-company basis		Calculated without RTT Income.
2. Adjusted RTT Income		Adjusted RTT Income from above.
3. Adjusted income or loss from federal return on a separate-company basis (Line 1 plus Line 2)		Enter this amount on RCT-101, Section B, Line 1.

4. DEDUCTIONS:

A. Corporate dividends received as a result of RTT Income only. Enter this amount on REV-798, Line 7.		This deduction cannot exceed the 'Adjusted RTT Income' figure calculated above.
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