

Alabama Business Privilege Tax
2005 Alabama Schedule G – Financial
Institutional Group Computation
Schedule Instructions

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November 2004

Alabama Schedule G - Financial Institution Group Computation Schedule

General Information

See definitions in the last section of this document.

What Taxpayers Must File an Alabama Schedule G?

Alabama Schedule G, Financial Institution Group Computation Schedule, must be filed only by:

1. Financial Institution Groups (as defined in the Alabama Business Privilege Tax law), if a consolidated filing election is made by the parent, in accordance with Section 40-14A-22(f), Code of Alabama 1975, or
2. Each member of the Financial Institution Group must file an Alabama Form CPT, accompanied by a properly completed Alabama Schedule G, if the parent of the Financial Institution Group does not elect to file a consolidated business privilege tax return.

No other taxpayer should file an Alabama Schedule G.

Maximum Business Privilege Tax for Financial Institution Groups. Section 40-14A-22(d), Code of Alabama 1975, establishes a maximum Alabama business privilege tax for a Financial Institution Group of \$3,000,000, per taxable year.

Minimum Business Privilege Tax for Financial Institution Groups. Section 40-14A-22(f)(5), Code of Alabama 1975, establishes a minimum Alabama business privilege tax for a taxable year, which is based on the amount of deposits the Financial Institution Group has in Alabama, as reported by the Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), or the National Credit Union Share Insurance Fund (NCISIF). The minimum tax is computed by applying a tax rate (stated in terms of dollars per \$1,000 of FDIC, OTS, or NCUSIF deposits in Alabama) to the Alabama deposits, as follows:

<u>Deposits in Alabama</u>	<u>Rate per \$1,000 of Deposits</u>
Less than \$1 billion	\$.125 per \$1,000
\$1 billion or more up to \$6 billion	\$.17 per \$1,000
More than \$6 billion	\$.225 per \$1,000

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Financial Institution Group Members. A Financial Institution Group can have as members, corporations and limited liability entities. Individual Financial Institution Group members can file separate Alabama business privilege tax returns, but they must file Form CPT only, regardless of the type of entity they may be. The minimum and maximum business privilege tax amounts still apply to the Financial Institution Group.

Financial Institution Group Consolidated Filing Election. A Financial Institution Group can make an annual election to file a single consolidated business privilege tax return. The consolidated filing election is made on Alabama Schedule G, Financial Institution Group Computation Schedule. A Financial Institution Group must file the consolidated return using the Alabama Form CPT, the C-corporation business privilege tax return, accompanied by a properly completed Alabama Schedule G.

Preparation Instructions

Consolidated Filing Election - Area on Top of Schedule G

Indicate, by checking the appropriate box, if the Financial Institution Group is making the election to file a consolidated Alabama business privilege tax return.

If a member of the Financial Institution Group is filing separately, the appropriate box should be checked, and the FEIN of the common parent of the affiliated group must be provided.

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Tax Computation If Electing to File a Consolidated Return

If the Financial Institution Group chooses to make the Consolidated Filing Election, lines 1 through 5 should be completed.

Consolidated Election - Line 1. Total Deposits Inside Alabama for the Financial Institution Group. This amount should be obtained from either, FDIC, OTS, or NCUSIF, whichever is the appropriate federal regulator, as of June 30th of the Determination Period for the Financial Institution Group.

Consolidated Election - Line 2. Appropriate Rate from Deposit Rate Schedule.

Based on the amount of deposits, as of June 30th of the Determination Period, determine the rate from the following Deposit Rate Schedule.

Deposit Rate Schedule:

Deposits in Alabama	Rate per \$1,000 of Deposits
Less than \$1 billion	\$.125 per \$1,000
\$1 billion or more up to \$6 billion	\$.17 per \$1,000
More than \$6 billion	\$.225 per \$1,000

Consolidated Election - Line 3. Alternative Minimum Privilege Tax. Multiply line 1 (total Alabama deposits for the Financial Institution Group) by line 2 (rate determined based on deposits).

Consolidated Election - Line 4. Amount of Tax Liability from Form CPT, page 2, Part B, line 20. If a consolidated filing election is made, Form CPT must be computed for the entire Financial Institution Group. If the election is made, Form CPT must be accompanied by a worksheet that shows, in detail, for every amount entered on page 1 and page 2 of the form, the amount attributable to each member of the Financial Institution Group.

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Consolidated Election - Line 4 (continued). Amount of Tax Liability from Form CPT, page 2, Part B, line 20.

Filed with the Form CPT, which is being filed as a consolidated business privilege tax return, must be a listing that provides, for each member of the Financial Institution Group:

1. The legal name of the member.
2. The entity type of the member.
3. The FEIN of the member.
4. The mailing address of the member.
5. The city, state, and zip code of the member.
6. The principal business activity shown on the federal tax return.
7. The ownership percentage at the beginning of the Determination Period.
8. The ownership percentage at the end of the Determination Period.
9. The Taxable Alabama Net Worth.
10. The Business Privilege Tax Due.
11. The Annual Report Fee Due.

The listing must provide totals for the Taxable Alabama Net Worth, The Business Privilege Tax Due, and the Annual Report Fee Due. A separate Alabama Schedule AL-CAR (Alabama Secretary of State Corporation Annual Report) must be filed for every group member that is a corporation.

Consolidated Election - Line 5. Amount Due. Enter the greater of line 3 (Alternate Minimum Privilege Tax – based on Alabama deposits) or line 4 (Amount of Tax Liability from Form CPT, page 2, Part B, line 20 – total for all members of the Financial Institution Group). Also enter the amount computed for line 5 on line 10, page 1, of the Form CPT, filed by the Financial Institution Group.

Tax Computation if Electing to File Separately

If a member of the Financial Institution Group is filing separately, the appropriate box at the top of Schedule G should be checked, and the FEIN of the common parent of the affiliated group must be provided. Lines 1 through 9 must be completed (Tax Computation if Electing to File Separately)

Separate Member Filing - Line 1. Total Deposits Inside Alabama for the Financial Institution Group. This amount should be obtained from either, FDIC, OTS, or NCUSIF, whichever is the appropriate federal regulator, as of June 30th of the Determination Period for the Financial Institution Group.

Separate Member Filing - Line 2. Appropriate Rate from Deposit Rate Schedule.

Based on the amount of deposits, as of June 30th of the Determination Period, determine the rate from the following Deposit Rate Schedule.

Deposit Rate Schedule:

Deposits in Alabama	Rate per \$1,000 of Deposits
Less than \$1 billion	\$.125 per \$1,000
\$1 billion or more up to \$6 billion	\$.17 per \$1,000
More than \$6 billion	\$.225 per \$1,000

Separate Member Filing - Line 3. Alternative Minimum Privilege Tax. Multiply line 1 (total Alabama deposits for the Financial Institution Group) by line 2 (rate determined based on deposits).

Separate Member Filing - Line 4. Amount of Tax Liability from Form CPT, page 2, Part B, line 20. The separate member of the Financial Institution Group must complete Form CPT, in order to compute the amount of Privilege Tax Due. That amount must be entered on Schedule G, line 4, in the separately filing area.

Separate Member Filing - Line 5. Sum of All Taxpayers' Taxes. Enter the sum of the Privilege Tax Due (Form CPT, page 2, Part B, line 20) for each separate member of the Financial Institution Group.

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Separate Member Filing - Line 6. If Line 5 Is Greater Than Line 3. If line 5 (Amount Due – Separate Member) exceeds line 3 (Alternate Minimum Privilege Tax for the Financial Institution Group – based on Alabama deposits) enter the amount from line 4 (Amount of Tax Liability from Form CPT, page 2, Part B, line 20 – for the separate member of the Financial Institution Group) on line 6 and line 9. Enter zeroes on line 7 and line 8.

Separate Member Filing - Line 7. If Line 5 Is Less Than Line 3. If line 5 (Amount Due – Separate Member) is less than line 3 (Alternate Minimum Privilege Tax for the Financial Institution Group – based on Alabama deposits) divide the amount from line 4 (Amount of Tax Liability from Form CPT, page 2, Part B, line 20 – for the separate member of the Financial Institution Group) by the amount on line 5 (the sum of the Privilege Tax Due - Form CPT, page 2, Part B, line 20 - for each separate member of the Financial Institution Group) and enter the percentage on line 7.

Separate Member Filing - Line 8. Multiply Line 7 by Line 3. Multiply the percentage on line 7 by the amount entered on line 3 (Alternate Minimum Privilege Tax for the Financial Institution Group – based on Alabama deposits).

Separate Member Filing - Line 9. Amount Due. Enter the greater of line 6 or line 8. Also enter the amount computed for line 9 on line 10 page 1, of the Form CPT filed by the separate member.

Schedule G - DEFINITIONS

Definition of Financial Institution Group.

Definition of Financial Institution.

Definition of Affiliated Group.

Definition of Financial Institution Group. The Alabama business privilege tax law, in Section 40-14A-22(f), Code of Alabama 1975, defines the term Financial Institution Group as:

“...all taxpayers in an affiliated group where at least one member of the group is a financial institution that is subject to the provisions of Chapter 16...”

A financial institution that is not a member of an affiliated group is still a financial institution group.

Section 40-14A-22(f) further states:

“...In the event, a financial institution taxpayer is not a member of an affiliated group, that financial institution shall be treated as a financial institution group...”

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Definition of Financial Institution. Chapter 16 of Title 40, Code of Alabama 1975, is the Alabama Financial Institutions Excise Tax law. Section 40-16-1(1), Code of Alabama 1975, defines the term financial institution as follows:

(1) *Financial institution.* Any person, firm, corporation and any legal entity whatsoever doing business in this state as a national banking association, bank, banking association, trust company, industrial or other loan company or building and loan association, and such term shall likewise include any other institution or person employing moneyed capital coming into competition with the business of national banks, and shall apply to such person or institution regardless of what business form and whether or not incorporated, whether of issue or not, and by whatsoever authority existing. The common parent corporation of a controlled group of corporations eligible to elect to file a consolidated excise tax return, in accordance with Section 40-16-3, shall be considered a financial institution if such parent corporation is a registered bank holding company as defined by the Bank Holding Company Act of 1956, as amended. As a financial institution, the common parent corporation will be governed by Sections 40-16-1 through 40-16-8 and exempt from all income taxes under Sections 40-18-1 through 40-18-85, with the exception that the credit for licenses or taxes as provided by Section 40-16-8 and the regulations issued or promulgated pursuant thereto by the Department of Revenue will not apply to amounts of excise tax on financial institutions imposed hereby and paid by such parent corporation. Financial institution shall not mean or include individual citizens and fiduciaries acting in a representative capacity for individual citizens, not engaged in a banking, loan, investment or similar business, but merely making personal investments of personal or fiduciary funds in bonds, notes or other evidences of indebtedness and not made in competition with the business of national banks, nor shall such term apply to insurance companies or insurance associations merely making investments of reserves in bonds, notes or other evidences of indebtedness and not made in competition with the business of national banks.

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Definition of Affiliated Group. The Alabama business privilege tax law, in Section 40-14A-22(f)(1)a, Code of Alabama 1975, defines the term Affiliated Group as:

a. Affiliated Group. (i) One or more chains of corporations or limited liability entities connected through the ownership of stock or ownership interests with a common parent which is a corporation or limited liability entity, but only if the common parent owns directly stock or ownership interests meeting the requirements of item (ii) in at least one of the other corporations or limited liability entities, and only if stock or ownership interests meeting the requirements of item (ii) in each of the corporations or limited liability entities (except the common parent) is owned directly by one or more of the other corporations or limited liability entities. (iii) The ownership of stock or ownership interests of any corporation or limited liability entity meets the requirements of this paragraph if it possesses at least 80 percent of the total voting power or capital and profits interest of the corporation or limited liability entity.

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Financial Institution Group Computation Schedule

Schedule G Must be Filed Only by Financial Institution Groups or Group Members

FEIN LEGAL NAME OF TAXPAYER

Filing Election

- Check box if electing to file a consolidated business privilege tax return in accordance with Section 40-14A-22(f), Code of Alabama 1975.
Check box if a member of a Financial Institution Group filing separately.

FEIN of Common Parent:

Tax Computation If Electing To File A Consolidated Return

Table with 5 rows for consolidated return calculation, including total deposits, rates, alternative minimum tax, and amount due.

Tax Computation If Electing To File Separately

Table with 9 rows for separate filing calculation, including total deposits, rates, alternative minimum tax, taxpayer liability, and amount due.

A listing of all Financial Institution Group members with FEINs must be attached to this schedule.

See the instructions for Schedule G, Financial Institution Group Computation Schedule.

See the instructions for Form CPT, Alabama Business Privilege Tax Return and Annual Report (for C-corporations).

Additional Information Available at www.ador.state.al.us