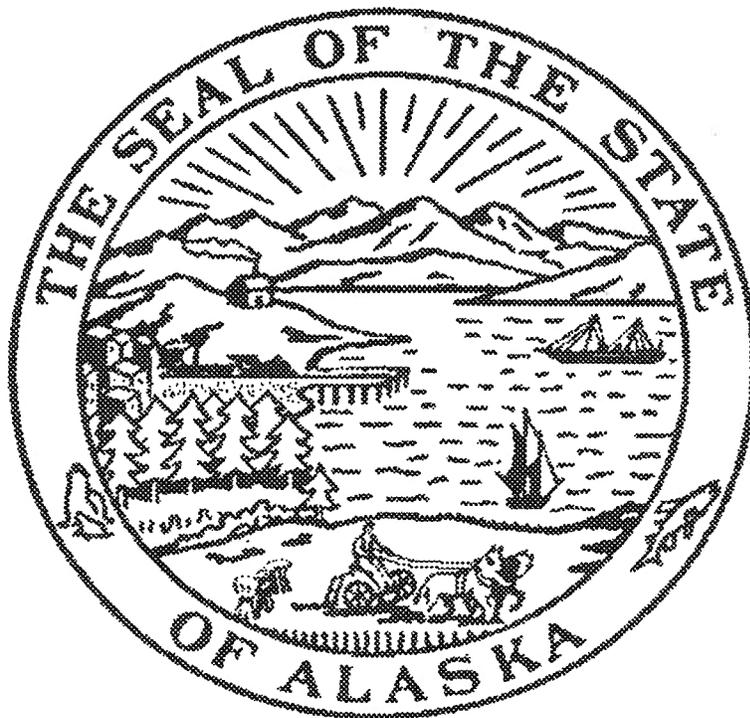


1998

Alaska Corporation Net Income Tax Return



State of Alaska *Department of Revenue*

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IF YOU NEED HELP

If you have questions not addressed in these instructions, need additional information, or require other assistance, contact the department by telephone at: (907) 465-2320 in Juneau; or (907) 269-6620 in Anchorage.

INTERNET HOME PAGE

Current tax forms and instructions are available on our Internet home page. Our URL is:

<http://www.revenue.state.ak.us/iea>

CHANGES THIS YEAR

Form Changes. Former Schedules H – Water's Edge and H – Non-Affiliated have been replaced with a single Schedule H to be used by all taxpayers using standard Form 04-611.

New Schedules J, K, and L calculate Alaska capital gain net income and section 1231 gain or loss, the Alaska charitable contribution deduction, and the Alaska dividends-received deduction respectively. These new schedules most often apply to taxpayers using the standard Form 04-611. Schedules K and L may be used as worksheets by Short Form filers when applicable.

Schedule E has been modified to include corporate level taxes applicable to S-Corporations that were previously reported on Schedule D.

Form 04-611N has been modified to reflect the two year carryback period effective for net operating losses for tax years beginning after August 5, 1997.

Principle Business Codes. The Standard Industrial Code system (SIC) has been replaced by the six digit North American Industry Classification System (NAICS) for federal and Alaska reporting purposes. Report your six digit NAICS code from your Form 1120, Schedule K line 2a on page one of your Alaska return.

Law Changes. Alaska income tax regulations Chapter 15 AAC 20 underwent significant changes during 1998. The changes relevant to corporate taxpayers other than Oil and Gas Corporations are outlined below and in the body of these instructions.

Consolidated Returns. Consolidated filing is available to, or required of, more taxpayers beginning in 1998. Two or more taxpayers that are part of the same unitary business are required to file a consolidated Alaska return if they also join in the filing of a consolidated federal return. Other taxpayers that are part of the same unitary business may, or may be required to, file a consolidated Alaska return. Corporations organized outside of the United States also may, or may be required to, file a consolidated Alaska return with domestic or other foreign taxpayers of the unitary group. Refer to the detailed discussion of consolidated returns at page 4. Taxpayers using combined reporting should obtain a copy of Alaska's Guide to Returns Based on a Combined Report.

Alaska Capital and Section 1231 Gains and Losses. The new regulations clarify that Alaska capital gain net income as well as the amount and character of Section 1231 gain or loss must be determined based upon the taxpayer's allocated and apportioned gains and losses. Other ordinary gain or loss, such as depreciation recapture, is unaffected by the 1998 regulations. The regulation does not affect taxpayers that do business solely in Alaska. **Schedule J** is used to calculate Alaska gains and losses.

Charitable Contribution Deduction. The 1998 regulations clarify that the charitable contribution deduction limitation is based on the taxpayer's Alaska taxable income. Thus, the current deduction and excess contributions carryover may differ from its federal income tax counterpart. Taxpayers using combined reporting and/or with non-business income are most likely to have an Alaska contribution limitation that does not correspond with their federal limitation. **Schedule K** is used to calculate the Alaska charitable contribution deduction.

Dividends-Received Deduction. The 1998 regulations have both modified and clarified the Alaska dividends-received deduction. The regulations clarify that the dividends-received deduction limitation is based upon the taxpayer's Alaska taxable income. Generally this rule will affect few taxpayers. **Schedule L** is used to calculate the Alaska dividends-received deduction.

Combined Reporting. Taxpayers using the combined method of reporting should obtain a copy of Alaska's Guide to Returns Based on a Combined Report. The guide includes discussion and examples designed to provide guidance in preparing Alaska income tax returns, including consolidated returns, that are based upon combined reporting. You can obtain Alaska's Guide to Returns Based on a Combined Report directly from our web site at: <http://www.revenue.state.ak.us>.

AVOID COMMON MISTAKES

To facilitate the processing of the return, be sure to do the following:

1. The water's edge combined reporting method is mandatory in Alaska. Do not file using a world-wide combined reporting method.
2. Use the correct form and schedules. Non-affiliated corporations operating solely in Alaska are encouraged to use the short form, Form 04-611SF. All other corporations must use the standard Form 04-611.
3. Unless the corporation changed its name, enter the name as it appeared in the prior return. If this is a consolidated return, see specific instructions on page 5 regarding taxpayer identification. If the name on this return is different from the name reported on the prior return, complete question 4 of Schedule B (standard Form 04-611 only).
4. Accurately complete all "RETURN DATA" questions on page one. You must know the answers to these questions to file accurately. We need this data to process the returns efficiently. Do not assume that because the corporation filed using the short form in 1997, that it is eligible to use the short form in 1998.
5. Provide the name and phone number of a contact person who can answer any question that we may have regarding the return. This must be an officer or employee who is authorized to answer any such questions. Generally, we cannot discuss taxpayer information with an outside party unless we have a Power of Attorney.
6. Complete all taxpayer data on page one and all affiliate taxpayer data on Schedule B

(standard Form 04-611 only). Refer to instructions on page 5 for assistance in finding Alaska Commerce ID #'s.

7. If this taxpayer and one or more other Alaska taxpayers are included in a consolidated federal return, these same taxpayers must file a consolidated Alaska return if they are members of the same unitary group. If the federal common parent is not an Alaska taxpayer, identify the common parent on Schedule B, question 2.

8. Attach schedules as instructed in the forms. Schedules providing detail, by company, are required where specified in the forms. Attaching complete schedules will ensure a valid filing and prevent unnecessary correspondence with our examination unit. Be sure that attached schedules are properly referenced and agree to the totals reported on the form. Taxpayers using the combined method of reporting should consult Alaska's Guide to Returns Based on a Combined Report for a listing of schedules supporting a combined report.

9. Attach a copy of the signed federal income tax return of the taxpayer as filed with the Internal Revenue Service. If the taxpayer is included in a federal consolidated return, attach the consolidated return and not the taxpayer's separate company return. Do not attach a pro forma return. Send only the portions of the federal return specified in the instructions on page 3 if the federal return exceeds 50 pages.

10. To avoid interest and penalties, pay any tax due within two and one-half months of the tax year-end and file the return within thirty (30) days of the due date for the federal return. Note that the thirty days may or may not correspond to the 15th day of the following month.

GENERAL INSTRUCTIONS

I. BASIC FILING PROCEDURES

WHO MUST FILE

Every corporation having taxable nexus with the state must file an Alaska Corporation Net Income Tax Return. Taxable nexus, sometimes referred to as "doing business" within the state, is the act of conducting business activity within the state that is not protected under Public Law 86-272. Taxable nexus may exist as a result of a corporation's direct activity, the activity of its employees or agents, or through its interest in a partnership or limited liability company. Taxable nexus may include, but is not limited to:

- a. owning or using property in the state, including leased or mobile property;
- b. presence of employees in the state for business purposes;
- c. making sales into the state; or
- d. the generation of income from sources within the state without regard to whether there is a physical presence in the state.

In addition, Alaska requires that a corporation registered to do business in the state must file a report even if it did not have taxable nexus with Alaska during the tax year (see instructions on page 3 for "Inactive Corporation").

WHICH FORM TO USE

Form 04-611 is the standard Alaska Corporation Net Income Tax Return form designed to accommodate any taxpayer including the most complex filing under the water's edge method. The standard form must be used whenever the taxpayer 1) has taxable nexus or business activity outside of Alaska, or 2) is a member of an affiliated group.

The short form, Form 04-611SF, is designed for taxpayers with less complex filing requirements. The short form is available to taxpayers that 1) conduct business only in Alaska, and 2) are not a member of an affiliated group.

AFFILIATED GROUP DEFINED

An affiliated group is a group of corporations in which 50% or more of the voting stock of each member of the group is directly or indirectly owned by one or more corporate or non-corporate common owner(s), or by one or more of the members of the group.

SMALL BUSINESS CORPORATION (S CORPORATION)

An S Corporation doing business in Alaska is required to file an Alaska return. Generally, an S Corporation will satisfy its filing requirement by filing the applicable Form 04-611 (pages 1 and 2) or Form 04-611SF (page 1) with the S Corporation box on page one checked. Alaska does not impose a tax on pass-through items of income or loss of an S Corporation. Schedule A lines 1-20 need not be completed unless a corporate level tax is applicable. Attach a copy of pages 1 through 4 of the federal Form 1120S and Form 7004 if applicable.

Alaska imposes both the federal excess net passive income tax and the corporate level tax on built-in gains. These taxes are calculated at the highest Alaska marginal tax rate of 9.4%. However, if the corporate level tax is based on income that includes net capital gain, then the Alaska capital gain rate of 4.5% may apply. The portion of excess net passive income subject to the 4.5% rate on net capital gain may not exceed the proportionate share of net capital gain included in taxable excess passive income calculated by multiplying excess passive income by the ratio of

passive net capital gain over total passive income. If corporate level taxes are imposed, attach copies of the schedules and forms calculating the federal tax and the Alaska tax calculation. Enter the corporate level taxes on Schedule E – SF, line 4, or Schedule E, line 7 as appropriate.

PARTNERSHIP

A partnership doing business in the state with one or more corporate partners must file an information return. To file, submit the following portions of the partnership's federal return, Form 1065:

1) A copy of the signed Form 1065, pages 1 through 4, with "Alaska" marked at the top of page one.

2) A copy of Schedule K-1 for each corporate partner.

Note: All corporate partners of partnerships doing business in Alaska must file an Alaska Corporation Net Income Tax Return.

LIMITED LIABILITY COMPANY (LLC)

An LLC doing business in the state must file an Alaska return consistent with its federal tax status. If the LLC is characterized as a corporation for federal income tax purposes, the LLC must file a return in accordance with the instructions applicable to corporations. An LLC with corporate member(s), that is characterized as a partnership for federal income tax purposes, must follow the instructions applicable to partnerships with corporate partners. An LLC taxable as a partnership, but which has no corporate members, is not required to file a return or report.

INACTIVE CORPORATION

A corporation with no business activity in Alaska and no income from Alaska sources must file an information report if it is registered with the Alaska Department of Commerce and Economic Development or has an Alaska business license. This requirement may be satisfied in one of two ways:

1) If the corporation is affiliated with an Alaska taxpayer, this reporting requirement may be satisfied by reporting the inactive corporation on Schedule B, question #1 of the affiliated taxpayer's return. If so, do not check "Yes" for "information report of an inactive corporation" on page one of Form 04-611 of the active taxpayer's return.

2) To report separately, complete Form 04-611 or 04-611SF, page one only and check "Yes" for "information report of an inactive corporation." Schedules A through L need not

be completed. No other attachments are required.

Note: The filing of an information report for an inactive corporation does not constitute the filing of a return.

EXEMPT ORGANIZATION

An exempt organization is subject to the Alaska Corporation Net Income Tax to the same extent it is subject to tax under the Internal Revenue Code. To file, submit copies of the signed federal Form 990 or 990-PF with "Alaska" marked on the top of page one. If a federal tax is imposed, complete Form 04-611 or 04-611SF reporting the taxable income and calculating the tax. Attach signed copies of Forms 990-T or 1120-POL, etc.

WATER'S EDGE FILING

A corporation that is a member of an affiliated group must file using the water's edge method of reporting. The use of the water's edge combined method is required by Alaska; it is not elective. Refer to instructions on this page explaining the water's edge method of reporting.

FILING A CONSOLIDATED RETURN

Two or more Alaska taxpayers included in the same federal consolidated return, who are engaged in a common unitary business, must file a consolidated Alaska return. Additionally, any two or more taxpayers, engaged in a common unitary business may elect to file a consolidated return if they qualify to join in a consolidated federal return. Foreign corporations are treated as domestic corporations for purposes of determining eligibility to file a consolidated Alaska return. If any two taxpayers engaged in a common unitary business join in filing a consolidated Alaska return, all eligible taxpayers of the common unitary business must be included in the consolidated return.

ATTACHMENT OF FEDERAL RETURN

A corporation must provide a complete copy of the signed federal income tax return (Form 1120, 1120S, 990-T, etc.) which includes the corporation(s) filing the Alaska return. The copy must be of the return **actually filed** with the Internal Revenue Service for the same taxable year. If the federal return of the taxpayer was part of a consolidated return, submit a copy of the consolidated federal return in which the taxpayer was included. Affiliated taxpayers electing to file an Alaska consolidated return must include a complete copy of each federal income tax return of those corporations filing the Alaska return. **A pro forma return will not fulfill this requirement. Failure to provide the required federal return(s) will result in the Alaska return being deemed incomplete.**

Note: If the federal return exceeds 50 pages, a corporation must submit the following portions of the required federal return in lieu of the entire federal return:

1. A copy of pages 1 through 4 of federal Form 1120, 1120S, 1120F, etc. for the tax year. Attach copies of schedules and attachments filed in response to questions 3 and 5 of Form 1120, Schedule K.

2. Credits: If claimed on the Alaska return, include copies of Form 3800, along with applicable supporting federal Forms and schedules for each credit reported on Form 3800.

3. Other Taxes: Form 4626 with supporting schedules and attachments. Include Form 8827 with supporting schedules and attachments if applicable.

4. Extension: Form 7004 if applicable.

5. Where a consolidated federal return is filed, attach copies of the schedules prepared for the computation of consolidated taxable income. The schedules must show the separate taxable incomes for each member of the federal consolidated group with the consolidating eliminations and adjustments made to arrive at consolidated taxable income.

6. Form 851 and supporting schedules.

7. Form 2220 and supporting schedules.

II. WATER'S EDGE COMBINED REPORTS

COMBINED REPORT

Whenever two or more corporations are engaged in a unitary business conducted within and outside Alaska, the members of the unitary group that are Alaska taxpayers must apportion the combined income of the group to measure their Alaska taxable income. Taxpayers using the combined method of reporting are urged to obtain a copy of Alaska's Guide to Returns Based on a Combined Report.

WATER'S EDGE METHOD OF REPORTING

A water's edge report generally combines only those members of the world-wide unitary group that 1) have taxable nexus with Alaska, or 2) have a significant connection to, or presence in, the United States. In general, a water's edge group consists of all members of the unitary group that have an average U.S. factor of at least 20%. To construct the water's edge combined group, start with the taxpayer's world-wide affiliated group, remove non-unitary affiliates, then remove unitary affiliates that have less than 20% average U.S. factors.

The 20% U.S. factor threshold must be determined on a company-by-company basis and, unlike the apportionment factor, includes intercompany transactions.

A corporation with taxable nexus in Alaska, but which does not have 20% or greater average U.S. factors, must file a return using the water's edge method of reporting in which it is combined with all members of the unitary group with 20% or greater U.S. factors. However, that taxpayer is not included in the water's edge combined group of any affiliated taxpayers because its average U.S. factors are less than 20%.

UNITARY GROUP OR UNITARY BUSINESS

A business is unitary if the entities involved are under common direction (formal or informal) and activities within and without the state are contributory and complementary in nature, such that profits of the group are inextricably related. Tests of unitary determination include functional integration, centralized management, and economies of scale.

Determination of whether the activities constitute a unitary trade or business depends on the facts of each case. The following factors are considered to be indications of a unitary trade or business, and the presence of any of these factors creates a presumption that the activities constitute a single trade or business.

1. **Same type of business.** Corporations are generally engaged in a unitary trade or business when the activities are in the same general line of business. For example, corporations that operate a chain of retail grocery stores are almost always engaged in a unitary business.

2. **Steps in a vertical process.** Corporations are engaged in a unitary trade or business when engaged in different steps in a vertically structured enterprise. For example, corporations that explore for and mine copper ores, concentrate, smelt and refine the copper ores, and fabricate the refined copper into consumer products are engaged in a unitary trade or business regardless of the fact that the various steps in the process are operated substantially independently of each other and with only general supervision from the executive offices.

3. **Strong centralized management.** Corporations that might otherwise be considered as engaged in more than one trade or business are engaged in one unitary trade or business when there is strong centralized management. Some indications of strong centralized management are: (a) the existence

of centralized departments that perform the normal functions that a truly independent business would perform for itself, such as accounting, personnel, insurance, legal, purchasing, advertising or financing; or (b) centralized executive officers who are involved in planning, operations or coordination.

ALLOCATION AND APPORTIONMENT OF INCOME

A taxpayer with business income attributable to sources within and outside Alaska must apportion such income. To calculate the apportionment percentage, use Schedule I - Apportionment Factor.

Apportionment refers to the division of business income among states by the use of an apportionment formula.

Allocation refers to the assignment of non-business income to a particular state.

Alaska applies both the transactional and functional tests of **business income**. Income resulting from transactions or activities that are within the regular course of the taxpayer's trade or business are business income. Income from tangible or intangible property is business income, if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business. Income meeting either the functional or the transactional test is business income. Income from transactions or activity that is unusual or infrequent is not non-business income solely because of the unusual or infrequent nature of the income, activity, or transaction.

Non-business income is all income other than business income.

PREPARING A CONSOLIDATED RETURN

Two or more Alaska taxpayers in the same affiliated group may elect to, or be required to, file a consolidated Alaska return (see "FILING A CONSOLIDATED RETURN" on page 3). The Alaska Department of Revenue offers Alaska's Guide to Returns Based on a Combined Report. The guide includes examples of filing a consolidated Alaska return for taxpayers using the combined method of reporting.

Alaska consolidated returns resemble, but do not mirror, the federal consolidated return. In an Alaska consolidated return the federal consolidation rules are applied very narrowly to construct the Alaska consolidated items; namely capital gain net income, charitable contributions, the dividends received deduction, income tax, credits, and other taxes. The federal consolidated return rules do not govern the building of combined income. Each taxpayer is required to determine its taxable income using the water's edge combined method of reporting. The taxable incomes of each taxpayer are then consolidated to comprise the consolidated Alaska return.

The water's edge group for each taxpayer within the consolidated group is determined by reference to the individual taxpayer. Taxpayers joining in a consolidated return usually have a common water's edge group. However, consolidated taxpayers may have distinct combined groups. **Separate combined reports are required for each unique water's edge combined group represented in the consolidated return.** Unique water's edge groups will exist for each distinct unitary business represented in the consolidated return. Unique water's edge groups may also exist within a single unitary group where one taxpayer has less than 20% average U.S. factors and is excluded from the water's edge group of every other taxpayer within that unitary group.

COMBINED AFFILIATES HAVING DIFFERENT ACCOUNTING PERIODS

The income of all affiliates included in a combined report must be determined on the basis of the same accounting period. Generally, the accounting period used in the return should be that of the common parent. Where no common parent exists, the income of the combined affiliates should be determined on the basis of the taxpayer's annual accounting period.

Generally, when it is necessary to convert an affiliate to the annual accounting period of the taxpayer, an interim closing of the books should be made for the members whose accounting period differs from the common parent and/or taxpayer. If no substantial misstatement of income results, a pro-rata conversion may be used.

III. OTHER GENERAL INSTRUCTIONS

RETURN DUE DATE

The Alaska return must be filed within thirty (30) days of the date on which the corporation's federal income tax return is required to be filed. Thus, the due date is not necessarily the 15th day of the month following the federal due date.

EXTENSION OF TIME TO FILE

A federal extension automatically extends the Alaska filing due date to thirty (30) days after the federal extended due date. AS 43.20.030(a). Be sure to attach a copy of your federal extension to your Alaska return. **An extension of time to file is not an extension of time to pay.**

PAYMENT DUE DATE

Full payment of the Alaska tax must be made on or before the 15th day of the third

month after the close of the tax year. See instructions for payment of tax below.

WHERE TO SEND THE RETURN

Mail the return with attachments to:
Alaska Department of Revenue
PO Box 110420
Juneau, AK 99811-0420

WHO MUST SIGN

The return must be signed by an authorized officer of the corporation.

ESTIMATED TAX

Payment of estimated tax is required as provided under IRC Section 6655. Payments other than wire transfer payments must be accompanied by Alaska Form 04-711. A corporation that fails to pay the proper estimated tax when due will be subject to an underpayment penalty for the period of underpayment. If estimated tax was underpaid, complete and attach Form 04-708 Underpayment of Estimated Tax by Corporations.

PAYMENT OF TAX

Payment must be made to the Alaska Department of Revenue, PO Box 110420, Juneau, AK 99811-0420. Payment should be submitted with the appropriate return or Form 04-711, and must be identified by name, address, tax year and federal Employer Identification Number (EIN).

LARGE PAYMENTS

When an estimated tax payment is \$100,000 or greater, or a payment with a return is \$150,000 or greater, payment must be made by wire transfer.

Notify the State of Alaska, Treasury Division by facsimile at (907) 465-4019 regarding the particulars of the transfer the day before the wire transfer is to be made.

Wire payments to:

State Street Bank & Trust Company
Boston, Massachusetts
ABA #011000028
For Credit to the State of Alaska
General Investment Fund, AY01
Account #00657189
Attention: Kim Chan, Public Funds

Contact the Alaska Department of Revenue's Treasury Division at the following address if additional information is required:

Deborah Idone, Accountant or
Cash Manager & Investment Officer
Alaska Department of Revenue
Treasury Division
PO Box 110406
Juneau, AK 99811-0406
Telephone (907) 465-2360

Provide a contact number in advance to the Treasury Division if confirmation is desired.

ALASKA INTEREST RATES ON TAX DUE

June 16, 1976 - June 30, 1982:
8% per annum, simple interest
July 1, 1982 - October 30, 1991:
12% per annum, simple interest
October 31, 1991 to present:
11% per annum, compounded
quarterly.

AMENDED RETURNS

A corporation may amend a prior year return by using Form 04-611X. If the federal return was also amended, a complete copy must be attached. An amended Alaska return is required if the federal return is amended.

ADJUSTMENTS TO FEDERAL INCOME TAX LIABILITY

A corporation is required to report any alteration in, or modification of, the taxpayer's federal income tax return and of a recomputation of tax or determination of deficiency, whether with or without assessment. The amended return must be filed with full payment of any additional Alaska tax within 60 days after the final determination of the federal adjustment to avoid assessment of penalty for failure to file or pay. If the date that the adjustment is finalized is later than the date on federal Form 4549 or 4549A, the reason must be satisfactorily explained in order to avoid assessment of the penalty for failure to file or pay. An alteration to the taxpayer's federal income tax return includes any alteration to the return of any member of the combined group of the taxpayer.

Note: The taxpayer's obligation to report and pay additional tax resulting from adjustments to federal income tax liability is not affected by the expiration of the statute of limitations period for the taxpayer's original Alaska Corporation Net Income Tax Return.

LATE FILING OF RETURN

A corporation that does not file its return by the due date, including extension, is subject to a failure to file penalty of 5% of the unpaid tax for each 30 day period or portion of a period the return is late, up to a maximum of 25%. The penalty will not be imposed if the failure to file was due to reasonable cause.

LATE PAYMENT OF TAX

A corporation that does not pay the full amount of tax due within 2-1/2 months after the close of the tax year is subject to a failure to pay penalty of 5% of the unpaid tax for each 30 day period or portion of a period the payment is late, up to a maximum of 25%. If during any period or portion of a period, both the failure to file and failure to pay penalties are applicable, only the failure to file penalty is imposed.

DISCLAIMER REGARDING FEDERAL CHANGES

At the time that this return was drafted, the complete set of 1998 U.S. Corporation Income Tax Return forms was not yet available. Therefore, references to lines and schedules on federal forms may not be accurate. Nothing in these instructions or associated forms should be read to conflict with Alaska statutes or regulations.

SPECIFIC INSTRUCTIONS FORM 04-611

These instructions are generally applicable to the standard Form 04-611, but may be applicable to the short form, Form 04-611SF, as specified. Instructions specific to Form 04-611SF follow the standard Form 04-611 instructions.

TAXPAYER IDENTIFICATION

Enter the name and federal EIN of the taxpayer. If this is a consolidated Alaska return, enter the name and federal EIN of one taxpayer included in the consolidated filing. If the common parent of the federal consolidated group is an Alaska taxpayer included in this return, use its name and EIN. Otherwise select the taxpayer corporation with the largest Alaska presence. Continue to use that name and EIN for subsequent tax periods until the taxpayer leaves the Alaska consolidated group or the common parent becomes an Alaska taxpayer. If this taxpayer or consolidated group has previously filed under the name and EIN of a non-nexus common parent, change the designated taxpayer according to these instructions and complete Schedule B, question 4.

CONTACT PERSON

Provide the name and telephone number of an individual to whom correspondence regarding this return should be directed. This must be an officer or employee authorized to receive confidential tax information. Generally, we cannot discuss tax matters with an outside party unless we have a Power of Attorney.

ALASKA COMMERCE ID

Enter the taxpayer's Alaska Department of Commerce Corporation File Number which can be found on the corporation's biennial report, Alaska Certificate of Incorporation, or Certificate of Authority.

RETURN DATA (Form 04-611 only)
Complete each question in the boxes as follows:

Question #1: A federal extension automatically extends the Alaska filing due date. If a federal extension is in effect for

the taxpayer(s), check "yes" here and attach a copy of Form 7004 to the return.

Question #2: DO NOT check "yes" if the return is for an active taxpayer with inactive affiliates reporting on Schedule B, question #1. See "INACTIVE CORPORATION" in the General Instructions on page 2 for reporting requirements.

Question #3: Check "yes" if this corporation is not a member of an affiliated group and does not have business activity outside the state of Alaska. See General Instructions on page 2 for the definition of an affiliated group. If you check "yes", you should use the short form, Form 04-611SF.

Question #4: Refer to "WATER'S EDGE FILING" in General Instructions on page 3. If this is a combined return, check "yes" and complete Schedule B, question #1.

Question #5: Check "yes" if this is a consolidated return, and complete Schedule B, question #1. Do not check "yes" if this is a return of a single Alaska taxpayer that is included in a consolidated federal return.

SCHEDULE A

NET INCOME TAX SUMMARY

Line 2, Alaska net operating loss deduction: Enter the taxpayer's Alaska net operating loss carry-forward. Do not enter the federal net operating loss deduction. The Alaska net operating loss deduction may differ from the federal net operating loss as a result of state adjustments to federal taxable income, differences between the federal consolidated group and the water's edge combined group, and the amount of income or loss apportioned to other states. Attach a schedule showing, by year, when the net operating loss was generated and applied.

In general, the application of an Alaska net operating loss is governed by applicable Internal Revenue Code provisions.

Line 8, Incentive Credits: Include on line 8 the following Alaska specific incentive credits if applicable:

Exploration Incentive Credit (Minerals): Enter the credit allowable against your corporate net income tax from Form 04-665, Exploration Incentive Credit. The credit may not exceed the lesser of 50% of the following:

- ♦ corporation tax liability
- ♦ total mining license tax liability
- ♦ mining license tax liability related to production from the mining operation at which the mining exploration activity occurred.

Oil and Gas Exploration Incentive Credit: Enter the amount of credit extended under AS 41.09.010(a) to be applied against your corporate income tax, limited to your Total Tax from line 7 less any Exploration Incentive Credit (Minerals). Attach a copy of your credit extension(s) from the Commissioner of Natural Resources and specify the application of credit(s) to any other approved applications under AS 41.09.010(b).

Lines 14 - 17, Penalties and Interest: Refer to instructions on page 5.

SCHEDULE B TAXPAYER INFORMATION

(Form 04-611 only)

Question #1, Affiliated Taxpayer Information: This schedule must be completed if the taxpayer is a member of an affiliated group. List each member of the affiliated group that had taxable nexus with Alaska during the year.

Do not list affiliated corporations that are not Alaska taxpayers. Only corporations represented in the apportionment factor numerator should be identified as included in the return. Report all affiliates having nexus with Alaska whether or not the affiliate is included in this return or is a member of the same unitary group as the taxpayer. List the taxpayer shown on page one as taxpayer number 1. Sequentially number each listed taxpayer corporation.

Column (c): The Alaska Department of Commerce Corporation File Number may be found on the corporation's biennial report, Alaska Certificate of Incorporation, or Certificate of Authority.

Column (e), Is this a report of a corporation that is inactive in Alaska?: See General Instructions on page 3 for corporations registered to do business, but are inactive, in Alaska. If you are making a report of an inactive affiliate registered to do business in Alaska, indicate "Yes" or "Y" in this column and complete all other columns (a) through (i). Do not check "yes" for question #2 on page one. Complete columns (a)-(d) and (f)-(i) as if the corporation was an Alaska taxpayer. **Note: The filing of an information report for an inactive corporation does not constitute the filing of a return.**

If you need additional space to report all taxpayers and inactive affiliates, use additional copies of Schedule B or a schedule in compatible format.

SCHEDULE C TAX PAYMENT RECORD

Enter the dates and amounts of estimated tax payments made for the tax year. If a payment was made under a name and EIN different from the taxpayer shown on page one, identify the payor by entering in the margin to the right of the payment amount the taxpayer number corresponding to the payor from Schedule B, question #1. Total payments must equal Schedule A, line 11.

SCHEDULE D ALASKA TAX COMPUTATION (Form 04-611 only)

Enter any net capital gain from Schedule J, line 18 on Schedule D line 2.

S Corporations: Do not report built-in gains or excess net passive income taxes on Schedule D. Corporate-level taxes of S Corporations are now reported on Schedule E.

Personal Holding Companies: The Alaska tax rate on Undistributed Personal Holding Company Income is 12.6%. Include this tax on Schedule D, line 4g (Form 04-611) or line 4 (Form 04-611SF) and attach a statement showing the tax calculation.

SCHEDULE E OTHER TAXES

(Form 04-611 only)

Lines 1 and 2, Alternative Minimum Tax (AMT), and Credit for prior year minimum tax: Include on lines 1 and 2 the amount of the federal tax or credit that is applicable to Alaska. If the taxpayer does not file a federal consolidated return, or if the federal consolidated return group is wholly included in the water's edge combined group, enter in column A the federal tax from Form 4626 and/or credit from federal Schedule J, line 4e.

If the federal consolidated return includes companies not included in the water's edge combined group, then the federal AMT and Credit for prior year minimum tax must be attributed based only upon those companies included in the water's edge combined group. Refer to Alaska regulation 15 AAC 20.135. Attach schedule(s) showing the computation.

Line 2: The credit for prior year minimum tax paid may not exceed the cumulative Alaska alternative minimum tax previously paid to Alaska since the 1987 tax year, net of prior years' alternative minimum tax credits.

SCHEDULE H - COMPUTATION OF ALASKA INCOME

(Form 04-611 only)

Line 1: Enter the income or (loss) from line 28 of the federal income tax return of the taxpayer. This should agree to the federal return required to be attached to the Alaska return. Taxpayers included in a consolidated federal return should enter line 28 of the federal consolidated return here on line 1.

If the taxpayer is not affiliated with another corporation, skip line two and enter the amount from line 1 on line 3.

Line 2: Taxpayers using the combined method of reporting (water's edge taxpayers) must complete line 2. Line two of Schedule H reports the income of the corporations that are added to or removed from those included in line 1 to arrive at the net income before modifications of the water's edge group. Skip directly to line 3 if the taxpayer is not required to use the combined method of reporting. Examples of returns based upon combined reporting, including consolidated returns, are presented in Alaska's Guide to Returns Based on a Combined Report.

Line 2(a): Enter the amount reported on line 28 of the federal tax return(s) of all domestic corporations that are members of the taxpayer's water's edge group which are not included in line 1. You must attach a schedule, by-company.

Line 2(b): Enter the income of unitary foreign corporations of the water's edge group. Include any foreign corporation with 20% or greater U.S. factors. You must attach a schedule, by company.

Line 2(c): Enter the foreign sales corporation's profit including federally exempt foreign trade income and allowing for deductions attributable to exempt foreign trade income. Also report DISC and foreign tax haven corporation net income here.

Line 2(d): Remove the income or loss of companies included in line 1 that are not included in the unitary business of the taxpayer(s). You must attach a schedule, by company.

Line 2(e): Remove the income or loss of companies included in line 1 that are part of the taxpayer's unitary business but whose U. S. factors are less than 20%. You must attach a schedule, by-company.

Line 2(f): Enter the adjustment for intercompany transactions that are necessary to reflect the combined income of the water's edge group. The incomes of the companies represented in lines 1 through 2(e) may or may not include adjustments to, or the elimination of, intercompany profits as required under the combined method of reporting. An intercompany transaction of a federal consolidated group may not be an intercompany transaction of the water's edge group. This may include the reversal of a consolidating elimination or adjustment from the consolidated federal return, the initiation of an elimination, or adjustment for inter-group transactions that are not reflected in the income

reported on lines 1 or 2(a)-(e), or a combination of the two.

Alaska regulations provide that intercompany transactions between any two members of the combined group, if those two members join in a consolidated federal return, must be accounted for in the combined report in the same manner as the transaction is accounted for in the consolidated federal return. Refer to Alaska regulation 15 AAC 20.300(m).

The most common adjustment is for intercompany profits residing in beginning and ending inventory. Reverse end-of-year intercompany profit eliminations between corporations within and outside of the water's edge group to the extent they are included in the measure of income reported on lines 1 through 2(e). Reverse beginning-of-year intercompany profits on transactions between corporations within the water's edge combined group to the extent they were not reversed in the measure of income reported on lines 1 through 2(e).

Line 6(f): Enter any non-business income or loss claimed and attach detailed schedules by category of income.

Line 10: Enter non-business income or loss allocated to Alaska and attach detailed schedules by category of income.

Line 11(a): Enter the taxpayer's Alaska capital gain net income and Section 1231 gains and losses from Schedule J, line 20.

Line 11(b): Enter the taxpayer's Alaska charitable contribution deduction from Schedule K, line 10.

Line 11(c): Enter the taxpayer's Alaska dividends-received deduction from Schedule L.

SCHEDULE I APPORTIONMENT FACTOR (Form 04-611 only)

Schedule I must be completed by taxpayers with business activity both within and outside of Alaska. If all business activity is within Alaska, skip lines 1-4 and enter 1.0 on line 5. Taxpayers using the combined method of reporting are required to include a schedule of the combined apportionment formula in columnar format disclosing for each corporation the total property, payroll, and sales and the amount of Alaska property, payroll, and sales.

Divide the Alaska factor values in column A by the everywhere factor values in column B and enter the result in column C for lines 1, 2, and 3. Add column C lines 1, 2, and 3 and enter the result on line 4. Divide line 4 by the number of applicable factors (usually 3) and enter the result on line 5. All factor calculations (lines 1 - 5) should be rounded to the sixth decimal place. If both the numerator and denominator (columns A and B) of a factor are zero, disregard that factor and divide line 4 by the remaining number of factors and enter the result on line 5.

Property Factor: See 15 AAC 19.141-202.

The property factor is a fraction, the numerator of which is the value of real and tangible personal property owned or rented and used within Alaska during the tax year to produce business income. The denominator is the value of all real and tangible personal property owned or rented and used to generate business income.

Property used in the production of non-business income is not included in the factor. Construction in progress is not included in the factor.

Owned property is valued at its original cost averaged over the tax year. In general, original cost is the unadjusted basis for federal income tax purposes at the time of acquisition adjusted by subsequent additions, improvements, or partial dispositions. The average value of owned property is computed by averaging the property values at the beginning and end of the tax year. Rented property is valued at eight times the annual rents paid.

Payroll Factor: See 15 AAC 19.211-241. The payroll factor is a fraction, the numerator of which is the compensation paid within Alaska during the tax year to produce business income. The denominator is the total compensation paid during the tax year to produce business income.

The term "compensation" means wages, salaries, commissions and any other form of remuneration paid directly to employees for personal services. Payments made to an independent contractor, or to any person not properly classified as an employee, are excluded.

Sales Factor: See 15 AAC 19.251-302. The sales factor is a fraction, the numerator of which is the gross receipts derived during the tax year from transactions and activities attributable to Alaska in the regular course of the taxpayer's trade or business. The denominator is the total gross receipts derived during the tax year from transactions and activities in the regular course of the corporation's trade or business.

SCHEDULE J - ALASKA CAPITAL AND SECTION 1231 GAINS AND LOSSES (Form 04-611 only)

Schedule J is used to calculate the taxpayer's Alaska net capital gain, capital gain net income, and ordinary net Section 1231 gain or loss. These gains and losses are measured after allocation and

apportionment. Enter the taxpayer's current gains and losses, before any federal limitations, according to their character. Corporations that conduct business both within and without Alaska enter apportionable gains and losses on lines 1, 5, and 11 and enter non-business capital gain or loss on lines 6 and 12 as appropriate. Enter the portion of non-business gain or loss that is allocable to Alaska on lines 8 and 14 as appropriate. Taxpayers using the combined method of reporting should report the gains and losses of the entire combined group.

Line 2. The taxpayer's non-recaptured net Section 1231 losses are based upon the apportioned Section 1231 gains and losses in prior years and may not correspond to the taxpayer's federal non-recaptured net Section 1231 losses.

Line 9. The Alaska capital loss carryover is the taxpayer's allocated and apportioned net capital losses from prior years. Do not enter the taxpayer's federal capital loss carryover from federal Schedule D.

Line 17. If line 10 is a gain and line 16 is a loss, offset the loss from line 16 against the gain from line 10 and enter the result, but not less than zero.

Line 18. If line 16 is a gain and line 10 is a loss, offset the loss from line 10 against the gain from line 16 and enter the result, but not less than zero. This is the taxpayer's net capital gain. Enter the taxpayer's net capital gain on line 2A of Schedule D.

Line 20. Add lines 17, 18, and 19 and enter the result on Schedule H, line 11(a).

SCHEDULE K - ALASKA CHARITABLE CONTRIBUTION DEDUCTION

The taxpayer's Alaska charitable contribution deduction may differ from its federal charitable contribution deduction as a result of allocation and apportionment, the 10% taxable income limitation, Alaska Education Credit contributions, and differences in carryover values. Schedule K is used to measure the taxpayer's Alaska charitable contribution deduction limited by its Alaska taxable income. Enter on line 1 the taxpayer's current charitable contributions before any federal deduction limitations and exclusive of any federal excess contribution carryover. Enter the taxpayer's Alaska excess contribution carryover from prior years on line 6. Take the allowable charitable contribution deduction from line 10 to Schedule H, line 11(b).

SCHEDULE L - ALASKA DIVIDENDS- RECEIVED DEDUCTION

The Alaska dividends-received deduction is based upon the allocated and apportioned dividends included in Alaska taxable income and may be limited to Alaska taxable income. Taxpayers with non-business dividend income or who use the combined method of reporting must take extra care in determining their dividends-received deduction.

Lines 8 and 9. Enter the allocated and apportioned dividends from line 7, according to the appropriate deduction percentage in accordance with Internal Revenue Code Sections 243 - 247, in column A of line 8 and multiply across. Enter the sum of line 8a-d column C in line 9 and carry the deduction, subject to limitation based upon Alaska taxable income (Internal Revenue Code Section 246), to Schedule H line 11(c).

SHORT FORM 04-611SF

Form 04-611SF is available to non-affiliated corporations whose business activity is limited to Alaska. Corporations that are members of an affiliated group, or that have taxable nexus outside of Alaska, must file using the standard Form 04-611.

Form 04-611SF instructions below are limited to those that are unique to the short form. Where the standard and short forms are compatible, refer to the appropriate instruction to the standard Form 04-611.

RETURN DATA

Question #1: A federal extension automatically extends the Alaska filing due date. If a federal extension is in effect for the taxpayer, check "yes" here and attach a copy of Form 7004 to the return.

Question #2: See "INACTIVE CORPORATION" in the General Instructions on page 3 for reporting requirements.

Question #3: Refer to "AFFILIATED GROUP DEFINED" on page 2 of the General Instructions.

Question #4: See discussion of "WHO MUST FILE" in the General Instructions on page 2. If the taxpayer has taxable nexus outside of Alaska, it is required to use the standard Form 04-611 and may not file using Form 04-611SF.

SCHEDULE A - SF

Line 6, Credits: If the taxpayer is claiming general business credits, attach Schedule F page 4 of the standard Form 04-611 to this return. Enter 1.0 on Schedule F line 2 and complete the schedule.

Line 9, Alaska Education Credit: If the taxpayer is claiming an Alaska Education Credit, attach Schedule G from page 4 of the standard Form 04-611 to this return.

SCHEDULE B - SF

Line 1: Enter the income or (loss) from line 28 of the taxpayer's federal income tax return.

Line 2(a): Enter the amount of taxes based on or measured by net income that are deducted in the federal return.

Line 2(b): Enter any other state-specific additions to federal taxable income in reaching Alaska taxable income. Provide a detailed schedule of modifications by category. Qualified contributions for which an Alaska Education Credit is claimed (Schedule G, line 1) should be reported here.

Line 3(c): Enter other state-specific subtractions from federal taxable income in reaching Alaska taxable income. Provide a detailed schedule of modifications by category.

Note: Be aware that the charitable contribution and dividends-received deduction limitations are based upon the corporation's Alaska taxable income and not its federal taxable income. It is possible that state modifications, such as the income tax add-back, can affect these limitations such that the corporation's Alaska deduction is different from the deduction allowed on its federal Form 1120. Taxpayers using the short Form 04-611SF will encounter these differences infrequently. Generally, an Alaska modification is necessary if the corporation's charitable contribution or dividends-received deduction were limited on its federal return. Schedules K and L from page 6 of the standard Form 04-611 can be used to determine the Alaska charitable contribution and dividends-received deductions. Enter on lines 2(b) and 3(c) (as appropriate) the difference between the federal deductions included in lines 1 or 3(b) of Schedule B - SF and the Alaska deductions calculated on Schedules K or L.

**ALASKA CORPORATION NET INCOME TAX RETURN
SHORT FORM**

1998

DEPARTMENT USE ONLY

For the calendar year 1998 or the taxable year beginning
_____, 1998 and ending _____, 19_____.

| | | | |
|-----------------|----------------------|--------------------------|---------------------------|
| Federal EIN | Alaska Commerce ID # | NAICS Code | Alaska Business License # |
| Name | | | Telephone Number |
| Mailing Address | | | Fax Number |
| City | State | Zip Code | E-Mail Address |
| Contact Person | Title | Contact Telephone Number | |

| | | |
|--|---|--|
| Check applicable boxes: <input type="checkbox"/> First Alaska return <input type="checkbox"/> Final Alaska return <input type="checkbox"/> Name or address change since last year <input type="checkbox"/> Limited Liability Company (LLC) <input type="checkbox"/> Exempt organization (see instructions) <input type="checkbox"/> S-Corporation (Attach 1120S) <input type="checkbox"/> Homeowners Association (Attach 1120H) | RETURN DATA | |
| | Yes No (Check Yes or No) <input type="checkbox"/> <input type="checkbox"/> 1. Is a federal extension in effect? If yes, attach copy of Form 7004. <input type="checkbox"/> <input type="checkbox"/> 2. Is this an information report for a corporation that is inactive in Alaska? <input type="checkbox"/> <input type="checkbox"/> 3. Is this corporation a member of an affiliated group? If yes, you may not use this short Form 04-611SF. You must use Form 04-611. <input type="checkbox"/> <input type="checkbox"/> 4. Does this corporation have business activity (taxable nexus) outside of Alaska? If yes, you may not use this short Form 04-611SF. You must use Form 04-611. | |

► SCHEDULE A-SF - NET INCOME TAX SUMMARY

| | | DEPT USE ONLY |
|--|-------|---------------|
| 1. Alaska income (loss) from Schedule B-SF | 1 | |
| 2. Alaska net operating loss deduction (attach schedule) | 2 | NL |
| 3. Alaska taxable income. Subtract line 2 from line 1 | 3 | TI |
| 4. Alaska income tax from Schedule D-SF, line 7 | 4 | TX |
| 5. Other taxes from Schedule E-SF, line 5 | 5 | OT |
| 6. Federal-based credits from Schedule F, line 16 (see instructions) | 6 () | CR |
| 7. Total Tax. Sum of lines 4, 5 and 6 | 7 | |
| 8. Incentive Credits (see instructions) | 8 () | IC |
| 9. Alaska Education Credit from Schedule G, line 4 (see instructions) | 9 () | EC |
| 10. Net Alaska income tax (line 7, net of lines 8 and 9) | 10 | NT |
| 11. Payments from page 2, Schedule C-SF | 11 | PT |
| 12. Tax due. If line 10 is larger than line 11, enter amount of tax due | 12 | |
| 13. Overpayment. If line 11 is larger than line 10, enter amount overpaid | 13 | |
| 14. Penalty for underpayment of estimated tax (Form 04-708, line 18, see instructions) .. | 14 | UP |
| 15. Penalty for failure to file (see instructions) | 15 | PF |
| 16. Penalty for failure to pay (see instructions) | 16 | PP |
| 17. Interest (see instructions) | 17 | IN |
| 18. Total amount due (overpaid). Line 12 plus lines 14-17, or line 13 less lines 14-17 | 18 | |
| 19. Overpayment credited to 1999 estimated tax | 19 | CF |
| 20. Refund (line 18 reduced by line 19) | 20 | RF |

| | | | |
|---|----------|---|---------------|
| I declare, under penalties of perjury, that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. | | | DEPT USE ONLY |
| Officer's Signature | Date | Title | CFWD |
| Preparer's Signature | Date | Check if self-employed <input type="checkbox"/> Preparer's social security number | REFUND |
| Firm's name (or yours if self-employed) and address | E.I. No. | Zip Code | APPROVED |
| | | | DATE |

S
H
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M

SCHEDULE B - SF - ALASKA INCOME (LOSS)

- Federal taxable income, Form 1120, line 28 or Form 1120A, line 24, as actually filed
- Additions: (a) All taxes based on or measured by net income
(b) Other (Attach schedule)
(c) Total additions. Add 2(a) and 2(b)
- Subtractions: (a) Interest from obligations of the United States
(b) Special deductions from Form 1120, Schedule C
(c) Other (Attach schedule)
(d) Total subtractions. Add 3(a) through 3(c)
- Alaska income (loss). Add lines 1, 2(c) and 3(d). Enter here and on Schedule A, line 1

| | |
|----|--------|
| | 1 |
| 2a | |
| 2b | |
| | 2c |
| 3a | |
| 3b | |
| 3c | |
| | 3d () |
| | 4 |

TAX RATE SCHEDULE (AS 43.20.011)

| (1) At least | (2) But less than | (3) Your tax is | (4) Plus | (5) Of the amount over |
|-----------------|----------------------|--------------------|-------------|---------------------------|
| -0- | 10,000 | -0- | 1% | -0- |
| 10,000 | 20,000 | 100 | 2% | 10,000 |
| 20,000 | 30,000 | 300 | 3% | 20,000 |
| 30,000 | 40,000 | 600 | 4% | 30,000 |
| 40,000 | 50,000 | 1,000 | 5% | 40,000 |
| 50,000 | 60,000 | 1,500 | 6% | 50,000 |
| 60,000 | 70,000 | 2,100 | 7% | 60,000 |
| 70,000 | 80,000 | 2,800 | 8% | 70,000 |
| 80,000 | 90,000 | 3,600 | 9% | 80,000 |
| 90,000 or MORE | | 4,500 | 9.4% | 90,000 |

**SCHEDULE C - SF
ESTIMATED TAX PAYMENT RECORD**

| Estimated Payments | Date | Amount |
|--|------|--------|
| (1) 04-711 | | |
| (2) 04-711 | | |
| (3) 04-711 | | |
| (4) 04-711 | | |
| Tentative Tax 04-709 | | |
| Overpayment from prior year | | |
| Less: Quick refund (Form 4466) | | () |
| Total Payments (To Schedule A line 11) | | \$ |

SCHEDULE D - SF - ALASKA TAX COMPUTATIONS

- Alaska taxable income from Schedule A, line 3
- Net capital gain, not to exceed line 1. If line 2 is a loss, enter zero
- Ordinary income. Subtract line 2 from line 1.
If less than zero, enter zero
- To compute the tax on ordinary income, apply the amount on line 3 to the Tax Rate Schedule
Tax from Tax Rate Schedule
- Tax on net capital gains. Multiply line 2 by 4.5%
- Add lines 4 and 5
- Alaska Income Tax is the lesser of line 6, column A or B.
Enter here and on Schedule A, line 4

| | A | B |
|---|---|---|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |

SCHEDULE E - SF - OTHER TAXES (AS 43.20.021)

| | A | | B |
|---|----|-------|--------|
| 1. Alternative minimum tax from federal Form 4626 | 1a | x 18% | 1b |
| 2. Credit for prior year minimum tax from Form 1120, Schedule J, line 4e | 2a | x 18% | 2b () |
| 3. Other federal taxes (attach schedule) | 3a | x 18% | 3b |
| 4. S-Corporation corporate level taxes (see instructions) | | | 4 |
| 5. Total other taxes. Add lines 1 through 4, enter here and on Schedule A, line 5 | | | 5 |

If this is the first return, indicate whether:

- New business
- Successor to previously existing business

Enter name, address and federal EIN of previous business:

ALASKA CORPORATION NET INCOME TAX RETURN

1998

For the calendar year 1998 or the taxable year beginning _____, 1998 and ending _____, 19____.

| DEPARTMENT USE ONLY | | | | |
|---------------------|--|--|--|--|
| | | | | |

| | | | | | | | |
|-----------------|--|----------------------|--|--------------------------|--|---------------------------|--|
| Federal EIN | | Alaska Commerce ID # | | NAICS Code | | Alaska Business License # | |
| Name | | | | | | Telephone Number | |
| Mailing Address | | | | | | Fax Number | |
| City | | State | | Zip Code | | E-Mail Address | |
| Contact Person | | Title | | Contact Telephone Number | | | |

| | | |
|--|--|--|
| <p>Check applicable boxes:</p> <input type="checkbox"/> First Alaska return <input type="checkbox"/> Final Alaska return <input type="checkbox"/> Name or address change since last year <input type="checkbox"/> Limited Liability Company (LLC) <input type="checkbox"/> Exempt organization (see instructions) <input type="checkbox"/> S-Corporation (Attach 1120S) <input type="checkbox"/> Homeowners Association (Attach 1120H) | <p>RETURN DATA</p> <p>Yes No (Check Yes or No)</p> <input type="checkbox"/> <input type="checkbox"/> 1. Is a federal extension in effect? If yes, attach copy of Form 7004. <input type="checkbox"/> <input type="checkbox"/> 2. Is this an information report for a corporation that is inactive in Alaska? <input type="checkbox"/> <input type="checkbox"/> 3. Is this a non-affiliated corporation doing business only in Alaska with an apportionment factor of 1.00? Note: If yes, use Short Form 04-611SF. <input type="checkbox"/> <input type="checkbox"/> 4. Is this a water's edge combination? See AS 43.20.073. If yes, Schedule B, question #1 must be completed. <input type="checkbox"/> <input type="checkbox"/> 5. Is this a consolidated Alaska return including more than one corporation with Alaska business activity? If yes, complete Schedule B, question #1. <input type="checkbox"/> <input type="checkbox"/> 6. Are any business activities conducted by a member of the affiliated group excluded from the combined report as non-unitary business activities? | |
|--|--|--|

► SCHEDULE A - NET INCOME TAX SUMMARY

| | | DEPT USE ONLY |
|---|-------|---------------|
| 1. Alaska income (loss) from Schedule H | 1 | |
| 2. Alaska net operating loss deduction (attach schedule) | 2 | NL |
| 3. Alaska taxable income. Subtract line 2 from line 1 | 3 | TI |
| 4. Alaska income tax from Schedule D, line 7 | 4 | TX |
| 5. Other taxes from Schedule E, line 8 | 5 | OT |
| 6. Federal-based credits from Schedule F, line 16 | 6 () | CR |
| 7. Total Tax. Sum of lines 4, 5 and 6 | 7 | |
| 8. Incentive Credits (see instructions) | 8 () | IC |
| 9. Alaska Education Credit from Schedule G, line 4 | 9 () | EC |
| 10. Net Alaska income tax (line 7, net of lines 8 and 9) if more than \$500, attach Form 04-708 | 10 | NT |
| 11. Payments from Page 3, Schedule C | 11 | PT |
| 12. Tax due. If line 10 is larger than line 11, enter amount of tax due | 12 | |
| 13. Overpayment. If line 11 is larger than line 10, enter amount overpaid | 13 | |
| 14. Penalty for underpayment of estimated tax (Form 04-708, line 18, see instructions) .. | 14 | UP |
| 15. Penalty for failure to file (see instructions) | 15 | PF |
| 16. Penalty for failure to pay (see instructions) | 16 | PP |
| 17. Interest (see instructions) | 17 | IN |
| 18. Total amount due (overpaid). Line 12 plus lines 14-17, or line 13 less lines 14-17 ... | 18 | |
| 19. Overpayment credited to 1999 estimated tax | 19 | CF |
| 20. Refund (line 18 reduced by line 19) | 20 | RF |

| | | | | | |
|---|--|----------|---|-----------------------------------|--|
| I declare, under penalties of perjury, that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. | | | | DEPT USE ONLY | |
| Officer's Signature | | Date | Title | CFWD | |
| Preparer's Signature | | Date | Check if self-employed <input type="checkbox"/> | Preparer's social security number | |
| Firm's name (or yours if self-employed) and address | | E.I. No. | | APPROVED | |
| | | Zip Code | | DATE | |

NAME:

EIN:

TAX RATE SCHEDULE (AS 43.20.011)

| If your Alaska taxable income is: | | (5) Of The Amount Over | | |
|-----------------------------------|----------------------|---------------------------|-------------|---------------------------|
| (1) At Least | (2) But Less Than | (3) Your Tax Is | (4) Plus | (5) Of The Amount Over |
| -0- | 10,000 | -0- | 1% | -0- |
| 10,000 | 20,000 | 100 | 2% | 10,000 |
| 20,000 | 30,000 | 300 | 3% | 20,000 |
| 30,000 | 40,000 | 600 | 4% | 30,000 |
| 40,000 | 50,000 | 1,000 | 5% | 40,000 |
| 50,000 | 60,000 | 1,500 | 6% | 50,000 |
| 60,000 | 70,000 | 2,100 | 7% | 60,000 |
| 70,000 | 80,000 | 2,800 | 8% | 70,000 |
| 80,000 | 90,000 | 3,600 | 9% | 80,000 |
| 90,000 or More | | 4,500 | 9.4% | 90,000 |

**SCHEDULE C
TAX PAYMENT RECORD**

| Estimated Payments | Date | Amount |
|---|------|--------|
| (1) 04-711 | | |
| (2) 04-711 | | |
| (3) 04-711 | | |
| (4) 04-711 | | |
| Tentative Tax 04-709 | | |
| Overpayment From Prior Year | | |
| Apply Nonresident Affidavit Cash Security | | |
| Less: Quick Refund (Form 4466) | | () |
| Total Payments to Schedule A Line 11 | | \$ |

SCHEDULE D - ALASKA TAX COMPUTATION

| | A | B |
|---|----|---|
| 1. Alaska taxable income from Schedule A, line 3 | 1 | |
| 2. Net capital gain from Schedule J, line 18, but not more than line 1. If line 1 is a loss, enter zero | 2 | |
| 3. Ordinary income. Subtract line 2 from line 1. If less than zero, enter zero | 3 | |
| 4. To compute the tax on ordinary income, apply the amount on line 3 to the Tax Rate Schedule | | |
| (a) Tax from column 3 of the Tax Rate Schedule | 4a | |
| (b) Ordinary income from line 3 above | 4b | |
| (c) Amount from column 5 of the Tax Rate Schedule | 4c | |
| (d) Excess. Subtract line 4c from line 4b | 4d | |
| (e) Percent from column 4 of the Tax Rate Schedule | 4e | |
| (f) Multiply line 4d by line 4e | 4f | |
| (g) Tax on ordinary income. Add lines 4a and 4f | 4g | |
| 5. Tax on net capital gain. Multiply line 2 by 4.5% | 5 | |
| 6. Alaska income tax. Add lines 4g and 5 | 6 | |
| 7. Enter the lesser of line 6, column A or B here and on Schedule A, line 4 | 7 | |

**SCHEDULE E - OTHER TAXES
(AS 43.20.021)**

| | A | | B |
|--|----|-------|--------|
| 1. Alternative minimum tax from federal Form 4626 | 1a | x 18% | 1b |
| 2. Credit for prior year minimum tax from Form 1120, Schedule J, line 4e | 2a | x 18% | 2b () |
| 3. Other federal taxes (attach schedule) | 3a | x 18% | 3b |
| 4. Total other taxes. Add lines 1b through 3b | | | 4 |
| 5. Alaska apportionment factor, from Schedule I, line 5 | | | 5 |
| 6. Multiply line 4 by line 5 | | | 6 |
| 7. S-Corporation corporate level taxes, see instructions (attach Schedule) | | | 7 |
| 8. Add lines 6 and 7 and enter here and on Schedule A, line 5 | | | 8 |

| | |
|-------|------|
| NAME: | EIN: |
|-------|------|

SCHEDULE F - CREDITS

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|----|--|--|----|--|--|----|--|--|----|--|--|----|--|--|----|--|--|----|--|--|----|--|--|----|--|--|----|--|--|----|--|--|---|--|--|
| <p>1. Current year general business credit</p> <p>(a) Current year federal general business credit. (line 2, Part I, federal Form 3800) ▼ ▶</p> <p>(b) Current year federal investment tax credit (line 5, Part I, federal Form 3468)</p> <p>(c) Current year credit for employer social security and Medicare taxes paid on certain employee tips (line 6, Part I, federal Form 8846)</p> <p>(d) Current year trans-Alaska pipeline liability fund credit (line 1n, Part I, federal Form 3800)</p> <p>(e) Total of lines 1b through 1d</p> <p>(f) Current year general business credit. (Subtract line 1e from 1a) ▶</p> | <table style="width:100%; border-collapse: collapse;"> <tr><td style="width:10%; text-align: center;">1a</td><td style="width:50%;"></td><td style="width:40%;"></td></tr> <tr><td style="text-align: center;">1b</td><td></td><td></td></tr> <tr><td style="text-align: center;">1c</td><td></td><td></td></tr> <tr><td style="text-align: center;">1d</td><td></td><td></td></tr> <tr><td style="text-align: center;">1e</td><td></td><td></td></tr> <tr><td style="text-align: center;">1f</td><td></td><td></td></tr> <tr><td style="text-align: center;">2</td><td></td><td></td></tr> <tr><td style="text-align: center;">3</td><td></td><td></td></tr> <tr><td style="text-align: center;">4</td><td></td><td></td></tr> <tr><td style="text-align: center;">5</td><td></td><td></td></tr> <tr><td style="text-align: center;">6</td><td></td><td></td></tr> <tr><td style="text-align: center;">7</td><td></td><td></td></tr> </table> | 1a | | | 1b | | | 1c | | | 1d | | | 1e | | | 1f | | | 2 | | | 3 | | | 4 | | | 5 | | | 6 | | | 7 | | |
| 1a | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1b | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1c | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1d | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1e | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1f | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>2. Alaska apportionment factor from Schedule I, line 5</p> <p>3. Multiply line 1f by line 2</p> <p>4. Multiply line 3 by 18%</p> <p>5. Alaska general business credit carryover (attach schedule) ▶</p> <p>6. Tentative general business credit. Add lines 4 and 5</p> <p>7. Alaska income tax from Schedule A, line 4</p> <p>8. Other federal-based credits that reduce regular tax before the general business credit ▼</p> <p>(a) Nonconventional source fuel credit</p> <p>(b) Qualified electric vehicle credit (line 13, federal Form 8834)</p> <p>(c) Total other federal-based credits. Add lines 8a and 8b</p> | <table style="width:100%; border-collapse: collapse;"> <tr><td style="width:10%; text-align: center;">8a</td><td style="width:50%;"></td><td style="width:40%;"></td></tr> <tr><td style="text-align: center;">8b</td><td></td><td></td></tr> <tr><td style="text-align: center;">8c</td><td></td><td></td></tr> <tr><td style="text-align: center;">9</td><td></td><td></td></tr> <tr><td style="text-align: center;">10</td><td></td><td></td></tr> <tr><td style="text-align: center;">11</td><td></td><td></td></tr> <tr><td style="text-align: center;">12</td><td></td><td></td></tr> <tr><td style="text-align: center;">13</td><td></td><td></td></tr> <tr><td style="text-align: center;">14</td><td></td><td></td></tr> <tr><td style="text-align: center;">15</td><td></td><td></td></tr> <tr><td style="text-align: center;">16</td><td></td><td></td></tr> </table> | 8a | | | 8b | | | 8c | | | 9 | | | 10 | | | 11 | | | 12 | | | 13 | | | 14 | | | 15 | | | 16 | | | | | |
| 8a | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8b | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8c | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 14 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 16 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>9. Multiply line 8c by line 2</p> <p>10. Multiply line 9 by 18%</p> <p>11. Enter smaller of line 7 or line 10</p> <p>12. Subtract line 11 from line 7</p> <p>13. If line 12 is greater than \$4,500, enter 25% of the excess</p> <p>14. Subtract line 13 from line 12</p> <p>15. Enter lesser of line 6 or line 14</p> <p>16. Total federal-based credits allowed. Add lines 11 and 15 and enter on Schedule A, line 6 ▶</p> <p>17. Alaska general business credit carryforward: Subtract line 15 from line 6 (but not less than zero) ▶</p> | <table style="width:100%; border-collapse: collapse;"> <tr><td style="width:10%; text-align: center;">17</td><td style="width:50%;"></td><td style="width:40%;"></td></tr> </table> | 17 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

SCHEDULE G — ALASKA EDUCATION CREDIT (AS 43.20.014)

A taxpayer is allowed a credit for cash contributions accepted for direct instruction, research and educational support purposes, including library and museum acquisitions. Contributions accepted for endowment purposes are also eligible for the credit. The contribution must be given to an accredited, nonprofit, two or four year public or private college or university in Alaska. Attach a schedule if more than four contributions were made. The Alaska education credit may not exceed \$150,000. A corresponding deduction for the gross qualified contribution (line 1 amount below) is not allowed under 26 U.S.C. 170 for purposes of this return.

| Payor | Name of College or University | Contribution(s) | |
|-------|-------------------------------|-----------------|--------|
| | | Date | Amount |
| | | | |
| | | | |
| | | | |
| | | | |

| | | | | | | | | | | | | | |
|---|--|---|--|--|---|--|--|---|--|--|---|--|--|
| <p>1. Total qualified contributions. Enter the total of the qualified contributions but not more than \$200,000. Enter here and on Form 04-611 Schedule K, line 2</p> <p>2. Enter lesser of \$50,000 or 50% of line 1</p> <p>3. Subtract \$100,000 from line 1. If less than zero, enter zero. Do not enter more than \$100,000</p> <p>4. Total Alaska education credit. Add lines 2 and 3; enter here and on Schedule A, line 9 (maximum: \$150,000) but not more than the total tax reduced by incentive credits (Schedule A, line 7 less line 8)</p> | <table style="width:100%; border-collapse: collapse;"> <tr><td style="width:10%; text-align: center;">1</td><td style="width:50%;"></td><td style="width:40%;"></td></tr> <tr><td style="text-align: center;">2</td><td></td><td></td></tr> <tr><td style="text-align: center;">3</td><td></td><td></td></tr> <tr><td style="text-align: center;">4</td><td></td><td></td></tr> </table> | 1 | | | 2 | | | 3 | | | 4 | | |
| 1 | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | |

| | |
|-------|------|
| NAME: | EIN: |
|-------|------|

SCHEDULE H - COMPUTATION OF ALASKA INCOME

| | | | |
|--|-----|-----|--|
| 1. Federal taxable income (loss), Form 1120, line 28, or Form 1120A, line 24 as actually filed by taxpayer or taxpayer's federal consolidated group..... | | 1 | |
| 2. Adjustments for combined reporting. Affiliated taxpayers only. (Attach schedules - by company): | | | |
| (a) Add: Form 1120, line 28 income (loss) of domestic unitary corporations not included in line 1 with 20% or greater U.S. factors..... | 2a | | |
| (b) Add: Foreign unitary corporations with 20% or greater U.S. factors..... | 2b | | |
| (c) Add: FSC profit before federal exemption, DISC, and tax haven corporations..... | 2c | | |
| (d) Remove: Federal taxable (income) loss of nonunitary corporations included in line 1..... | 2d | | |
| (e) Remove: Federal taxable (income) loss of unitary corporations included in line 1 whose average U.S. factors are less than 20%..... | 2e | | |
| (f) Intercompany eliminations (see instructions)..... | 2f | | |
| (g) Total adjustments for combined reporting. Add lines 2a through 2f..... | | 2g | |
| 3. Net income before state modifications and adjustments. Add lines 1 and 2g..... | | 3 | |
| 4. Additions for items deducted in line 3 above (Attach schedules - by company): | | | |
| (a) Taxes based on or measured by net income..... | 4a | | |
| (b) Expenses incurred to produce non-business income..... | 4b | | |
| (c) Federal charitable contributions from federal Form 1120, line 19..... | 4c | | |
| (d) Net section 1231 losses from federal Form 4797, line 11..... | 4d | | |
| (e) Other (attach detailed schedule by type)..... | 4e | | |
| (f) Total additions (add lines 4a through 4e)..... | | 4f | |
| 5. Total. Add lines 3 and 4f..... | | 5 | |
| 6. Subtractions for items included in line 3 above (Attach schedules - by company): | | | |
| (a) Interest from obligations of the United States..... | 6a | | |
| (b) Intercompany dividends between members of the water's edge group..... | 6b | | |
| (c) Section 78 gross-up dividends..... | 6c | | |
| (d) 80% of dividends received from foreign corporations..... | 6d | | |
| (e) 80% of royalties accrued or received from foreign corporations..... | 6e | | |
| (f) Non-business income (attach detailed schedule by type)..... | 6f | | |
| (g) Federal Form 1120, line 8 capital gain income not included in line 6(f)..... | 6g | | |
| (h) Net section 1231 gains from federal Form 4797, line 12..... | 6h | | |
| (i) Other (attach detailed schedule by type)..... | 6i | | |
| (j) Total subtractions (add lines 6a through 6i)..... | | 6j | |
| 7. Apportionable income (loss). Subtract line 6j from line 5..... | | 7 | |
| 8. Apportionment factor from Schedule I, line 5..... | | 8 | |
| 9. Income (loss) apportioned to Alaska (line 7 times line 8)..... | | 9 | |
| 10. Non-business income (loss) net of expenses allocable to Alaska (attach schedule by company and type)..... | | 10 | |
| 11. Alaska items: | | | |
| (a) Alaska capital and section 1231 gain (loss) from Schedule J, line 20..... | 11a | | |
| (b) Alaska charitable contribution deduction from Schedule K, line 10..... | 11b | () | |
| (c) Alaska dividends-received deduction from Schedule L..... | 11c | () | |
| (d) Total (add lines 11a through 11c)..... | | 11d | |
| 12. Alaska taxable income (loss) before net operating loss. Add lines 9, 10 and 11d. Enter here and on Schedule A, line 1..... | | 12 | |

SCHEDULE I - APPORTIONMENT FACTOR

| | | | |
|---|---------------------|-------------------------------|----------------|
| | A | B | C |
| | Total Within Alaska | Total Within & Without Alaska | A divided by B |
| 1. Property..... | 1 | | |
| 2. Payroll..... | 2 | | |
| 3. Sales..... | 3 | | |
| 4. Total of lines 1, 2 and 3, column C..... | | 4 | |
| 5. Alaska apportionment factor. Divide line 4 by 3 (if less than 3 factors are used, see instructions)..... | | 5 | |

| | |
|-------|------|
| NAME: | EIN: |
|-------|------|

SCHEDULE J - ALASKA CAPITAL AND SECTION 1231 GAINS AND LOSSES

| | A Combined | B AK Factor | C Alaska Gain or (Loss) |
|---|---------------|----------------|----------------------------|
| Section 1231 Gains and Losses | | | |
| 1. Current section 1231 gains and (losses). If a loss enter the result on line 19.. | 1 | | |
| 2. Alaska non-recaptured net section 1231 losses from prior years. Enter as a positive number..... | | 2 | |
| 3. If line 1C is a gain, subtract line 2 from line 1C, but not less than zero. Enter here and on line 15..... | | 3 | |
| 4. If line 1C is a gain, enter the lesser of line 1C or line 2 here and on line 19, otherwise enter zero..... | | 4 | |
| Short-Term Capital Gains and Losses | | | |
| 5. Total current short-term capital gains and (losses)..... | 5 | | |
| 6. Non-business short-term capital gains and (losses)..... | 6 | | |
| 7. Apportionable STCG/(L). Subtract line 6 from line 5 and apportion | 7 | | |
| 8. Non-business STCG/(L) allocable to Alaska..... | | 8 | |
| 9. Alaska unused capital loss carryover..... | | 9 | () |
| 10. Net short-term capital gain or (loss), add lines 7C, 8, and 9 | | 10 | |
| Long-Term Capital Gains and Losses | | | |
| 11. Total current long-term capital gains and (losses) | 11 | | |
| 12. Non-business long-term capital gains and (losses) | 12 | | |
| 13. Apportionable LTCG/(L). Subtract line 12 from line 11and apportion | 13 | | |
| 14. Non-business LTCG/(L) allocable to Alaska..... | | 14 | |
| 15. Enter amount from line 3..... | | 15 | |
| 16. Net long-term capital gain or (loss). Add lines 13C, 14, and 15..... | | 16 | |
| Summary | | | |
| 17. Excess net short-term capital gain, line 10, over net long-term capital loss, line 16..... | | 17 | |
| 18. Alaska net capital gain. Excess net long-term capital gain, line 16, over net short-term capital loss, line 10. Enter here and on Schedule D, line 2 | | 18 | |
| 19. If line 1C is a loss, enter here, otherwise enter the amount from line 4..... | | 19 | |
| 20. Add lines 17, 18, and 19. Enter here and on Schedule H, line 11a..... | | 20 | |

SCHEDULE K - ALASKA CHARITABLE CONTRIBUTION DEDUCTION

| | |
|--|----|
| 1. Current charitable contributions..... | 1 |
| 2. Alaska Education Credit contributions from Schedule G, line 1..... | 2 |
| 3. Subtract line 2 from line 1 | 3 |
| 4. Apportionment factor from Schedule I, line 5. Corporations operating only in Alaska, enter 1.0..... | 4 |
| 5. Current Alaska charitable contributions. Multiply line 3 by line 4..... | 5 |
| 6. Alaska excess charitable contribution carryover from prior years. Enter as a positive number | 6 |
| 7. Add lines 5 and 6 | 7 |
| 8. Enter the sum of Schedule H, lines 9, 10, and 11a, but not less than zero..... | 8 |
| 9. Multiply line 8 times 10%..... | 9 |
| 10. Alaska charitable contribution deduction. Enter the lesser of line 7 or line 9 here and on Schedule H, line 11b..... | 10 |
| 11. Alaska excess charitable contribution carryover. Line 7 minus line 10 | 11 |

SCHEDULE L - ALASKA DIVIDENDS-RECEIVED DEDUCTION (DRD)

| | | | |
|--|-----------------------|------------|-------------|
| 1. Dividend income included in Schedule H, line 3 | 1 | | |
| 2. Less: Dividends not eligible for DRD (do not include any dividend in more than one line below): | | | |
| (a) Intercompany dividends from Schedule H, line 6b | 2a | | |
| (b) Section 78 gross-up dividends from Schedule H, line 6c | 2b | | |
| (c) 100% of dividends from foreign corporations. Divide Schedule H, line 6d by .8..... | 2c | | |
| (d) Dividends subtracted on Schedule H, line 6f as non-business income | 2d | | |
| (e) Total subtractions (add lines 2a through 2d) | 2e | | |
| 3. Total. Subtract line 2e from line 1 | 3 | | |
| 4. Apportionment factor from Schedule I, line 5. Corporations operating only in Alaska, enter 1.0 | 4 | | |
| 5. Apportioned dividends (multiply line 3 by line 4) | 5 | | |
| 6. Add dividends allocable to Alaska included on Schedule H, line 10..... | 6 | | |
| 7. Total dividends included in taxable income (add lines 5 and 6)..... | 7 | | |
| 8. DRD prior to limitations (segregate dividends in line 7 and multiply by proper %) | A | B | C |
| (a) Dividends qualifying for 100% deduction..... | Apportioned Dividends | Percentage | DRD (A x B) |
| (b) Dividends qualifying for 80% deduction | 8a | 100% | |
| (c) Dividends qualifying for 70% deduction | 8b | 80% | |
| (d) Other, if applicable (enter % in column B)..... | 8c | 70% | |
| | 8d | | |
| 9. Tentative dividends-received deduction. Add lines 8a through 8d, column C. Enter here and carry the deduction, subject to IRC 246 limitation based upon Alaska taxable income, to Schedule H, line 11c (see instructions)..... | | | 9 |

INSTRUCTIONS

Underpayment of Estimated Tax by Corporations

PURPOSE OF THE FORM

Corporations use Form 04-708 to determine whether they are subject to the penalty for underpayment of estimated tax and, if so, the amount of the penalty.

WHO MUST PAY THE UNDERPAYMENT PENALTY

If the corporation did not pay sufficient estimated tax by any due date for paying estimated tax, it may be charged a penalty. This is true even if the corporation is due a refund when its return is filed. The penalty is computed separately for each installment due date. Therefore, the corporation may owe a penalty for an earlier installment due date, even if it paid enough tax later to make up the underpayment.

Generally, a corporation is subject to the penalty if its tax liability is \$500 or more and it did not pay on time the lesser of: 100% of its tax liability for this tax year, or 100% of its tax liability for the previous tax year, if a return was filed showing a tax liability, and it covered a full 12 months. (A large corporation may base only its first required installment on 100% of the prior year's tax liability.) A corporation may be able to reduce or eliminate the penalty by using the annualized income or adjusted seasonal installment method.

HOW TO USE THIS FORM

Complete Part 1 of Form 04-708 to determine if there is an underpayment for any of the four installment due dates. If there is an underpayment on line 13 (column A, B, C or D), go to Part 2, How to Compute the Penalty. Attach Form 04-708 to the income tax return (Form 04-611 or 04-611SF).

Part 1: How to Compute the Underpayment

Complete lines 1 through 14 in Part 1. The instructions for most of these lines are on the form itself. For other lines, follow the instructions below.

Line 4(b): Compute your previous year's tax in the same way that the amount on line 3 of this form was determined, using the taxes and credits from your previous year's tax return. If you did not file an Alaska return showing a tax liability for the previous tax year, or if that tax year was for less than 12 months, do not complete this line. Instead, enter the amount from line 4(a) on line 4(c).

Line 6(a): Annualized income installment method or adjusted seasonal installment method: If the corporation's income varied during the year because, for example, it operated its business on a seasonal basis, it may be able to lower the amount of one or more required installments by using the annualized income installment method or the adjusted seasonal installment method. The annualized income installment or adjusted seasonal installment may be less than the required installment under the regular method for one or more due dates, thereby reducing or eliminating the penalty for those due dates.

To use one or both of these methods to compute one or more required installments, use the worksheet for federal Form 2220, using Alaska

figures, rates, and computations. If you use the worksheet for any payment date, you must use it for all payment due dates.

Line 6(b): Large corporations: A large corporation is one that it or its predecessor had \$1 million or more of Alaska taxable income for any of the three tax years immediately preceding the tax year involved. For this purpose, taxable income does not include net operating loss or capital loss carrybacks or carryovers. Members of a controlled group, as defined in IRC section 1563, must divide the \$1 million among themselves in accordance with IRC section 1561.

If you are not using the annualized income installment method or adjusted seasonal installment method, follow the instructions below to compute the amount to enter on line 6. Also check the box on line 6(b).

If line 4(a) is less than line 4(b), enter 25% of line 4(a) in columns A through D.

If line 4(b) is less than line 4(a), in column A enter 25% of line 4(b). In column B, determine the amount to enter by:

- (i) subtracting line 4(b) from line 4(a),
- (ii) adding the result to the amount on line 4(a), and
- (iii) multiplying the total by 25%.

In columns C and D, enter 25% of line 4(a).

Line 7: In column A, enter the estimated tax payments deposited by the 15th day of the 4th month of your tax year; in column B, enter payments made after the 15th day of the 4th month through the 15th day of the 6th month of your tax year; in column C, enter payments made after the 15th day of the 6th month through the 15th day of the 9th month of your tax year; and in column D, enter payments made after the 15th day of the 9th month through the 15th day of the 12th month of your tax year.

Generally, a prior year's overpayment will be applied against the earliest installment, unless the taxpayer instructs the Department otherwise.

Part 2: How to Compute the Penalty

Line 15: A payment of estimated tax is applied against underpayment of required installments in the order in which such installments are required to be paid, regardless to which installment the payment pertains. If the corporation has made more than one payment for a required installment, compute the penalty separately for each payment.

Line 17: Use Alaska interest rates. (See General Instructions on page 5)

| DEPARTMENT USE ONLY | | | | | |
|---------------------|--|--|--|--|--|
| | | | | | |

| | | | | | |
|---|-------|---|---|--------------------------|----|
| Federal EIN | | EIN used on original return, if different | | For the tax year ended: | |
| Name | | | | Telephone Number | |
| Mailing Address | | | | Fax Number | |
| City | State | Zip Code | E-Mail Address | | |
| Contact Person | | Title | | Contact Telephone Number | |
| Name used on original return, if different from above | | | Is the corporation currently under audit by the Alaska Department of Revenue? | YES | NO |

Note: Complete Part III only to carry back net operating losses and net capital losses

PART I. ALASKA TAX SUMMARY

| | (a) As originally reported or as adjusted | (b) Net change (Explain in Part II) | (c) Correct amount | DEPARTMENT USE ONLY |
|---|---|---|--------------------------|------------------------|
| 1. Apportionable income | | | | |
| 2. Alaska apportionment factor | | | | AF |
| 3. Alaska apportioned income | | | | |
| 4. Additions to apportioned income | | | | |
| 5. Total. Add lines 3 and 4 | | | | |
| 6. Subtractions from apportioned income: | | | | NL |
| (a) Alaska net operating loss deduction | | | | |
| (b) Other | | | | |
| (c) Total. Add lines 6(a) and 6(b) | | | | |
| 7. Alaska Taxable Income. Subtract line 6(c) from line 5. | | | | TI |
| 8. Alaska income tax | | | | TX |
| 9. Total credits | | | | CR |
| 10. Subtract line 9 from line 8 | | | | |
| 11. Other taxes | | | | OT |
| 12. Net income tax. Add lines 10 and 11 | | | | NT |
| 13. Net payments. (Total previous payments less total previous refunds, credits, penalties and interest) | | | | PT |
| 14. (a) If tax on line 12, column (c) is larger than net payments on line 13, enter tax due | | | | |
| (b) Interest on amount on line 14(a) from ___/___/___ to ___/___/___ (See instructions for interest rates) | | | | IN |
| (c) Total amount due | | | | |
| 15. If prepayments on line 13 are larger than tax on line 12, column (c), enter overpayment | | | | RF |

ADDITIONAL REQUIRED INFORMATION. A complete copy of the federal amended return, if filed, must be provided to constitute a complete amended return.

I declare, under penalties of perjury, that an original return has been filed for this corporation and that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief this amended return is true, correct, and complete. If prepared by a person other than the taxpayer, preparer's declaration is based on all information of which preparer has knowledge.

| | | | | |
|---|------|---|-----------------------------------|---------------|
| Officer's Signature | Date | Title | | DEPT USE ONLY |
| Preparer's Signature | Date | Check if self-employed <input type="checkbox"/> | Preparer's social security number | |
| Firm's name (or yours if self-employed) _____ and address | | EIN | | |
| | | Zip Code | | |
| | | | | CFWD |
| | | | | REFUND |
| | | | | APPROVED |
| | | | | DATE |

| |
|--|
| |
|--|

PART II. EXPLANATION OF CHANGES

PART III. APPLICATION FOR TENTATIVE REFUND BASED ON CARRYBACK OF NET OPERATING LOSS OR CAPITAL LOSS

| | | | | | |
|---|-------|-------------|---|--------------------------|----|
| Name | | Federal EIN | | Telephone Number | |
| Mailing Address | | | | Fax Number | |
| City | State | Zip Code | E-Mail Address | | |
| Contact Person | | Title | | Contact Telephone Number | |
| Name used on original return, if different from above | | | Is the corporation currently under audit by the Alaska Department of Revenue? | YES | NO |

1. This application is to carry back:

| | |
|-----------------------|--|
| a. Net operating loss | |
| b. Net capital loss | |

2. Loss year Tax Year ended

| DEPARTMENT USE ONLY | | |
|---------------------|------|------|
| FSN: | FSN: | FSN: |

Taxpayer Completes The Following:

Computation of Decrease in Tax

- 3. Taxable income from tax return
- 4. Net capital loss deduction
- 5. Subtract line 4 from line 3
- 6. Net operating loss deduction after carryback
- 7. Taxable income. Subtract line 6 from line 5
- 8. Income Tax
- 9. Credits
- 10. Other taxes
- 11. Net income tax. Subtract line 9 from line 8 and add line 10
- 12. Net payments. (Total previous payments less total previous refunds, credits, penalties and interest)
- 13. Enter amounts from line 11, columns (b), (d) and (f)
- 14. Net Overpayment. Subtract line 13 from line 12
- 15. Total refund claimed

| | 3rd preceding tax year | | 2nd preceding tax year | | 1st preceding tax year | |
|--|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|
| | (a) Before Carryback | (b) After Carryback | (c) Before Carryback | (d) After Carryback | (e) Before Carryback | (f) After Carryback |
| 3. Taxable income from tax return | | | | | | |
| 4. Net capital loss deduction | | | | | | |
| 5. Subtract line 4 from line 3 | | | | | | |
| 6. Net operating loss deduction after carryback | | | | | | |
| 7. Taxable income. Subtract line 6 from line 5 | | | | | | |
| 8. Income Tax | | | | | | |
| 9. Credits | | | | | | |
| 10. Other taxes | | | | | | |
| 11. Net income tax. Subtract line 9 from line 8 and add line 10 | | | | | | |
| 12. Net payments. (Total previous payments less total previous refunds, credits, penalties and interest) | | | | | | |
| 13. Enter amounts from line 11, columns (b), (d) and (f) | | | | | | |
| 14. Net Overpayment. Subtract line 13 from line 12 | | | | | | |
| 15. Total refund claimed | | | | | | |

I declare, under penalties of perjury, that I have examined this application and accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, preparer's declaration is based on all information of which preparer has knowledge.

| | | | | |
|---|------|---|-----------------------------------|----------------------|
| Officer's Signature | Date | Title | | DEPT USE ONLY |
| Preparer's Signature | Date | Check if self-employed <input type="checkbox"/> | Preparer's social security number | |
| Firm's name (or yours if self-employed) and address | | EIN | | |
| | | Zip Code | | |
| | | | | CFWD |
| | | | | REFUND |
| | | | | APPROVED |
| | | | | DATE |

DEPT USE ONLY
Validation Number:

| | | |
|---|--------------------------------|--|
| Form 04-711 Payment of Estimated Alaska Corporation Net Income Tax | | Important: To insure proper credit, use the same Name and EIN that will be used on the return. |
| Date | Employer Identification Number | <input type="checkbox"/> Calendar year 1999 <input type="checkbox"/> Fiscal year ending ___/___/___ <input type="checkbox"/> Other: Begin _____, 19___ End _____, 19___ |
| Name of Corporation | | |
| Mailing Address | | |
| City, State, Zip Code | | Installment Number (Check appropriate box) <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 |
| First Year Doing Business in Alaska | Total Estimated Tax | Installment Amount |
| | \$ | \$ |

ALASKA DEPARTMENT OF REVENUE
PO BOX 110420
JUNEAU, ALASKA 99811-0420

For Department Use Only
Date received

PMD:

Validation Number:

Form 04-711 (Revised 12/1998) THIS FORM MUST ACCOMPANY ESTIMATED PAYMENTS

| | | |
|---|--------------------------------|--|
| Form 04-711 Payment of Estimated Alaska Corporation Net Income Tax | | Important: To insure proper credit, use the same Name and EIN that will be used on the return. |
| Date | Employer Identification Number | <input type="checkbox"/> Calendar year 1999 <input type="checkbox"/> Fiscal year ending ___/___/___ <input type="checkbox"/> Other: Begin _____, 19___ End _____, 19___ |
| Name of Corporation | | |
| Mailing Address | | |
| City, State, Zip Code | | Installment Number (Check appropriate box) <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 |
| First Year Doing Business in Alaska | Total Estimated Tax | Installment Amount |
| | \$ | \$ |

ALASKA DEPARTMENT OF REVENUE
PO BOX 110420
JUNEAU, ALASKA 99811-0420

For Department Use Only
Date received

PMD:

Validation Number:

Form 04-711 (Revised 12/1998) THIS FORM MUST ACCOMPANY ESTIMATED PAYMENTS

| | | |
|---|--------------------------------|--|
| Form 04-711 Payment of Estimated Alaska Corporation Net Income Tax | | Important: To insure proper credit, use the same Name and EIN that will be used on the return. |
| Date | Employer Identification Number | <input type="checkbox"/> Calendar year 1999 <input type="checkbox"/> Fiscal year ending ___/___/___ <input type="checkbox"/> Other: Begin _____, 19___ End _____, 19___ |
| Name of Corporation | | |
| Mailing Address | | |
| City, State, Zip Code | | Installment Number (Check appropriate box) <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 |
| First Year Doing Business in Alaska | Total Estimated Tax | Installment Amount |
| | \$ | \$ |

ALASKA DEPARTMENT OF REVENUE
PO BOX 110420
JUNEAU, ALASKA 99811-0420

For Department Use Only
Date received

PMD:

Validation Number:

| | | |
|---|--------------------------------|--|
| Form 04-711 Payment of Estimated Alaska Corporation Net Income Tax | | Important: To insure proper credit, use the same Name and EIN that will be used on the return. |
| Date | Employer Identification Number | <input type="checkbox"/> Calendar year 1999 <input type="checkbox"/> Fiscal year ending ___/___/___ <input type="checkbox"/> Other: Begin _____, 19___ End _____, 19___ |
| Name of Corporation | | |
| Mailing Address | | |
| City, State, Zip Code | | Installment Number (Check appropriate box) <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 |
| First Year Doing Business in Alaska | Total Estimated Tax \$ | Installment Amount \$ |

ALASKA DEPARTMENT OF REVENUE
PO BOX 110420
JUNEAU, ALASKA 99811-0420

For Department Use Only

Date received

PMD:

Validation Number:

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| |
|--|

Form 04-711 (Revised 12/1998)

THIS FORM MUST ACCOMPANY ESTIMATED PAYMENTS

This voucher is to be used to pay tax due with extension of time to file 1998 return.

| | | |
|---|--|--|
| Form 04-709 Payment of Tentative Alaska Corporation Net Income Tax | | Important: To insure proper credit, use the same Name and EIN that will be used on the return. |
| PAYMENT DUE DATE | The 15th day of the third month following the end of the tax year (e.g. March 15 for calendar year taxpayers) IMPORTANT: To insure proper credit, use the same Name and EIN that will be used on the return. | <input type="checkbox"/> Calendar year 1998 <input type="checkbox"/> Fiscal year ending ___/___/___ <input type="checkbox"/> Other: Begin _____, 19___ End _____, 19___ |
| Date | Employer Identification Number | |
| Name of Corporation | | |
| Mailing Address | | (a) Tentative Amount of Tax \$ |
| City, State, Zip Code | | (b) Less estimated tax payments* \$ |
| | | (c) Balance due Subtract line (b) from line (a) \$ |

ALASKA DEPARTMENT OF REVENUE
PO BOX 110420
JUNEAU, ALASKA 99811-0420

For Department Use Only

Date received

PMD:

* Include amount of preceding year's overpayment allowed as a credit.

Validation Number:

| |
|--|
| |
|--|

Form 04-709 (Revised 12/1998)

THIS FORM MUST ACCOMPANY TENTATIVE PAYMENT

**Alaska Department of Revenue
Income and Excise Audit Division
PO Box 110420
Juneau, Alaska 99811-0420**

**Bulk Rate
US Postage
PAID
Permit #456
Anchorage, AK**

**1998
Alaska Corporation
Net Income Tax Return
Booklet**

TO:
