

IMPLEMENTATION PLAN for 1120PC INST

Run by User SD_GF2LB

December 17, 2007

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P.L. 109-280, Pension Protection Act of 2006

Covered in general terms to conform to the 1120 INST

**"What's New," and
page 11 of the
2007 Instructions**

Action Number	Act Section	IRC Section	Description of Action	Date Type	Effective Date	Target Date	Actual Date
66.00029	1202	170	Revise product to reflect that the modification of charitable deduction of food inventory ended at the end of 2007.	A	31-DEC-2007	31-DEC-2007	
66.00097	1204	170	Revise product to reflect that the modification of charitable deduction of book inventory ended at the end of 2007.	A	31-DEC-2007	31-DEC-2007	

P.L. 109-58, Energy Tax Incentives Act of 2005

**p. 12 of the 2007
Instructions**

Extended to 2009.

**Not relevant to
1120-PC**

Action Number	Act Section	IRC Section	Description of Action	Date Type	Effective Date	Target Date	Actual Date
66.00257	1331	179D	Revise product to reflect the termination of the energy efficient commercial buildings deduction.	PPSA	31-DEC-2005	01-DEC-2007	
66.00265	1332	45L	Revise product to reflect the termination of the energy efficient home credit.	A	31-DEC-2005	31-DEC-2007	
66.00278	1334	45M	Revise product to reflect the termination of the energy efficient appliance credit for appliances manufactured after 2007.	A	31-DEC-2005	31-DEC-2007	
66.00295	1342	30C	Revise product to reflect the termination of the alternative fuel vehicle refueling property credit.	PPSA	31-DEC-2005	31-DEC-2014	
66.00302	1344	40A	Revise product to reflect the termination of the biodiesel and renewable diesel credit.	DOE	08-AUG-2005	01-DEC-2008	

P. L. 108-218, Pension Funding Equity Act of 2004

N/A for 2007

Action Number	Act Section	IRC Section	Description of Action	Date Type	Effective Date	Target Date	Actual Date
66.00006	206	501	Revise the instructions for Form 1120PC to reflect the transition rule in effect until December 31, 2007 for certain small property and casualty insurance companies for exemption from tax.	TYBA	31-DEC-2007	31-DEC-2007	

**"What's New," in
2007 Instructions**

P.L. 106-554, Community Renewal Tax Relief Act of 2000

Action Number	Act Section	IRC Section	Description of Action	Date Type	Effective Date	Target Date	Actual Date
66.00974	101(a)	1400F	Revise the 2014 Form 1120PC instructions to reflect that gross income does not include capital gain from the sale of qualified community assets held more than five years and acquired after 2001 and before 2010	A	03-DEC-2001	01-DEC-2014	

N/A for 2007

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Total Action Items: 9

Major Changes to the 2007 Instructions for Form 1120-PC

Note: We made editorial changes throughout the instructions, updated the tax years and added headings where needed.

Page 1

What's New

We added text concerning the new Form 8925, Employer-Owned Life Insurance Contract. Every policyholder of employer-owned life insurance contracts issued after August 17, 2006, must file this form by attaching it to the appropriate business return. (sec. 6039I)

We added text concerning the termination of the extraterritorial exclusion. The exclusion does not apply to transactions that begin in 2007. (Act sec. 101 of the American Jobs Creation Act of 2004 (P.L. 108-357); sec. 114 (repealed)).

We added text at the request of the LMSB team on reconciliation. Corporations that do not file a Schedule M-3 (Form 1120-PC) must attach a schedule that reconciles the NAIC Annual Statement to the Form 1120-PC. (LMSB)

We added text to clarify that the election to deduct GO Zone clean-up costs does not apply to costs paid or incurred after December 31, 2007.

~~We added text to clarify that the special rules for the deduction of contributions of "apparently wholesome food" and qualified book inventory do not apply to contributions made after December 31, 2007.~~

We added text concerning the deadline for certain non-life insurance companies to qualify for tax-exemption under section 501(c)(15) of the Internal Revenue Code.

Unresolved Tax Issues

We revised the first bullet to conform to the language used on the Taxpayer Advocate Web site.

Page 2

General Instructions

Who Must File

Where to File. We revised the mailing addresses to include “Department of the Treasury” on line 1, “Internal Revenue Service Center,” on line 2, for all addresses. The Post Office address scanning machines require all addresses to consist of at least three lines.

Page 3

Statements

We inserted text at the request of LMSB to clarify that corporations that do not file a Schedule M-3 (Form 1120-PC) with the Form 1120-PC must file a schedule that reconciles the NAIC Annual Statement with the Form 1120-PC. (LMSB)

Page 5

Reportable transactions and material advisors. We revised the discussion regarding reportable transactions. We also added information regarding new Form 8918, Material Advisor Disclosure Statement. (Reg. sec. 301.6111-3)

Specific Instructions

Name and address. We adopted an employee suggestion to clarify that the address on the return should be the corporation’s principal place of business or the address of the principal office. We also inserted a note clarifying the use of the address for the registered agent.

Item A. We revised the text concerning life-nonlife consolidated returns because a separate checkbox for this type of mixed group on the Form 1120/Form 1120-PC was added. (LMSB M-3 Team)

Schedule M-3. We revised the text in the second paragraph to conform to the text for the checkbox on Form 1120-PC, Item A (page 1 of the return). (LMSB M-3 team).

Page 6

We revised text under Tax Computation and Payment related to Schedule O.

Page 7

Line 8b. We revised the text to incorporate both Form 5735 and Form 5884 in line with Form 1120-PC.

Line 8c. General Business Credits. We revised the list of credits that are included on line 8c. Forms 5884 and 8846 were taken off the forms included on Form 3800 (Sec. 38(c)(4)(B)).

Line 10. Foreign Corporations. We corrected the reference to line 10 in the second paragraph. It originally showed line 9 for the tax for foreign corporations.

Minimum effectively connected net investment income. We updated the domestic asset/liability percentages and domestic investment yields needed to compute this amount.

Page 8

Line 14i. We deleted references to the credit for telephone excise tax paid and renumbered the remaining lines in sequence.

We also clarified that backup withholding amounts are to be entered to the left of the dotted line of the entry space for line 14i.

Page 9

Line 13. Other income. We added proceeds from certain corporate owned life insurance policies to the list of examples of other income (sec. 101(j)).

We rewrote the text for business start-up and organizational costs to remove references to October 22, 2004.

Page 10

Line 18. We updated the table for the lease inclusion amount. (Rev. Proc. 2007-30, 2007-18 IRB 1104).

Page 11

Charitable contributions. We revised the text for contributions of cash and certain easements.

Page 13

Line 36b. Net operating loss deduction. (second bullet) We deleted the word “Temporary” and the letter “T” for the reference to Regulations section 1.382-11. (T.D. 9329)

Page 16

We updated the Instructions for the interest rates and loss payment patterns and salvage discount factors for 2007. (Rev. Proc. 2008-10, Rev. Proc. 2008-11.)