

**2017 Virginia  
Schedule 500AB**

**Schedule of Related Entity  
Add Backs and Exceptions**



Name as shown on Virginia return \_\_\_\_\_ FEIN \_\_\_\_\_

Number of Related Entities \_\_\_\_\_

| <b>Part I – Taxpayer’s Payments Made to Related Entities</b>   |      |  |                        |  |     |  |     |
|--|------|--|------------------------|--|-----|--|-----|
|  |      | <b>Jurisdiction (State or Country)</b> |                        | <b>Amount Paid to Related Entity For</b> |     |  |     |
| Name of Related Entity   | FEIN | Where Organized                        | Of Commercial Domicile | Interest                                 |     | Royalties or Other Intangible Expenses |     |
|  |      |  |                        | 1a                                       | .00 | 1b                                     | .00 |
| 1.   |      |  |                        | 1a                                       | .00 | 1b                                     | .00 |
| 2.   |      |  |                        | 2a                                       | .00 | 2b                                     | .00 |
| 3.   |      |  |                        | 3a                                       | .00 | 3b                                     | .00 |
| 4. Total Interest / Intangible Expense Payments.   |      |  |                        | 4a                                       | .00 | 4b                                     | .00 |
| <b>Deduct Intangible Expense Payments Qualifying for Exceptions. See Part II, below.</b>   |      |  |                        |  |     |  |     |
| 5. Exception 1   |      |  |                        |  |     | 5                                      | .00 |
| 6. Exception 2   |      |  |                        |  |     | 6                                      | .00 |
| 7. Exception 3   |      |  |                        |  |     | 7                                      | .00 |
| 8. Total Exception Amount - Add Lines 5, 6, & 7. Enter here and on Form 500, Question A.   |      |  |                        |  |     | 8                                      | .00 |
| 9. Net Addition - Royalties or Other Intangibles - Line 4b minus Line 8.   |      |  |                        |  |     | 9                                      | .00 |
| 10. Net Addition of Interest and Royalties - Enter the total of Lines 4a plus Line 9 here and on Schedule 500ADJ, Section A, Line 3. |      |  |                        |  |     | 10                                     | .00 |

**Part II - Exceptions Applicable to Royalties**

**Exception 1 (Subject to tax):** For each related entity for which the taxpayer claims an exception, identify all states and foreign countries in which the related entity paid a tax measured by net income or capital and enclose a copy of the tax returns filed (schedules and supplemental forms may be omitted). Show the portion of the tax paid by the related entity on its separate return that is attributed to the royalties and other expenses related to intangible property. If the related entity filed a consolidated or combined return in the other state or foreign country with the taxpayer, then the recipient’s income and taxpayer’s deduction offset each other and no tax is deemed paid. If more space is needed, enclose a separate sheet.

|  | List Each Jurisdiction in Which Tax Paid | Type of Tax Paid | Tax Paid on the Royalties & Other Intangible Income | Royalties & Other Intangible Income on Which Tax Paid | Total Qualifying Royalties |
|--|--|------------------|---|---|----------------------------|
| Name of Related Entity   |  |                  | .00   | .00   |                            |
|  |  |                  | .00   | .00   |                            |
| Gross Revenues of Related Entity   |  |                  | .00   | .00   | .00                        |
|  |  |                  | .00   | .00   |                            |
| Name of Related Entity   |  |                  | .00   | .00   |                            |
|  |  |                  | .00   | .00   |                            |
| Gross Revenues of Related Entity   |  |                  | .00   | .00   | .00                        |
|  |  |                  | .00   | .00   |                            |
| Name of Related Entity   |  |                  | .00   | .00   |                            |
|  |  |                  | .00   | .00   |                            |
| Gross Revenues of Related Entity   |  |                  | .00   | .00   | .00                        |
|  |  |                  | .00   | .00   |                            |
| Name of Related Entity   |  |                  | .00   | .00   |                            |
|  |  |                  | .00   | .00   |                            |
| Gross Revenues of Related Entity   |  |                  | .00   | .00   | .00                        |
|  |  |                  | .00   | .00   |                            |
| <b>Total Royalties Qualifying for Exception 1 (Also enter the amount in Part I, Line 5).</b> |  |                  |   |   | <b>.00</b>                 |

Va. Dept. of Taxation 2601022-W Rev. 07/17

**Enclose Schedule 500AB with Your Virginia Corporation Return, Form 500.**

Schedule of Related Entity  
Add Backs and Exceptions



Name as shown on Virginia return \_\_\_\_\_ FEIN \_\_\_\_\_

**Exception 2 (One-Third Revenue):** For each related entity for which the taxpayer claims an exception, identify the three unrelated parties paying the highest amount of royalties to the related entity. Enter the amount of royalties that the taxpayer paid to the related entity that were made at rates and terms comparable to the agreements made with the unrelated parties. If the total royalties and other expenses related to intangible property paid to unrelated parties do not equal or exceed one-third of the gross revenues of the related entity, the payments to that related entity do not qualify for the exception. If more space is needed, enclose a separate sheet.

|   | Three Unrelated Parties Paying Royalties       | Royalties Paid by Unrelated Party | Total Qualifying Royalties |
|---|--|-----------------------------------|----------------------------|
| Name of Related Entity  | 1  | .00                               |                            |
|   | 2  | .00                               |                            |
| Gross Revenues of Related Entity  | 3  | .00                               |                            |
|   | 4 All Other Unrelated Parties Paying Royalties | .00                               |                            |
| Name of Related Entity  | 1  | .00                               |                            |
|   | 2  | .00                               |                            |
| Gross Revenues of Related Entity  | 3  | .00                               |                            |
|   | 4 All Other Unrelated Parties Paying Royalties | .00                               |                            |
| Name of Related Entity  | 1  | .00                               |                            |
|   | 2  | .00                               |                            |
| Gross Revenues of Related Entity  | 3  | .00                               |                            |
|   | 4 All Other Unrelated Parties Paying Royalties | .00                               |                            |
| Name of Related Entity  | 1  | .00                               |                            |
|   | 2  | .00                               |                            |
| Gross Revenues of Related Entity  | 3  | .00                               |                            |
|   | 4 All Other Unrelated Parties Paying Royalties | .00                               |                            |
| <b>Total Royalties Qualifying for Exception 2</b> (Also enter the amount in Part I, Line 6 ). |  |                                   | <b>.00</b>                 |

**Exception 3 (Conduit):** For each related entity for which the taxpayer claims an exception, identify the unrelated party to whom the related entity paid a royalty for the same intangible property licensed to the taxpayer, and describe the purpose of the licensing transactions between the parties in order to demonstrate that the licensing transaction did not have as its principal purpose the avoidance of tax. Enter the amount of royalties that the related entity paid to the unrelated party. If more space is needed, enclose a separate sheet.

|  |                          | Total Qualifying Royalties |
|--|--------------------------|----------------------------|
| Name of Related Entity   | Name of Unrelated Entity |                            |
| Purpose of Transaction   |                          |                            |
|  |                          | .00                        |
| Name of Related Entity   | Name of Unrelated Entity |                            |
| Purpose of Transaction   |                          |                            |
|  |                          | .00                        |
| Name of Related Entity   | Name of Unrelated Entity |                            |
| Purpose of Transaction   |                          |                            |
|  |                          | .00                        |
| Name of Related Entity   | Name of Unrelated Entity |                            |
| Purpose of Transaction   |                          |                            |
|  |                          | .00                        |
| <b>Total Royalties Qualifying for Exception 3</b> (Also enter the amount in Part I, Line 7.) |                          | <b>.00</b>                 |