

# COMPUTATION OF U. S. CORPORATION EXCESS PROFITS TAX

For taxable years ending after March 31, 1951, and before December 31, 1952 (other than calendar year 1951)

Taxable year beginning \_\_\_\_\_, 1951, and ending \_\_\_\_\_, 195\_\_\_\_\_

PRINT PLAINLY CORPORATION'S NAME AND ADDRESS

File this schedule as a part of Schedule EP (Form 1120) for 1951. If taxable year begins in 1950, file with 1950 Form 1120. If taxable year begins in 1951, file with 1951 Form 1120.

-----  
 (Name)  
 -----  
 (Street and number)  
 -----  
 (City or town, postal zone number) (State)

## PART I. PRORATION OF AVERAGE BASE PERIOD NET INCOME

| Line No. |  | \$    |
|----------|--|-------|
| 1.       | Average base period net income from Schedule EP (Form 1120). (See Instructions) . . . . .  | _____ |
| 2.       | 85 percent of line 1 . . . . .   | _____ |
| 3.       | 83 percent of line 1 . . . . .   | _____ |
| 4.       | If the taxable year ends before July 1, 1951, enter here the amount on line 2 . . . . .  | _____ |
| 5.       | If the taxable year begins after June 30, 1951, enter here the amount on line 3 . . . . .  | _____ |
| 6.       | If the taxable year begins before July 1, 1951, and ends after June 30, 1951—<br>(a) Line 2, multiplied by the number of days in the taxable year before July 1, 1951, divided by<br>the number of days in the taxable year <span style="border: 1px solid black; padding: 0 20px;"> </span> | _____ |

**PART IV. ALTERNATIVE COMPUTATION OF MAXIMUM TAX FOR NEW CORPORATIONS**

|  |  |    |
|--|--|----|
| 1. Excess profits net income (line 26, page 1, Schedule EP (Form 1120))  |  | \$ |
| 2. If return is for one of the first five taxable years, indicate which year, ..... and see instructions.  |  |    |
| (a) Enter applicable percentage  |  | %  |
| (b) Line 1, not in excess of \$300,000, multiplied by the percentage on line (a)   |  |    |
| 3. Enter the excess of line 1 over \$300,000   |  |    |
| 4. 15 percent of line 3  |  |    |
| 5. 18 percent of line 3  |  |    |
| 6. Adjusted excess profits net income (line 30, page 1, Schedule EP (Form 1120))   |  |    |
| 7. 30 percent of line 6  |  |    |
| 8. Enter either (i) line 2 (b) plus line 4, or (ii) line 7, whichever is lesser  |  |    |
| 9. Line 8, multiplied by the number of days in the taxable year after June 30, 1950, and before April 1, 1951, divided by the number of days in the taxable year |  |    |
| 10. Enter either (i) line 2 (b) plus line 5, or (ii) line 7, whichever is lesser   |  |    |
| 11. Line 10, multiplied by the number of days in the taxable year after March 31, 1951, divided by the number of days in the taxable year                        |  |    |
| 12. (a) If the taxable year begins before April 1, 1951, and ends after March 31, 1951, enter here the sum of lines 9 and 11                                     |  |    |
| (b) If the taxable year begins after March 31, 1951, enter here the amount on line 10  |  |    |
| (c) If a computation has been made in Part II or III of this form, enter here the amount so computed   |  |    |
| (d) Enter here the amount on line (a) or (b), whichever is applicable, or (c) if lesser. (See Instructions)  |  | \$ |

**INSTRUCTIONS**

**(References are to the Internal Revenue Code, unless otherwise noted)**

Schedule EP (Form 1120) FY is to be used by fiscal year taxpayers in conjunction with Schedule EP (Form 1120) for 1951. If the taxable year begins in 1950 it should accompany Form 1120 for 1950. If the taxable year begins in 1951 it should accompany Form 1120 for 1951.

If the taxable year begins before July 1, 1950, only Parts I, II, and IV (if applicable) are to be used. If the taxable year begins after June 30, 1950, only Parts I, III, and IV (if applicable) are to be used. The same rules apply to short taxable years.

Part I is designed for computation of the portion of the average base period net income which is to be taken into account in computing the excess profits credit based on income.

Parts II and III, respectively, are designed for the computation of maximum tax for taxable years which begin before July 1, 1950, and taxable years which begin after June 30, 1950.

Part IV is designed for computation of the alternative maximum tax for the taxable year, if such year is one of the first five taxable years of the corporation. It should be used, where applicable, in conjunction with Parts II and III in accordance with the above instructions.

The figures determined by reference to this form are to be entered on Schedule EP (Form 1120) as indicated in specific instructions below.

**SPECIFIC INSTRUCTIONS**

The following instructions are numbered to correspond with line numbers in each part of this schedule

**PART I.**—1. The average base period net income to be entered on this line is the figure determined by reference to Schedule EP (Form 1120) on line 30, 36, or 45 of Schedule EP-2; line 9 or 15, Schedule EP-5 (A); line 16, 20 (or line 28 if line 30 is applicable), Schedule EP-5 (B); line 9, Schedule EP-5 (C); line 8, Schedule EP-5 (D); line 7, Schedule EP-5 (E) whichever is applicable; or if the credit is determined under any of the subsections of section 459, the amount determined under such subsection.

7. This is the amount of the average base period net income to be taken into account in computing the excess profits credit based on income. The amount determined on this line should be entered in the appropriate line of Schedule EP (Form 1120) depending upon the method of computing the excess profits credit. If the excess profits credit is computed under the general average method (section 435 (d)), enter on line 47, Schedule EP-2. If computed under the provisions relating to growth (section 435 (e)), enter on line 46, Schedule EP-2 (A). If computed on Schedule EP-5, enter on line 10 or 16, Schedule EP-5 (A); line 17, 21 (or line 30 if applicable), Schedule EP-5 (B); line 10, Schedule EP-5 (C); line 9, Schedule EP-5 (D); or line 8, Schedule EP-5 (E), whichever is applicable. If computed under section 459, use the amount determined on this line in the computations made under the provisions of that section.

**PART II.**—1. *Excess Profits Net Income.*—This is the figure determined on line 26, page 1, Schedule EP (Form 1120) for 1951. In the case of a short taxable year this figure should be the annualized excess profits net income as provided under the regulations.

2. *Adjusted Excess Profits Net Income.*—This is the figure determined on line 30, page 1, Schedule EP (Form 1120). If the taxable year begins before July 1, 1951, and ends after June 30, 1951, and the excess profits

credit based on income is used, the adjusted excess profits net income is to be computed with reference to such part of the average base period net income as is determined under Part I of this schedule.

12. If a consolidated return, reduce the amount on this line by an amount which bears the same ratio (not more than 100 percent) to the 2 percent increase in surtax imposed by section 141 (c) as the consolidated excess profits net income bears to the consolidated surtax net income.

16. The figure determined on this line should be entered on line 34, page 1, Schedule EP (Form 1120). If Part IV of this schedule is applicable, the figure on this line should be entered on line 12 (c) of that part. If this is a short taxable year, see section 433 (a) (2) for reduction of this figure before entering it on Schedule EP (Form 1120).

**PART III.**—1. *Excess Profits Net Income.*—See Instruction 1, Part II.

2. *Adjusted Excess Profits Net Income.*—See Instruction 2, Part II.

10. If a consolidated return, see Instruction 12, Part II.

14. See Instruction 16, Part II, of this schedule.

15. See Instruction 16, Part II of this schedule.

**PART IV.**—See instructions for line 33, Schedule EP-1 (1951 Instructions for Schedule EP (Form 1120)) with respect to application of this schedule.

1. *Excess Profits Net Income.*—See Instruction 1, Part II.

2. See instruction for line 33, Schedule EP-1 (Instruction for Schedule EP (Form 1120)), for determination as to which taxable year is involved and for applicable percentage to be entered on line (a).

12. (d) The amount computed on this line should be entered on line 34, page 1, Schedule EP (Form 1120).