

**Net Income (Loss) Reconciliation for S Corporations  
With Total Assets of \$10 Million or More**

**2006**

Department of the Treasury  
Internal Revenue Service

▶ Attach to Form 1120S.  
▶ See separate instructions.

Name of corporation \_\_\_\_\_

Employer identification number \_\_\_\_\_

**Part I Financial Information and Net Income (Loss) Reconciliation**

- 1a Did the corporation prepare a certified audited income statement for the period ending with or within this taxable year?  
 **Yes.** Skip line 1b and complete lines 2 through 11 with respect to that income statement.  
 **No.** Go to line 1b.
- b Did the corporation prepare an income statement for that period?  
 **Yes.** Complete lines 2 through 11 with respect to that income statement.  
 **No.** Skip lines 2 through 3b and enter the corporation's net income (loss) per its books and records on line 4.
- 2 Enter the income statement period: Beginning \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ Ending \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_
- 3a Has the corporation's income statement been restated for the income statement period on line 2?  
 **Yes.** (If "Yes," attach an explanation and the amount of each item restated.)  
 **No.**
- 3b Has the corporation's income statement been restated for any of the five income statement periods preceding the period on line 2?  
 **Yes.** (If "Yes," attach an explanation and the amount of each item restated.)  
 **No.**

4 Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	<b>4</b>	
5a Net income from nonincludible foreign entities (attach schedule) . . . . .	<b>5a</b>	(            )
b Net loss from nonincludible foreign entities (attach schedule and enter as a positive amount) . . . . .	<b>5b</b>	
6a Net income from nonincludible U.S. entities (attach schedule) . . . . .	<b>6a</b>	(            )
b Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount) . . . . .	<b>6b</b>	
7a Net income of other includible entities (attach schedule) . . . . .	<b>7a</b>	
b Net loss of other includible entities (attach schedule) . . . . .	<b>7b</b>	(            )
8 Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach schedule) . . . . .	<b>8</b>	
9 Adjustment to reconcile income statement period to tax year (attach schedule) . . . . .	<b>9</b>	
10 Other adjustments to reconcile to amount on line 11 (attach schedule) . . . . .	<b>10</b>	
<b>11 Net income (loss) per income statement of the corporation.</b> Combine lines 4 through 10 . . . . .	<b>11</b>	

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**Part II Reconciliation of Net Income (Loss) per Income Statement of the Corporation With Total Income (Loss) per Return**

Income (Loss) Items	(a) Income (Loss) per Income Statement (optional)	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return (optional)
1	Income (loss) from equity method foreign corporations . . . . .			
2	Gross foreign dividends not previously taxed . . . . .			
3	Subpart F, QEF, and similar income inclusions . . . . .			
4	Gross foreign distributions previously taxed . . . . .			
5	Income (loss) from equity method U.S. corporations . . . . .			
6	U.S. dividends not eliminated in tax consolidation . . . . .			
7	Income (loss) from U.S. partnerships (attach schedule) . . . . .			
8	Income (loss) from foreign partnerships (attach schedule) . . . . .			
9	Income (loss) from other pass-through entities (attach schedule) . . . . .			
10	Items relating to reportable transactions (attach details) . . . . .			
11	Interest income . . . . .			
12	Total accrual to cash adjustment . . . . .			
13	Hedging transactions . . . . .			
14	Mark-to-market income (loss) . . . . .			
15	Cost of goods sold (attach Form 8916-A) . . . . .			
16	Sale versus lease (for sellers and/or lessors) . . . . .			
17	Section 481(a) adjustments . . . . .			
18	Unearned/deferred revenue . . . . .			
19	Income recognition from long-term contracts . . . . .			
20	Original issue discount and other imputed interest . . . . .			
21a	Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities . . . . .			
b	Gross capital gains from Schedule D, excluding amounts from pass-through entities . . . . .			
c	Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .			
d	Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses . . . . .			
e	Abandonment losses . . . . .			
f	Worthless stock losses (attach details) . . . . .			
g	Other gain/loss on disposition of assets other than inventory . . . . .			
22	Other income (loss) items with differences (attach schedule) . . . . .			
23	<b>Total income (loss) items.</b> Combine lines 1 through 22 . . . . .			
24	<b>Total expense/deduction items</b> (from Part III, line 30) . . . . .			
25	Other items with no differences . . . . .			
26	<b>Reconciliation totals.</b> Combine lines 23 through 25 . . . . .			

**Note.** Line 26, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120S, Schedule K, line 18.

Name of corporation

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**Part III Reconciliation of Net Income (Loss) per Income Statement of the Corporation With Total Income (Loss) per Return—Expense/Deduction Items**

Expense/Deduction Items	(a) Expense per Income Statement (optional)	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return (optional)
1 U.S. current income tax expense . . . . .				
2 U.S. deferred income tax expense . . . . .				
3 State and local current income tax expense . . . . .				
4 State and local deferred income tax expense . . . . .				
5 Foreign current income tax expense (other than foreign withholding taxes) . . . . .				
6 Foreign deferred income tax expense . . . . .				
7 Equity-based compensation . . . . .				
8 Meals and entertainment . . . . .				
9 Fines and penalties . . . . .				
10 Judgments, damages, awards, and similar costs				
11 Pension and profit-sharing . . . . .				
12 Other post-retirement benefits . . . . .				
13 Deferred compensation . . . . .				
14 Charitable contribution of cash and tangible property . . . . .				
15 Charitable contribution of intangible property . . . . .				
16 Current year acquisition or reorganization investment banking fees . . . . .				
17 Current year acquisition or reorganization legal and accounting fees . . . . .				
18 Current year acquisition/reorganization other costs				
19 Amortization/impairment of goodwill . . . . .				
20 Amortization of acquisition, reorganization, and start-up costs . . . . .				
21 Other amortization or impairment write-offs . . . . .				
22 Section 198 environmental remediation costs . . . . .				
23a Depletion—Oil & Gas . . . . .				
b Depletion—Other than Oil & Gas . . . . .				
24 Depreciation . . . . .				
25 Bad debt expense . . . . .				
26 Interest expense . . . . .				
27 Corporate owned life insurance premiums . . . . .				
28 Purchase versus lease (for purchasers and/or lessees) . . . . .				
29 Other expense/deduction items with differences (attach schedule) . . . . .				
30 <b>Total expense/deduction items.</b> Combine lines 1 through 29. Enter here and on Part II, line 24 . . . . .				