

Name as shown on Form 1096

Employer Identification Number

Address (number and street)

City, State, and ZIP code

Specific Instructions

1. When and where to file.—If you pay nontaxable dividends to your shareholders, complete and file Schedule A (Form 1096) on or before February 28, 1973, with the **Director, Income Tax Division, T-1:C:1:E&P, Internal Revenue Service, Washington, D.C. 20224.**

2. Nontaxable dividends.—For purposes of this return, nontaxable dividends are distributions paid to shareholders with respect to their stock in the ordinary course of business that are considered wholly or partially nontaxable as dividends solely because the paying corporation's earnings and profits are less than the distributions. Tax-free stock dividends and distributions in exchange for stock in liquidations or redemptions are not considered nontaxable dividends.

3. Calendar year basis.—If you paid nontaxable dividends to shareholders, report all dividends paid during the calendar year, even though your taxable year may be on a fiscal year basis.

4. Taxable status reported to shareholders.—Please complete the table below showing the taxable status of distributions reported to shareholders. If distributions were made in mediums other than cash, show their tax bases and fair market values. Also, if distributions were made to both corporate and noncorporate shareholders, show the number of shares held by and the amounts paid to each.

5. Specific data.—The earnings and profits of the taxable year beginning and ending were \$..... This is an estimate , or the actual amount , based on U.S. Corporation Income Tax Return, Form 1120.

The number of shareholders of record on date of last dividend payment was for corporate, for noncorporate.

At the beginning of the taxable year, the balance of earnings and profits accumulated after February 28, 1913, was \$.....

6. Supporting data.—(a) If you filed Form 1120, attach to this schedule a computation of earnings and profits of the taxable year,* and a schedule of differences between Schedule M and such earnings and profits; a year-by-year computation of accumulated earnings and profits, and a schedule of differences since origin of the company, February 28, 1913, or the last year for which such data was previously furnished, whichever is later; a copy of Schedules M-1 and M-2 (with any supporting schedules); and an ending book (Schedule L, Form 1120) vs. tax-basis balance sheet. (For examples, see Exhibits in Rev. Proc. 65-10, C.B. 1965-1, 738.)

(b) If you filed a consolidated return, Form 1120, attach, in addition to the requirements in (a) above, the following: (1) A schedule showing the allocation of the consolidated tax liability and the method used (if an intercompany agreement is in effect, give complete details); (2) A schedule of the separate company taxable income (or loss) of all members included in the consolidated return; and (3) The data described in (a) above on the basis of such separate company taxable income (or loss) for each member paying nontaxable dividends.

The supporting data required above is to be furnished even though you may not be required to file your Form 1096 until a later date.

7. Extension.—If you have not filed Form 1120, and you need an extension to file supporting data required in instruction 6 above, we will grant an extension of time until the due date of your return if you complete the following:

Extension requested to (date).

Note: If you do not furnish the supporting data required above, it may lead to the conclusion you have redetermined your distributions to your shareholders to be fully taxable as dividends.

*See illustration on the back.

Date paid	Column 1		Column 2		Column 3	
	Total amount paid (Common (C) Preferred (P))	Amount per share	Amount paid in 1972 from earnings and profits of the current year or accumulated since February 28, 1913		Amount paid in 1972 from other than earnings and profits of the current year or accumulated since February 28, 1913	
	\$	\$	\$		\$	
Totals	\$		\$		\$	

Illustration of a Current-Year Earnings and Profits Computation

XYZ Corporation, E. I. No. 00-0000000

123 Main Street

Anycity, USA 20200

Incorporated 1/1/54 Accrual Method of Accounting	Retained Earnings Per Books		Earnings and Profits Current-Year		Accumulated Credit Balance	Key
	Debit	Credit	Debit	Credit		
12/31/69 Balance forward		\$225,000			\$20,900	
1970						
Taxable income (line 28, P. 1) per return		214,700		\$214,700		√
Federal income taxes—per books	\$98,970					a
Federal income taxes—per tax return			\$98,970			a
Excess of capital losses over capital gains (tax basis)		3,600	3,600			√
Contributions in excess of limitation	\$200		200			√
Life insurance premium in excess of cash surrender value (CSV)	9,500		9,500			√
Non-deductible interest paid to carry tax-exempt bonds	850		850			√
Unallowed contributions	500		500			√
Total itemized per line 5, Schedule M-1		11,050				
Life insurance proceeds in excess of CSV	6,000			6,000		√
Bad debt recovery (not charged against taxable income)	3,500					1-68
Tax-exempt interest on municipal bonds	5,000			5,000		√
Total itemized per line 7, Schedule M-1			14,500			
Refund of 1966 Federal income taxes			18,000			1-69
Reserve for contingencies		10,000				x
			113,620	225,700		
Current-Year Earnings and Profits				112,080		
<i>Cash Distributions:</i>						
Preferred: <u>3/15, 6/15, 9/15, 12/15/70</u>	20,000		20,000			√
<u>\$0.50/Sh—10,000 Shs</u>						
Common: <u>3/31/70</u>						
<u>\$1.00/Sh—90,000 Shs</u>						
From current-year earnings and profits	xx	46,040		46,040		√
From accumulated earnings and profits	xx	20,900			(20,900)	√
	74.38%	66,940				
From Other	25.62	23,060				x
Total distribution	100 %	90,000				
<u>9/30/70</u>						
<u>\$1.00/Sh—90,000 Shs</u>						
From current-year earnings and profits	51.16%	46,040		46,040		√
From Other	48.84	43,960				x
Total distribution	100 %	90,000				
Total cash distributions		200,000				
		323,620	247,200	112,080	112,080	
Current-year change		76,420			(20,900)	
Balance forward 12/31/70			\$148,580		\$—0—	

NOTE: For Explanation of Key, See Rev. Proc. 65-10, C.B. 1965-1, 738.