

**SCHEDULE A**

**(Form 1096)**

Department of the Treasury  
Internal Revenue Service

**Corporate Report of Nontaxable Dividends**

**1975**

Name as shown on Form 1096

Employer identification number

Address (number and street)

Date incorporated

City, State, and ZIP code

Telephone number (including area code)

**Specific Instructions**

**1. When and where to file.**—You should complete and file Schedule A (Form 1096) if you pay nontaxable dividends to your shareholders and if you are not a subchapter S corporation making actual distributions from income previously taxed. File this form on or before March 1, 1976, with the **Director, Corporation Tax Division, T:C:3:E&P, Internal Revenue Service, Washington, D.C. 20224.**

**2. Nontaxable dividends.**—For purposes of this return, nontaxable dividends are distributions paid to shareholders in the normal course of business. They are considered wholly or partially nontaxable as dividends only because the paying corporation's current and accumulated earnings and profits are less than the distributions. Nontaxable dividends do not include tax-free stock dividends or distributions exchanged for stock in liquidations or redemptions.

**3. Calendar year basis.**—If you paid nontaxable dividends to shareholders, report all dividends paid during the calendar year, even if you use a fiscal year as your taxable year and have not yet filed Form 1120.

**4. Taxable status reported to shareholders.**—Please complete the table below showing the taxable status of distributions reported to shareholders. If non-cash distributions were made, 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 ..... 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; and if you use accelerated depreciation, a schedule summarizing the depreciation (and any amortization) computed under the straight-line method and a reconciliation of any difference between such amount and the amount claimed on Form 1120.

(b) If you filed a consolidated return, Form 1120, attach the following in addition to the items described above: (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 showing the separate taxable income or loss for each member-company included in the consolidated return; and (3) for each member-company paying nontaxable dividends, the data described above in paragraph 6(a) on the basis of the member-company's taxable income or loss.

This supporting data must be furnished even though you may not need 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 described 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, IRS may assume you have redetermined your distributions to your shareholders to be fully taxable as dividends.

\*See illustration on the back.

Column 1			Column 2		Column 3	
Date paid	Total amount paid (Common (C) Preferred (P))	Amount per share	Amount paid in 1975 from earnings and profits of the current year or accumulated since February 28, 1913		Amount paid in 1975 from other than earnings and profits of the current year or accumulated since February 28, 1913	
	\$	\$	\$		\$	
<b>Totals</b>	\$	\$	\$		\$	

# Illustration of a Current-Year Earnings and Profits Computation

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

123 Main Street

Anycity, Yourstate 20200

		Retained Earnings Shown in Books		Earnings and Profits Current-Year		Accumulated Credit Balance	Key
		Debit	Credit	Debit	Credit		
Incorporated 1/1/54							
Accrual Method of Accounting							
<b>12/31/74 Balance forward</b>			<b>\$225,000</b>			<b>\$20,900</b>	
<b>1975</b>							
Taxable income from line 28, page 1 of return . . . . .			214,700		\$214,700		√
Federal income taxes shown in books . . . . .		\$98,970					a
Federal income taxes shown on tax return . . . . .				\$98,970			a
Excess of capital losses over capital gains (tax basis) . . . . .		3,600		3,600			√
Section 312(m) depreciation adjustment . . . . .					24,000		
Depreciation adjustment on property disposition . . . . .				4,000			
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 from 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						1-1973
Tax-exempt interest on municipal bonds . . . . .	5,000				5,000		√
Total itemized from line 7, Schedule M-1 . . . . .			14,500				
Refund of 1970 Federal income taxes . . . . .			18,000				1-1974
Premium paid on redemption of preferred stock . . . . .		25,000					
Reserve for contingencies . . . . .		10,000					
				117,620	249,700		
					132,080		
<b>Current-Year Earnings and Profits</b>							
Cash Distributions:							
Preferred: <u>3/15, 6/15, 9/15, 12/15/75</u>							
\$0.50/Sh—10,000 Shs	20,000				20,000		√
Common: <u>3/31/75</u>							
\$1.00/Sh—90,000 Shs							
From current-year earnings and profits	xx	56,040			56,040		√
From accumulated earnings and profits	xx	20,900				(20,900)	√
	85.49%	76,940					
From Other	14.51	13,060					
Total distribution	100 %	90,000					
<u>9/30/75</u>							
\$1.00/Sh—90,000 Shs							
From current-year earnings and profits	62.27%	56,040			56,040		√
From Other	37.73	33,960					
Total distribution	100 %	90,000					
Total cash distributions							
			200,000				
			348,620	247,200	132,080	132,080	
Current-year change . . . . .			101,420			(20,900)	
Balance forward 12/31/75 . . . . .				\$123,580		\$—0—	