

1938 CORPORATION INCOME AND EXCESS-PROFITS TAX RETURN 1938

For corporations having total receipts of not more than \$250,000 and a net income of not more than \$25,000 or no net income (except certain corporations specified in Instruction 2)

Header section including Auditor's Stamp, For Calendar Year 1938, or Fiscal Year beginning, 1938, and ended, 1939, and fields for Name, Street and number, Post office, County, State, Kind of business, File Code, Serial No., District, Cash, Check, M. O., First Payment.

ADJUSTED NET INCOME COMPUTATION

Table for ADJUSTED NET INCOME COMPUTATION with columns for Item No., GROSS INCOME, and DEDUCTIONS. Includes items 1-32 such as Gross sales, Less cost of goods sold, Interest on loans, etc.

EXCESS-PROFITS TAX COMPUTATION. (See Instruction 34)

Table for EXCESS-PROFITS TAX COMPUTATION with columns for Column 1, Col. 2 Rate, and Column 3 Amount of Tax. Includes items 33-40 such as Net income for excess-profits tax computation, Value of capital stock, etc.

INCOME TAX COMPUTATION

Table for INCOME TAX COMPUTATION with columns for Item No., GROSS INCOME, and DEDUCTIONS. Includes items 41-51 such as Adjusted net income, Dividends received credit, etc.

NOTE.—One form marked "DUPLICATE COPY" must be filed with this original return (\$10 will be assessed if duplicate copy is not filed).

**Schedule A.—RECONCILIATION OF NET INCOME AND ANALYSIS OF EARNED SURPLUS AND UNDIVIDED PROFITS**

1. Total distributions to stockholders charged to earned surplus during the taxable year.....	\$.....	17. Earned surplus and undivided profits as shown by balance sheet at close of preceding taxable year (Schedule M).....	\$.....
2. Contributions or gifts (excess over 5 percent limitation).....		18. Adjusted net income (item 32, page 1).....	
3. Federal income taxes.....		19. Nontaxable and partially exempt income:	
4. Income taxes of United States possessions or foreign countries if claimed as a credit in whole or in part in item 48, page 1.....		(a) Interest on:	
5. Federal taxes paid on tax-free covenant bonds.....		(1) Obligations of a State, Territory, or political subdivision thereof, or the District of Columbia, or United States possessions.....	
6. Special improvement taxes tending to increase the value of the property assessed.....		(2) Obligations of United States issued on or before September 1, 1917, Treasury Notes, Treasury Bills, and Treasury Certificates of Indebtedness.....	
7. Replacements, renewals, and capital expenditures charged to expenses on the books.....		(3) United States Savings Bonds and Treasury Bonds owned in the principal amount of \$5,000 or less.....	
8. Insurance premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary.....		(4) United States Savings Bonds and Treasury Bonds owned in the principal amount of over \$5,000.....	
9. Unallowable interest incurred in purchasing or carrying exempt interest obligations.....		(5) Obligations of instrumentalities of the United States.....	
10. Excess of capital loss, if any, over amount allowable as a deduction in item 11 (a), page 1.....		(b) Other nontaxable income (itemize):	
11. Additions to surplus reserves (list each reserve separately):		(1).....	
(a).....		(2).....	
(b).....		20. Charges against surplus reserves deducted from income in the return (itemize):	
(c).....		(a).....	
(d).....		(b).....	
12. Other unallowable deductions:		21. Adjustments for tax purposes not recorded on books (itemize):	
(a).....		(a).....	
(b).....		(b).....	
13. Adjustments for tax purposes not recorded on books (itemize):		22. Sundry credits to earned surplus (itemize):	
(a).....		(a).....	
(b).....		(b).....	
14. Sundry debits to earned surplus (itemize):		(c).....	
(a).....		23. Total of lines 17 to 22.....	\$.....
(b).....			
(c).....			
15. Earned surplus and undivided profits as shown by balance sheet at close of the taxable year (Schedule M).....			
16. Total of lines 1 to 15.....	\$.....		

**Schedule B-1.—COST OF GOODS SOLD. (See Instruction 17)**  
(Where inventories are an income-determining factor)

1. Inventory at beginning of year.....	\$.....
2. Material or merchandise bought for manufacture or sale.....	
3. Salaries and wages.....	
4. Other costs per books. (Attach itemized schedule).....	
5. Total (lines 1 to 4).....	\$.....
6. Less inventory at end of year.....	
7. Cost of goods sold (enter as item 2, page 1).....	\$.....

**Schedule B-2.—COST OF OPERATIONS**  
(Where inventories are not an income-determining factor)

1. Salaries and wages.....	\$.....
2. Other costs (to be detailed):	
(a).....	
(b).....	
(c).....	
(d).....	
(e).....	
3. Total (enter as item 5, page 1).....	\$.....

**Schedule C.—CAPITAL GAINS AND LOSSES. (See Instruction 21)**

1. Description of Property	2. Date Acquired	3. Gross Sales Price (Contract price)	4. Cost or Other Basis	5. Expense of Sale and Cost of Improvements Subsequent to Acquisition or March 1, 1913	6. Depreciation Allowed (or allowable) Since Acquisition or March 1, 1913 (Furnish details)	7. Gain or Loss (column 3 plus column 6 minus the sum of columns 4 and 5)
		\$.....	\$.....	\$.....	\$.....	\$.....
Total Gain (or Loss). (Enter as item 11 (a), page 1, but if amount is a loss, do not enter over \$2,000).....						\$.....

**Schedule D.—GAINS AND LOSSES FROM SALES OR EXCHANGES OF PROPERTY OTHER THAN CAPITAL ASSETS. (See Instruction 21)**

1. Description of Property	2. Date Acquired	3. Gross Sales Price (Contract price)	4. Cost or Other Basis	5. Expense of Sale and Cost of Improvements Subsequent to Acquisition or March 1, 1913	6. Depreciation Allowed (or allowable) Since Acquisition or March 1, 1913 (Furnish details)	7. Gain or Loss (column 3 plus column 6 minus the sum of columns 4 and 5)
		\$.....	\$.....	\$.....	\$.....	\$.....
Total Gain (or Loss). (Enter as item 11 (b), page 1).....						\$.....

**Supplemental information required for Schedules C and D**

State with respect to each item of property reported in Schedules C and D (1) how property was acquired (2) whether at time of sale or exchange (a) purchaser owned directly or indirectly more than 50 percent in value of your outstanding stock, (b) where purchaser was a corporation, more than 50 percent in value of its capital stock and 50 percent in value of your capital stock was owned directly or indirectly by or for the same individual or his family, and (c) where purchaser was a corporation, whether more than 50 percent in value of its capital stock was owned directly or indirectly by you ..... If so, state name and address of purchaser .....

**Schedule E.—INCOME FROM DIVIDENDS**

1. Name and Address of Paying Corporation	2. *Domestic Corporations Taxable Under Title I, Revenue Act of 1938	3. Foreign Corporations	4. Other Corporations
	\$.....	\$.....	\$.....
Totals.....	\$.....	\$.....	\$.....
Total of columns 2, 3, and 4. (Enter as item 12, page 1).....			\$.....

\*Except dividends received from corporations organized under the China Trade Act, 1922, and corporations entitled to the benefits of section 251 of the Revenue Act of 1938, which dividends should be entered in column 4.

Schedule F.—COMPENSATION OF OFFICERS. (See Instruction 22)

Table with 6 columns: 1. Name and Address of Officer, 2. Official Title, 3. Time Devoted To Business, 4. Common, 5. Preferred, 6. Amount of Compensation. Includes a total compensation row at the bottom.

NOTE.—Schedule H-1 (IN DUPLICATE) also must be filed with this return if compensation in excess of \$75,000 was paid to any officer or employee.

Schedule G.—BAD DEBTS. (See Instruction 25) (See note 1)

Table with 6 columns: 1. Taxable Year, 2. Net Income Reported, 3. Sales on Account, 4. Bad Debts Charged Off by Corporation if No Reserve is Carried on Books, 5. Gross Amount Added to Reserve, 6. Amount Charged Against Reserve.

- 1. Check whether deduction claimed represents worthless debts charged off [ ], or is an addition to a reserve [ ].
2. In addition to the data required above, corporations claiming deductions on other than a reserve basis must submit the information specified in Instruction 25.
3. Not including securities which are capital assets ascertained to be worthless and charged off within the taxable year, which should be reported in Schedule C.

Schedule H.—TAXES. (See Instruction 27)

Table with 2 columns: Nature, Amount. Includes a total row at the bottom.

Schedule I.—CONTRIBUTIONS OR GIFTS PAID. (See Instruction 28)

Table with 2 columns: Name and Address of Organization, Amount. Includes a total row at the bottom.

Schedule J.—DEPRECIATION. (See Instruction 30)

Table with 9 columns: 1. Kind of Property (If buildings, state material of which constructed), 2. Date Acquired, 3. Cost or Other Basis, 4. Assets Fully Depreciated in Use at End of Year, 5. Depreciation Allowed (or allowable) in Prior Years, 6. Remaining Cost or Other Basis to Be Recovered, 7. Estimated Life Used in Accumulating Depreciation, 8. Estimated Remaining Life From Beginning of Year, 9. Depreciation Allowable This Year.

Schedule K.—OTHER DEDUCTIONS. (See Instruction 32)

Table with multiple rows for reporting other deductions, mostly blank.

Schedule L.—DISTRIBUTIONS TO STOCKHOLDERS

Table with 3 columns: Distributions Out of Earnings or Profits of the Taxable Year or Out of Earnings or Profits Accumulated Since February 28, 1913 (Indicate dates paid), 1. Taxable Distributions, 2. Nontaxable Distributions. Includes rows for Cash, Assets other than cash, Treasury stock, Obligations, Common stock, Preferred stock, and Medium of payment.

- 1. Enter the lesser of the two following amounts determined as of time of distribution: (a) The adjusted basis in the hands of the corporation as provided in section 113 of the Revenue Act of 1938, or (b) the fair market value.
2. Enter the amount of the fair market value at time of distribution.
3. Enter the lesser of the two following amounts determined as of the time of distribution: (a) Face value; or (b) fair market value.
4. Preferred stock for this purpose should be considered as stock which is preferred as to either dividends or assets, irrespective of formal designation.
5. Distributions in the form of rights to purchase assets or subscribe to stock or other obligations of the corporation should be entered in the item applicable to the assets, stocks, or other obligations for which rights were distributed.

Schedule M.—BALANCE SHEETS. (See Instruction 14)

Table with columns for ASSETS and LIABILITIES, and sub-columns for Beginning of Taxable Year (Amount, Total) and End of Taxable Year (Amount, Total). Rows include Cash, Notes and accounts receivable, Inventories, Investments, Capital assets, and Total Assets/Liabilities.

QUESTIONS

- 1. Business classification. (See Instruction 16)
10. Was the corporation in any way an outgrowth, result, continuation, or reorganization of a business or businesses in existence during this or any prior year since December 31, 1917?
11. Is this return made on the basis of cash receipts and disbursements?
12. State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower
13. Did the corporation make a return of information on Forms 1096 and 1099 (see Instruction 10-(1)) for the calendar year 1938?
14. Did the corporation at any time during the taxable year own directly or indirectly any stock of a foreign corporation? (Answer "yes" or "no")

AFFIDAVIT. (See Instruction 7)

We, the undersigned, president (or vice president, or other principal officer) and treasurer (or assistant treasurer, or chief accounting officer) of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that this return (including any accompanying schedules and statements) has been examined by him and is, to the best of his knowledge and belief, a true, correct, and complete return, made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1938 and the Regulations issued thereunder.

Subscribed and sworn to before me this ... day of ..., 193 .
(Signature of officer administering oath) (Title)
(President or other principal officer) (State title)
(CORPORATE SEAL) (Treasurer, Assistant Treasurer, or Chief Accounting Officer) (State title)

AFFIDAVIT. (See Instruction 7)

I/we swear (or affirm) that I/we prepared this return for the person named herein and that the return (including any accompanying schedules and statements) is a true, correct, and complete statement of all the information respecting the income tax and/or excess-profits tax liability of the person for whom this return has been prepared of which I/we have any knowledge.

Subscribed and sworn to before me this ... day of ..., 193 .
(Signature of person preparing the return)
(Signature of person preparing the return)
(Name of firm or employer, if any)