

SCHEDULE K
(Form 1120-DISC)

Department of the Treasury
Internal Revenue Service

Shareholder's Statement of DISC Distribution—1973

For calendar year 1973 or fiscal year

beginning....., 1973, ending....., 19.....

(Complete for each shareholder—See instructions on back of Copy C)

COPY A
File with
Form 1120-DISC

Part I Taxable Distributions

1 Deemed distributions: (a) Under section 995(b)(1)
(b) Annual installment under section 995(b)(2)
(c) Total of lines 1(a) and 1(b)
2 Actual taxable distributions
3 Total taxable distributions—Add line 1(c) and line 2 (Enter here and report in Section A or B below)

Section A.—Individuals, Partnerships, Trusts, and Estates

Section B.—Corporations

4 Portion of line 3 above:
(a) Entitled to the dividend exclusion under section 116
(b) Not entitled to the dividend exclusion

5 Portion of line 3 above:
(a) Entitled to the dividends-received deduction under section 243
(b) Not entitled to the dividends-received deduction

Part II Nontaxable Distributions

1 Actual distributions out of previously taxed income (section 996(f)(2))
2 Other actual nontaxable distributions
3 Total nontaxable distributions—Add lines 1 and 2

Part III Other Distributions

1 Accumulated DISC income attributable to stock sold during the year
Name, identifying number, and address (including ZIP code) of shareholder
Name, employer identification number, and address (including ZIP code) of DISC or former DISC

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Part I Taxable Distributions

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(b) Annual installment under section 995(b)(2)
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2 Actual taxable distributions
3 Total taxable distributions—Add line 1(c) and line 2 (Enter here and report in Section A or B below)

Section A.—Individuals, Partnerships, Trusts, and Estates

Section B.—Corporations

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(a) Entitled to the dividend exclusion under section 116
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COPY B

For Shareholder

Part I Taxable Distributions

1 Deemed distributions: (a) Under section 995(b)(1)
(b) Annual installment under section 995(b)(2)	.....
(c) Total of lines 1(a) and 1(b)	.....
2 Actual taxable distributions	.....
3 Total taxable distributions—Add line 1(c) and line 2	.....

Section A.—Individuals, Partnerships, Trusts, and Estates

4 Portion of line 3 above:	
(a) Entitled to the dividend exclusion under section 116
(b) Not entitled to the dividend exclusion

Section B.—Corporations

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(a) Entitled to the dividends-received deduction under section 243
(b) Not entitled to the dividends-received deduction

Part II Nontaxable Distributions

1 Actual distributions out of previously taxed income (section 996(f)(2))	.....
2 Other actual nontaxable distributions	.....
3 Total nontaxable distributions—Add lines 1 and 2	.....

Part III Other Distributions

1 Accumulated DISC income attributable to stock sold during the year
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Name, identifying number, and address (including ZIP code) of shareholder

Name, employer identification number, and address (including ZIP code) of DISC or former DISC

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COPY B

For Shareholder

Part I Taxable Distributions

1 Deemed distributions: (a) Under section 995(b)(1)
(b) Annual installment under section 995(b)(2)	.....
(c) Total of lines 1(a) and 1(b)	.....
2 Actual taxable distributions	.....
3 Total taxable distributions—Add line 1(c) and line 2	.....

Section A.—Individuals, Partnerships, Trusts, and Estates

4 Portion of line 3 above:	
(a) Entitled to the dividend exclusion under section 116	.....
(b) Not entitled to the dividend exclusion	.....

Section B.—Corporations

5 Portion of line 3 above:	
(a) Entitled to the dividends-received deduction under section 243	.....
(b) Not entitled to the dividends-received deduction	.....

Part II Nontaxable Distributions

1 Actual distributions out of previously taxed income (section 996(f)(2))	.....
2 Other actual nontaxable distributions	.....
3 Total nontaxable distributions—Add lines 1 and 2	.....

Part III Other Distributions

1 Accumulated DISC income attributable to stock sold during the year
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Name, identifying number, and address (including ZIP code) of shareholder

Name, employer identification number, and address (including ZIP code) of DISC or former DISC

Instructions For Shareholder

(References are to the Internal Revenue Code.)

A. GENERAL INSTRUCTIONS.—You will receive Copy B of Schedule K (Form 1120-DISC) if you had an actual or deemed distribution from a DISC or former DISC.

It is being used by the DISC or former DISC to inform you of your share of distributions. It should be retained for your records and should not be filed with your income tax return. The original has been filed with the Internal Revenue Service.

B. WHEN TO REPORT DEEMED AND ACTUAL TAXABLE DISTRIBUTIONS.—Report deemed and actual taxable distributions (and gain on the sale of stock to the extent of accumulated DISC income) on your tax return as "Distributions from a DISC."

Deemed distributions.—You are treated as having received the deemed distributions on line 1(c) of Part I on the last day of the taxable year of the DISC or former DISC. You must pay tax on them in your taxable year that includes such date. The last day of the taxable year of the DISC or former DISC is shown in the heading on the reverse side.

If you acquired stock in a DISC during the DISC's taxable year, see instruction F.

Deemed distributions increase the basis of the stock for which the distribution was made.

Actual distributions.—You must pay tax on the actual distributions on line 2 of Part I in the year the distributions were received.

C. AMOUNT OF INCOME TO REPORT.—In general, your total taxable distribution from a DISC is the amount on line 3 of Part I. See

instructions E and F for exceptions. See instruction G for certain circumstances in which distributions from previously taxed income may be taxable.

D. DIVIDEND EXCLUSION AND DIVIDENDS-RECEIVED DEDUCTION.—Section A will be completed if you are an individual, partnership, trust, or estate. Section B will be completed if you are a corporation.

Individuals, partnerships, trusts, and estates.—Line 4(a) of Section A shows the portion of the total taxable distribution on line 3 that qualifies for the dividend exclusion under section 116. Line 4(b) of Section A shows the portion that is not entitled to the dividend exclusion.

Corporations.—Line 5(a) of Section B shows the portion of the total taxable distribution on line 3 that qualifies for the 85% dividends-received deduction under section 243. Line 5(b) shows the portion that is not entitled to the 85% dividends-received deduction.

E. EFFECT OF DISPOSITION OF STOCK IN A DISC OR FORMER DISC.—If you disposed of stock in a DISC or former DISC you may be required to include in gross income all or part of your gain as a dividend under section 995(c). The gain is included as a dividend to the extent of the "accumulated DISC income" which is attributable to the stock and which was accumulated in taxable years during the period the stock disposed of was held by you. The amount entered on line 1 of Part III is the accumulated DISC income attributable to the stock during the period, or periods, you held the stock. This dividend is not eligible for the 85% dividends-received deduction.

F. EFFECT OF ACQUISITION OF STOCK IN A DISC.—If you acquired stock in a DISC or

acquired stock from a shareholder described in instruction E, you may be able to treat some portion of the distribution on line 1(a) and/or line 1(b) of Part I as a nontaxable distribution of previously taxed income under section 996(d).

G. EFFECT OF THE RECEIPT OF NONTAXABLE DISTRIBUTIONS.—In general, (1) distributions of previously taxed income and (2) distributions out of other than previously taxed income, accumulated DISC income, and other earnings and profits are not taxable.

Actual distributions out of previously taxed income (line 1 of Part II).—Distributions out of previously taxed income are nontaxable to the extent of your basis in the stock for which the distribution was made. Treat distributions in excess of your basis as a gain from the sale or exchange of property.

If stock in a DISC is included in the gross estate of a decedent for which an election is made under section 2032, see section 1014(d) and section 1.1014-1(b) of the regulations.

Other actual nontaxable distributions (line 2 of Part II).—Distributions out of other than (1) previously taxed income, (2) accumulated DISC income, and (3) other earnings and profits are nontaxable to the extent of your basis in the stock for which the distribution was made. Treat distributions in excess of your basis as a gain from the sale or exchange of property.

H. NONRESIDENT ALIEN INDIVIDUALS AND FOREIGN CORPORATIONS, TRUSTS, AND ESTATES.—Treat all gains on the disposition of stock in a DISC or former DISC and all distributions out of accumulated DISC income, including deemed distributions, as effectively connected with the conduct of a trade or business through a permanent establishment within the U.S.

Instructions For Shareholder

(References are to the Internal Revenue Code.)

A. GENERAL INSTRUCTIONS.—You will receive Copy B of Schedule K (Form 1120-DISC) if you had an actual or deemed distribution from a DISC or former DISC.

It is being used by the DISC or former DISC to inform you of your share of distributions. It should be retained for your records and should not be filed with your income tax return. The original has been filed with the Internal Revenue Service.

B. WHEN TO REPORT DEEMED AND ACTUAL TAXABLE DISTRIBUTIONS.—Report deemed and actual taxable distributions (and gain on the sale of stock to the extent of accumulated DISC income) on your tax return as "Distributions from a DISC."

Deemed distributions.—You are treated as having received the deemed distributions on line 1(c) of Part I on the last day of the taxable year of the DISC or former DISC. You must pay tax on them in your taxable year that includes such date. The last day of the taxable year of the DISC or former DISC is shown in the heading on the reverse side.

If you acquired stock in a DISC during the DISC's taxable year, see instruction F.

Deemed distributions increase the basis of the stock for which the distribution was made.

Actual distributions.—You must pay tax on the actual distributions on line 2 of Part I in the year the distributions were received.

C. AMOUNT OF INCOME TO REPORT.—In general, your total taxable distribution from a DISC is the amount on line 3 of Part I. See

instructions E and F for exceptions. See instruction G for certain circumstances in which distributions from previously taxed income may be taxable.

D. DIVIDEND EXCLUSION AND DIVIDENDS-RECEIVED DEDUCTION.—Section A will be completed if you are an individual, partnership, trust, or estate. Section B will be completed if you are a corporation.

Individuals, partnerships, trusts, and estates.—Line 4(a) of Section A shows the portion of the total taxable distribution on line 3 that qualifies for the dividend exclusion under section 116. Line 4(b) of Section A shows the portion that is not entitled to the dividend exclusion.

Corporations.—Line 5(a) of Section B shows the portion of the total taxable distribution on line 3 that qualifies for the 85% dividends-received deduction under section 243. Line 5(b) shows the portion that is not entitled to the 85% dividends-received deduction.

E. EFFECT OF DISPOSITION OF STOCK IN A DISC OR FORMER DISC.—If you disposed of stock in a DISC or former DISC you may be required to include in gross income all or part of your gain as a dividend under section 995(c). The gain is included as a dividend to the extent of the "accumulated DISC income" which is attributable to the stock and which was accumulated in taxable years during the period the stock disposed of was held by you. The amount entered on line 1 of Part III is the accumulated DISC income attributable to the stock during the period, or periods, you held the stock. This dividend is not eligible for the 85% dividends-received deduction.

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H. NONRESIDENT ALIEN INDIVIDUALS AND FOREIGN CORPORATIONS, TRUSTS, AND ESTATES.—Treat all gains on the disposition of stock in a DISC or former DISC and all distributions out of accumulated DISC income, including deemed distributions, as effectively connected with the conduct of a trade or business through a permanent establishment within the U.S.

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(c) Total of lines 1(a) and 1(b)
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Section A.—Individuals, Partnerships, Trusts, and Estates

4 Portion of line 3 above:
(a) Entitled to the dividend exclusion under section 116
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Section B.—Corporations

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Part III Other Distributions

1 Accumulated DISC income attributable to stock sold during the year

Name, identifying number, and address (including ZIP code) of shareholder

Name, employer identification number, and address (including ZIP code) of DISC or former DISC

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Section A.—Individuals, Partnerships, Trusts, and Estates

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1 Accumulated DISC income attributable to stock sold during the year

Name, identifying number, and address (including ZIP code) of shareholder

Name, employer identification number, and address (including ZIP code) of DISC or former DISC

Instructions For DISC Or Former DISC
(References are to the Internal Revenue Code.)

A. GENERAL INSTRUCTIONS.—Complete Schedule K (Form 1120-DISC) for each shareholder who had an actual or deemed distribution during the taxable year. File Copy A with Form 1120-DISC (or Form 1120 if you are a former DISC). Give Copy B to the shareholder by the last day of the second month following the close of your taxable year. Keep Copy C for your records.

Actual and deemed dividend distributions do not have to be reported on Form 1099-DIV.

B. SPECIFIC INSTRUCTIONS FOR PART I (TAXABLE DISTRIBUTIONS).—Enter on line 1(a) the shareholder's portion of the deemed distributions under section 995(b)(1) and on line 1(b) his portion of the annual installment under section 995(b)(2). The sum of the amounts entered on these lines for all shareholders should equal the total reported in Part I and Part II, Schedule J, page 3, Form 1120-DISC.

Enter on line 2 of Part I the amount of actual distributions that are tax-

able to the shareholder. These are distributions that are out of accumulated DISC income and other earnings and profits.

Complete Section A if the shareholder is an individual, partnership, trust, or estate. Complete Section B if the shareholder is a corporation. Dividends out of other earnings and profits are eligible for the dividend exclusion and the 85% dividends-received deduction. No 85% dividends-received deduction is allowed for a dividend from a DISC or former DISC if it—

- (1) is paid out of accumulated DISC income;
- (2) is paid out of previously taxed income; or
- (3) is a deemed distribution pursuant to section 995(b)(1).

C. SPECIFIC INSTRUCTIONS FOR PART II (NONTAXABLE DISTRIBUTIONS).—Enter on line 1 the shareholder's portion of actual distributions out of previously taxed income. The total of this line for all share-

holders should equal the total reported on line 4(a), Part III, Schedule J, Form 1120-DISC.

Enter on line 2 the shareholder's portion of actual nontaxable distributions out of other than (1) previously taxed income, (2) accumulated DISC income, and (3) other earnings and profits. The total of this line for all shareholders should equal the total reported on line 4(d), Part III, Schedule J, Form 1120-DISC.

D. SPECIFIC INSTRUCTIONS FOR PART III (OTHER DISTRIBUTIONS).—If (1) a shareholder disposes of stock in a DISC or former DISC or (2) the stock of a DISC or former DISC is disposed of in a transaction that terminates the separate corporate existence of the DISC or former DISC (other than a mere change in the place of organization), enter on line 1 of Part III the accumulated DISC income attributable to the stock and accumulated in the DISC during the period the shareholder held the stock.

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Instructions For DISC Or Former DISC
(References are to the Internal Revenue Code.)

A. GENERAL INSTRUCTIONS.—Complete Schedule K (Form 1120-DISC) for each shareholder who had an actual or deemed distribution during the taxable year. File Copy A with Form 1120-DISC (or Form 1120 if you are a former DISC). Give Copy B to the shareholder by the last day of the second month following the close of your taxable year. Keep Copy C for your records.

Actual and deemed dividend distributions do not have to be reported on Form 1099-DIV.

B. SPECIFIC INSTRUCTIONS FOR PART I (TAXABLE DISTRIBUTIONS).—Enter on line 1(a) the shareholder's portion of the deemed distributions under section 995(b)(1) and on line 1(b) his portion of the annual installment under section 995(b)(2). The sum of the amounts entered on these lines for all shareholders should equal the total reported in Part I and Part II, Schedule J, page 3, Form 1120-DISC.

Enter on line 2 of Part I the amount of actual distributions that are tax-

able to the shareholder. These are distributions that are out of accumulated DISC income and other earnings and profits.

Complete Section A if the shareholder is an individual, partnership, trust, or estate. Complete Section B if the shareholder is a corporation. Dividends out of other earnings and profits are eligible for the dividend exclusion and the 85% dividends-received deduction. No 85% dividends-received deduction is allowed for a dividend from a DISC or former DISC if it—

- (1) is paid out of accumulated DISC income;
- (2) is paid out of previously taxed income; or
- (3) is a deemed distribution pursuant to section 995(b)(1).

C. SPECIFIC INSTRUCTIONS FOR PART II (NONTAXABLE DISTRIBUTIONS).—Enter on line 1 the shareholder's portion of actual distributions out of previously taxed income. The total of this line for all share-

holders should equal the total reported on line 4(a), Part III, Schedule J, Form 1120-DISC.

Enter on line 2 the shareholder's portion of actual nontaxable distributions out of other than (1) previously taxed income, (2) accumulated DISC income, and (3) other earnings and profits. The total of this line for all shareholders should equal the total reported on line 4(d), Part III, Schedule J, Form 1120-DISC.

D. SPECIFIC INSTRUCTIONS FOR PART III (OTHER DISTRIBUTIONS).—If (1) a shareholder disposes of stock in a DISC or former DISC or (2) the stock of a DISC or former DISC is disposed of in a transaction that terminates the separate corporate existence of the DISC or former DISC (other than a mere change in the place of organization), enter on line 1 of Part III the accumulated DISC income attributable to the stock and accumulated in the DISC during the period the shareholder held the stock.

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