

Schedule A Cost of Goods Sold Related to Foreign Trading Gross Receipts (See instructions.)

	(a) Using Administrative Pricing Rules	(b) Not Using Administrative Pricing Rules
1	Inventory at beginning of year	
2	Purchases	
3	Cost of labor	
4	Additional section 263A costs (attach schedule)	
5	Other costs (attach schedule)	
6	Total. Add lines 1 through 5	
7	Inventory at end of year	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on line 7 of Schedule B. Small FSCs, see instructions for Schedule A	

9a Check all methods used for valuing closing inventory: (i) Cost (ii) Lower of cost or market (iii) Writedown of "subnormal" goods (iv) Other (Specify and attach explanation.) ▶

b Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) . . . ▶

c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO **9c** _____

d Do the rules of section 263A (for property produced or acquired for resale) apply to the FSC? Yes No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation Yes No

Additional Information (See instructions.)

	Yes	No
1	Refer to page 12 of the instructions and state the principal: a Business activity code no. ▶	
	b Business activity ▶	
	c Product or service ▶	
2	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____	
3	Was the FSC at any time during the tax year engaged in a trade or business in the U.S.?	
4	Is the FSC a foreign personal holding company or a personal holding company? (See instructions.)	
5	If the FSC has an NOL for the tax year and is electing under section 172(b)(3) to forego the carryback period, check here <input type="checkbox"/>	
6	FSC Qualification Requirements:	
a	Enter the largest number of shareholders the FSC had at any time during the tax year ▶	
b	Did the FSC have any preferred stock outstanding at any time during the tax year?	
c	During the tax year, did the FSC maintain an office in a qualifying foreign country or U.S. possession (see instructions), in which a complete set of books and records (including invoices) was maintained?	
d	During the tax year, did the FSC maintain the records required under section 6001 at a location within the U.S.?	
e	At all times during the tax year, did the FSC have at least one non-U.S. resident on its board of directors? . . .	
f	At any time during the tax year, was the FSC a member of a controlled group of corporations that included a DISC as a member?	
7	Foreign Management Tests: (These requirements do not apply to small FSCs.)	
a	Did all formally convened meetings of the board of directors and all formally convened meetings of the shareholders occur outside the U.S.?	
b	Principal bank accounts:	
(1)	Were all cash dividends, legal and accounting fees, salaries of officers, and salaries or fees of members of the board of directors disbursed from bank accounts maintained outside the U.S.? (If "Yes," these accounts are considered to be the FSC's principal bank accounts.)	
(2)	At all times during the tax year, did the FSC maintain its principal bank accounts in a qualifying foreign country or U.S. possession? (See instructions.)	
	Name of bank(s) ▶ _____ Account number(s) ▶ _____	
8	Foreign Economic Process Requirements: (These requirements do not apply to small FSCs.)	
a	Check the applicable box to make the annual election to group the sales activities (Regulations section 1.924(d)-1(c)): <input type="checkbox"/> customer grouping <input type="checkbox"/> contract grouping <input type="checkbox"/> product or product line grouping <input type="checkbox"/> product or product line subgroupings	
b	Check the box(es) to indicate how the FSC met the foreign direct costs requirement (see instructions): <input type="checkbox"/> The FSC (or any person under contract with the FSC) met the 50% test of section 924(d)(1). <input type="checkbox"/> The FSC (or any person under contract with the FSC) met the alternative 85% test of section 924(d)(2). Check to indicate the activity number listed in section 924(e) for which this alternative test was met: (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input type="checkbox"/> (4) <input type="checkbox"/> (5) <input type="checkbox"/>	
c	Check to make the annual election described in Regulations section 1.924(d)-1(e) to group foreign direct costs on one of the following bases: <input type="checkbox"/> customer grouping <input type="checkbox"/> contract grouping <input type="checkbox"/> product or product line grouping	
9	Activities Relating to Disposition of Export Property:	
a	Check if the FSC elects (Regulations section 1.924(e)-1(e)(1)) to bear the economic risk of nonpayment of certain commission contracts ▶ <input type="checkbox"/>	
b	If Item 9a is checked, enter which one of the five methods listed in Regulations section 1.924(e)-1(e)(1) (i) through (v) describes how the risk is to be borne by the FSC ▶	

Schedule B Taxable Income or (Loss)

Part I—Income Attributable to Foreign Trade Income

Type of Receipt (see instructions)	(a) Using Administrative Pricing Rules		(b) Not Using Administrative Pricing Rules	
1 Sale, exchange, or other disposition of export property. (Include only 50% of military property sales. Include the other 50% on Schedule F, line 1.)	1			
2 Lease or rental of export property for use outside the United States	2			
3 Services related and subsidiary to:				
a Sale, exchange, or other disposition of export property. (Include only 50% of services related to the sale or other disposition of military property. Include the other 50% on Schedule F, line 1.)	3a			
b Lease or rental of export property	3b			
4 Engineering or architectural services for construction projects outside the U.S.	4			
5 Managerial services for an unrelated FSC or DISC. (See instructions for determination of qualifying amount.)	5			
6 Total Foreign Trading Gross Receipts:				
a Add lines 1 through 5. (Only small FSCs complete lines 6b through 6h.)	6a			
b Small FSC limitation (section 924(b)(2)(B))	6b	\$5,000,000	00	
c Controlled group member's share of line 6b (see instructions)	6c			
d Enter 1. (If the FSC has a short tax year: Divide the number of days in the short tax year by the number of days that would have comprised a full tax year, and enter the resulting fraction as a decimal less than 1.00000.) (see instructions)	6d			
e Proration of limitation. Multiply line 6b or line 6c (whichever applies) by line 6d	6e			
f Enter the total of line 6a, columns (a) and (b). (If commission income is included on line 6a, see special computation rule in the instructions for line 6f.)	6f			
g Small FSC foreign trading gross receipts that may be taken into account in determining exempt foreign trade income (enter the smaller of line 6e or line 6f)	6g			
Note: If line 6f exceeds line 6e, enter the excess on line 7 of Schedule F. See the instructions for line 6h if commission income is involved.				
h Allocate the amount from line 6g to columns (a) and (b) (see instructions).	6h			
7 Cost of goods sold (Schedule A, line 8). (Small FSCs, enter only the portion of cost of goods sold that is attributable to the receipts on line 6h above. See instructions for Schedule A.)	7			
8 Foreign trade income. Subtract line 7 from line 6a or line 6h (whichever applies)	8			
9a Exemption percentage from Schedule E, line 3d	9a		%	
b Exemption percentage from Schedule E, line 2d	9b			%
10 Exempt foreign trade income. Multiply line 8 (column (a)) by line 9a and line 8 (column (b)) by line 9b	10			
11 Nonexempt foreign trade income. Subtract line 10 from line 8	11			
12 Enter nonexempt foreign trade income from Schedule F, line 6	12			
13 Add lines 11 and 12	13			
14 Enter deductions attributable to nonexempt foreign trade income from Schedule G, line 18	14			
15 Net income attributable to nonexempt foreign trade income. Subtract line 14 from line 13	15			

Part II—Taxable Income or (Loss)

16 Taxable income attributable to foreign trade income. Enter total of line 15, columns (a) and (b), reduced by any nontaxable income included in line 15, column (b). Attach a schedule that shows the computation of the taxable portion of line 15, column (b)	16			
17 Taxable nonforeign trade income from Schedule F, line 19	17			
18 Taxable income or (loss) before net operating loss deduction and dividends-received deduction. Add lines 16 and 17	18			
19a Net operating loss deduction (attach schedule—see instructions)	19a			
b Dividends-received deduction (attach schedule—see instructions)	19b			
c Add lines 19a and 19b.	19c			
20 Taxable income or (loss). Subtract line 19c from line 18. (See instructions for Schedule J to figure the tax on this income.)	20			

Schedule E Percentages Used in Figuring Exempt Foreign Trade Income—Sections 923(a)(2) and (3), and 291(a)(4)

Note: If all shareholders of the FSC are C corporations, enter .30000 on line 2d and .65217 on line 3d and skip all other lines.
 If all shareholders are other than C corporations, enter .32000 on line 2d and .69565 on line 3d and skip all other lines.

1	Percentage (express as decimal to 5 places) of voting stock owned by shareholders that are C corporations	1	
2	Exemption for foreign trade income determined without regard to administrative pricing rules:		
a	Difference between section 923(a)(2) and section 291(a)(4)(A) percentage	2a	.02000
b	Section 923(a)(2) percentage	2b	.32000
c	Multiply line 1 by line 2a	2c	
d	Exemption percentage. Subtract line 2c from line 2b. Enter here and on Schedule B, line 9b, and on Schedule G, line 16b	2d	
3	Exemption percentage for foreign trade income determined under administrative pricing rules:		
a	Difference between section 923(a)(3) fraction and section 291(a)(4)(B) fraction (16/23 – 15/23 = 1/23) expressed as a decimal	3a	.04348
b	Section 923(a)(3) fraction (16/23) expressed as a decimal	3b	.69565
c	Multiply line 1 by line 3a	3c	
d	Exemption percentage. Subtract line 3c from line 3b. Enter here and on Schedule B, line 9a, and on Schedule G, line 16a	3d	

Schedule F Nonexempt Foreign Trade Income and Nonforeign Trade Income

Part I—Nonexempt Foreign Trade Income

	(a) Using Administrative Pricing Rules		(b) Not Using Administrative Pricing Rules	
	1			
1	Enter the remaining 50% of total receipts attributable to the sale, exchange, or other disposition of military property and related services. Note: <i>The first 50% of these receipts is reported on lines 1 and 3a of Schedule B</i>			
2	International boycott income (see instructions)			
3	Illegal bribes and other payments (see instructions)			
4	Add lines 1, 2, and 3			
5	Enter cost of goods sold and other expenses related to above income (see instructions)			
6	Nonexempt foreign trade income. Subtract line 5 from line 4. Enter here and on Schedule B, line 12, columns (a) and (b)			

Part II—Nonforeign Trade Income

7	Small FSCs: If line 6f of Schedule B exceeds line 6e of Schedule B, enter the excess. (Include the deduction for cost of goods sold attributable to the excess on line 18 below.)	7	
8	Interest income	8	
9	Dividend income (attach schedule—see instructions)	9	
10	Carrying charges	10	
11	Royalties	11	
12	Other investment income	12	
13	Receipts excluded under section 924(f) on basis of use, subsidized receipts and receipts from related parties	13	
14	Income from excluded property under sections 927(a)(2) and (3)	14	
15	Income from transactions that did not qualify as foreign trade income because the economic process requirements were not met (see "Foreign Trade Gross Receipts" on page 1 of the instructions)	15	
16	Other income	16	
17	Total. Add lines 7 through 16	17	
18	Enter deductions allocated or apportioned to line 17 income (attach schedule—see instructions)	18	
19	Taxable nonforeign trade income. Subtract line 18 from line 17. Enter here and on Schedule B, line 17	19	

Schedule G Deductions Allocated or Apportioned to Foreign Trade Income (See instructions for limitations on deductions before completing lines 1 through 14.)

	(a) Using Administrative Pricing Rules		(b) Not Using Administrative Pricing Rules	
1 Foreign direct costs:				
a Advertising and sales promotion (section 924(e)(1))	1a			
b Certain processing and arranging costs (section 924(e)(2))	1b			
c Certain transportation costs (section 924(e)(3))	1c			
d Certain determination and transmittal costs (section 924(e)(4))	1d			
e Assumption of credit risk (section 924(e)(5))	1e			
f Add lines 1a through 1e	1f			
2 Advertising	2			
3 Interest	3			
4 Depreciation from Form 4562 (less any depreciation claimed elsewhere on this return) (attach Form 4562)	4			
5 Salaries and wages	5			
6 Rents	6			
7 Sales commissions	7			
8 Warehousing	8			
9 Freight	9			
10 Compensation of officers	10			
11 Bad debts (see instructions)	11			
12 Pension, profit-sharing, etc., plans	12			
13 Employee benefit programs	13			
14 Other deductions (attach list)	14			
15 Total. Add lines 1f through 14	15			
16a Exemption percentage from Schedule E, line 3d	16a		%	
b Exemption percentage from Schedule E, line 2d	16b			%
17 Deductions attributable to exempt foreign trade income. Multiply line 15 (column (a)) by line 16a and line 15 (column (b)) by line 16b	17			
18 Total deductions relating to nonexempt foreign trade income. Subtract line 17 from line 15. Enter here and on Schedule B, line 14, columns (a) and (b)	18			

Schedule J Tax Computation (See instructions.)

1 Check if the FSC is a member of a controlled group (see section 927(d)(4)) <input type="checkbox"/>				
2 If the box on line 1 is checked:				
a Enter the FSC's share of the \$50,000 and \$25,000 taxable income bracket amounts (in that order):				
(i) \$ _____ (ii) \$ _____				
b Enter the FSC's share of the additional 5% tax (not to exceed \$11,750) \$ _____				
3 Income tax (see instructions to figure the tax). Check this box if the FSC is a qualified personal service corporation (as defined in section 448(d)(2)) (see instructions on page 10) <input type="checkbox"/>	3			
4 Foreign tax credit (attach Form 1118)	4			
5 Subtract line 4 from line 3	5			
6 Personal holding company tax (attach Schedule PH (Form 1120))	6			
7a Alternative minimum tax (attach Form 4626)	7a			
b Environmental tax (attach Form 4626)	7b			
8 Total tax. Add lines 5 through 7b. Enter here and on line 1, page 1	8			

Schedule L Balance Sheets		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash				
2a	Trade notes and accounts receivable				
b	Commissions receivable				
c	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule)				
7	Loans to stockholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets				
b	Less accumulated depreciation	()		()	
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()		()	
14	Other assets (attach schedule)				
15	Total assets				
Liabilities and Stockholders' Equity					
16	Accounts payable				
17	Mtges., notes, bonds payable in less than 1 year				
18	Transfer prices payable				
19	Other current liabilities (attach schedule)				
20	Loans from stockholders				
21	Mtges., notes, bonds payable in 1 year or more				
22	Other liabilities (attach schedule)				
23	Capital stock				
24	Paid-in or capital surplus				
25	Retained earnings—Appropriated (attach schedule)				
26	Retained earnings—Unappropriated				
27	Less cost of treasury stock	()		()	
28	Total liabilities and stockholders' equity				

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return			
1	Net income (loss) per books		
2	Federal income tax		
3	Excess of capital losses over capital gains		
4	Income subject to tax not recorded on books this year (itemize):		
5	Expenses recorded on books this year not deducted on this return (itemize):		
a	Depreciation \$		
b	Deductions attributable to exempt foreign trade income \$		
c	Travel and entertainment \$		
6	Add lines 1 through 5		
7	Income recorded on books this year not included on this return (itemize):		
a	Tax-exempt interest \$		
b	Exempt foreign trade income \$		
8	Deductions on this return not charged against book income this year (itemize):		
	Depreciation \$		
9	Add lines 7 and 8		
10	Taxable income (line 20, Schedule B)—line 6 less line 9		

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 26, Schedule L)			
1	Balance at beginning of year		
2	Net income (loss) per books		
3	Other increases (itemize):		
4	Add lines 1, 2, and 3		
5	Distributions: a Cash		
	b Stock		
	c Property		
6	Other decreases (itemize):		
7	Add lines 5 and 6		
8	Balance at end of year (line 4 less line 7)		