

Department of the Treasury
Internal Revenue Service

(Please Type or Print)

For calendar year 1986 or other tax year beginning _____, 1986 and ending _____, 19

A Date of IC-DISC election	Name	C Employer identification number
	Number and street	
B Business code number (See page 10 of Instructions)	City or town, state, and ZIP code	E Enter total assets from line 3, column (b), Schedule L (see specific instructions) \$

F (1) Did any corporation, individual, partnership, trust or estate at the end of your tax year own, directly or indirectly, 50% or more of your voting stock? Yes No

If "Yes," complete the following schedule (see specific instructions).

Name	Identifying number	Address	Per-centage of voting stock owned	Total assets (Corporations only)	Foreign owner	
					Yes	No

(2) Enter the following for any corporation listed in F(1) that will report the IC-DISC's income:

Tax year of first corporation	IRS Service Center where filed
Tax year of second corporation	IRS Service Center where filed

G Check the appropriate box(es) to indicate any inter-company pricing rules that were applied to 25% or more of total receipts (line 1 below):

50-50 combined taxable income method

4% gross receipts method

Section 482 method ("arm's length pricing")

All Computations Must Reflect Inter-company Pricing Rules if Used (Section 994) (See Separate Schedule P (Form 1120-IC-DISC).)

Taxable Income

1 Enter amount from Schedule B, line 4, column (e)	1	
2 Cost of goods sold and/or operations (Schedule A, line 7)	2	
3 Total income (subtract line 2 from line 1)	3	
4 Enter amount from Schedule E, line 3	4	
5 Taxable income before net operating loss deduction and dividends-received deduction (subtract line 4 from line 3)	5	
6a Net operating loss deduction (see instructions—attach schedule)	6a	
b Dividends-received deduction from line 6, Schedule C	6b	
c Add lines 6a and 6b	6c	
7 Taxable income (subtract line 6c from line 5)	7	
8 Refund of U.S. tax on gasoline and special fuels (attach Form 4136) (see instructions)	8	

Please Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's social security no.
	Firm's name (or yours, if self-employed) and address		E.I. No.	
			ZIP code	

SCHEDULE A.—Cost of Goods Sold and/or Operations (See page 4 of Instructions.)

Reflect **ACTUAL** purchases from a related supplier at the transfer price determined under the inter-company pricing rules of section 994, if used. See separate Schedule P (Form 1120-IC-DISC).

1	Inventory at the beginning of the year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Other costs (attach schedule)	4	
5	Total (add lines 1 through 4)	5	
6	Inventory at the end of the year	6	
7	Cost of goods sold and/or operations (subtract line 6 from line 5)—Enter here and on line 2, page 1	7	

8a Check all methods used for valuing closing inventory:

- (i) Cost (ii) Lower of cost or market as described in regulations section 1.471-4 (see instructions)
- (iii) Writedown of "subnormal" goods as described in regulations section 1.471-2(c) (see instructions)
- (iv) Other (Specify method used 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 **8c** _____

d Was there any change in determining quantities, costs, or valuations between opening and closing inventory? Yes No

If "Yes," attach explanation.

SCHEDULE B.—Gross Income (See page 4 of Instructions.)

(a) Type of receipts	Commission sales		(d) Other receipts	(e) Total (add columns (c) and (d))
	(b) Gross receipts	(c) Commission		
1 Qualified export receipts from the sale of export property:				
a To unrelated purchasers:				
(i) Direct foreign sales				
(ii) Foreign sales through a related foreign entity				
(iii) To persons in the U.S. (other than an unrelated IC-DISC)				
(iv) To an unrelated IC-DISC				
b To related purchasers:				
(i) Direct foreign sales				
(ii) To persons in the U.S.				
c Total.				
2 Other qualified export receipts:				
a Leasing or renting of export property				
b Services related and subsidiary to a qualified export sale or lease				
c Engineering and architectural services				
d Export management services				
e Qualified dividends (line 12, Schedule C)				
f Interest on producer's loans				
g Other interest (attach schedule)				
h Capital gain net income (attach Schedule D (Form 1120))				
i Net gain or (loss) from Part II, Form 4797 (attach Form 4797; see instructions)				
j Total.				
3 Nonqualified gross receipts:				
a Ultimate use in U.S.				
b Exports subsidized by the U.S. Government (see instructions)				
c Certain direct or indirect sales or leases for use by the U.S. Government				
d Sales to other IC-DISCs in the same controlled group				
e Nonqualified dividends (line 13, Schedule C)				
f Other (see instructions—attach schedule)				
g Total.				
4 Total —Enter amount in column (e) on line 1, page 1				

SCHEDULE C.—Dividends and Special Deductions (See page 5 of Instructions.)

	(a) Dividends received	(b) %	(c) Special deductions: (multiply (a) x (b))
1 Domestic corporations subject to section 243(a) deduction (other than debt-financed stock)		see instructions	
2 Debt-financed stock of domestic and foreign corporations (section 246A)		see instructions	
3 Certain preferred stock of public utilities		see instructions	
4 Foreign corporations and certain FSCs subject to section 245 deduction		see instructions	
5 Wholly owned foreign subsidiaries subject to 100% deduction (section 245(b))		100	
6 Total—Add lines 1 through 5, column (c). See instructions for limitation. Enter here and on line 6b, page 1			
7 Other dividends from foreign corporations not included in lines 4 and 5			
8 Income from controlled foreign corporations under subpart F (attach Form 5471)			
9 IC-DISC or former DISC dividends not included in line 1 and/or 2 (section 246(d))			
10 Other dividends			
11 Total dividends (add lines 1 through 10)			
12 Qualified dividends—Enter here and on line 2e, column (d), Schedule B			
13 Nonqualified dividends (subtract line 12 from line 11)—Enter here and on line 3e, column (d), Schedule B			

SCHEDULE E.—Deductions (See page 6 of Instructions.)

1 Export promotion expenses:	
a Market studies	
b Advertising	
c Depreciation (attach Form 4562)	
d Salaries and wages	
e Rents	
f Sales commissions	
g Warehousing	
h Freight (excluding insurance— see instructions)	
i Compensation of officers	
j Repairs (see instructions)	
k Pension, profit-sharing, etc., plans (see instructions)	
l Employee benefit programs	
m Other (list):	
n Total (add lines 1a through 1m)	
2 Other expenses not deducted on line 1:	
a Bad debts (Schedule F if reserve method is used)	
b Taxes	
c Interest	
d Contributions (not over 10% of line 7, page 1, adjusted per instructions)	
e Freight	
f Freight insurance	
g Other (list):	
h Total (add lines 2a through 2g)	
3 Total deductions (add lines 1n and 2h)—Enter here and on line 4, page 1	

SCHEDULE F.—Bad Debts—Reserve Method

(a) Year	(b) Trade notes and accounts receivable outstanding at the end of the year	(c) Sales on account	Amount added to the reserve		(f) Amount charged against the reserve	(g) Reserve for bad debts at the end of the year
			(d) Current year's provision	(e) Recoveries		
1981						
1982						
1983						
1984						
1985						
1986						

SCHEDULE J.—Deemed and Actual Distributions to Shareholders for the Tax Year (See page 7 of Instructions.)

Part I.—Deemed Distributions Under Section 995(b)(1)

1	Gross interest derived during the tax year from producer's loans (section 995(b)(1)(A))	1	
2	Gain recognized on the sale or exchange of section 995(b)(1)(B) property (attach schedule)	2	
3	Gain recognized on the sale or exchange of section 995(b)(1)(C) property (attach schedule)	3	
4	50% of taxable income attributable to military property (section 995(b)(1)(D)) (see instructions—attach schedule)	4	
5	Taxable income from line 7, Part II	5	
6	Taxable income of the IC-DISC (from line 7, page 1)	6	
7	Add lines 1, 2, 3, 4 and 5	7	
8	Subtract line 7 from line 6	8	
9	If you have shareholders that are C corporations, enter one-seventeenth of line 8 (.0588235 times line 8)	9	
10	International boycott income (see instructions)	10	
11	Illegal bribes and other payments (see instructions)	11	
Note: Separate computations are required for shareholders that are C corporations and shareholders other than C corporations for lines 12-23. Complete lines 12, 14, 15, 17a, 18, 20, and 22 for shareholders other than C corporations. Complete lines 13, 14, 16, 17b, 19, 21, and 23 for shareholders that are C corporations.			
12	Total of lines 7, 10, and 11	12	
13	Total of lines 7, 9, 10, and 11	13	
14	Earnings and profits for the tax year (see instructions—attach schedule)	14	
15	Enter smaller of line 12 or 14	15	
16	Enter smaller of line 13 or 14	16	
17	Foreign investment attributable to producer's loans (see instructions—attach schedule):		
a	Computation of amount for shareholders other than C corporations	17a	
b	Computation of amount for shareholders that are C corporations	17b	
18	Add lines 15 and 17a	18	
19	Add lines 16 and 17b	19	
20	Enter percentage of stock owned by shareholders other than C corporations	20	%
21	Enter percentage of stock owned by shareholders that are C corporations	21	%
22	Multiply line 18 by line 20 (see instructions)	22	
23	Multiply line 19 by line 21 (see instructions)	23	
24	Total deemed distributions under section 995(b)(1) for all shareholders—Add lines 22 and 23	24	

Part II.—Section 995(b)(1)(E) Computation

1	Total qualified export receipts (see instructions)	1	
2	Statutory maximum	2	\$10,000,000
3	Controlled group member's portion of the statutory maximum (see instructions)	3	
4	Enter smaller of: (a) number of days in tax year divided by 365, or (b) 1 (one)	4	
5	Proration—Line 2 or 3, whichever is applicable, times line 4	5	
6	Excess qualified export receipts—Line 1 less line 5. (If line 5 exceeds line 1, enter zero here and on line 7 below.)	6	
7	Taxable income attributable to line 6 receipts—Enter here and on line 5 of Part I (see instructions)	7	

Part III.—Deemed Distributions Under Section 995(b)(2)

1	Annual installment of distribution attributable to revocation of election in an earlier year	1	
2	Annual installment of distribution attributable to not qualifying as a DISC or IC—DISC in an earlier year	2	
3	Total deemed distributions under section 995(b)(2) (add line 1 and line 2)	3	

Part IV.—Actual Distributions

1	Distributions to meet qualification requirements under section 992(c) (attach computation)	1	
2	Other actual distributions	2	
3	Total (add line 1 and line 2)	3	
4	Amount on line 3 treated as distributed from:		
a	Previously taxed income (see instructions)	4a	
b	Accumulated IC-DISC income (including IC-DISC income of the current year)	4b	
c	Other earnings and profits	4c	
d	Other	4d	

Part V.—Deferred DISC Income Under Section 995(f)(3)

1	Accumulated IC-DISC income (for periods after 1984) at end of computation year	1	
2	Distributions-in-excess-of-income for the tax year following the computation year to which line 1 applies	2	
3	Deferred DISC income—Subtract line 2 from line 1	3	

SCHEDULE L.—Balance Sheets

		(a) Beginning of the tax year	(b) End of the tax year
Assets	1 Qualified assets:		
	a Working capital (cash and necessary temporary investments)		
	b Funds awaiting investment (cash in U.S. banks in excess of working capital needs to acquire other qualified export assets)		
	c Export-Import Bank obligations		
	d Trade receivables (accounts and notes receivable)		
	(i) Subtract allowance for bad debts	()	()
	e Export property (net) (including inventory and qualified property held for lease)		
	f Producer's loans		
	g Investment in related foreign export corporations		
	h Depreciable assets		
	(i) Subtract accumulated depreciation	()	()
	i Other (attach schedule)		
	2 Nonqualified assets (net) (list):		
	3 Total assets		
	Liabilities and Stockholders' Equity	4 Accounts payable	
5 Other current liabilities (attach schedule)			
6 Mortgages, notes, bonds payable in 1 year or more			
7 Other liabilities (attach schedule)			
8 Capital stock			
9 Paid-in or capital surplus			
10 Other earnings and profits			
11 Previously taxed income (section 996(f)(2))			
12 Accumulated pre-1985 DISC income (see instructions)			
13 Accumulated IC-DISC income (see instructions)			
14 Subtract cost of treasury stock		()	()
15 Total liabilities and stockholders' equity			

SCHEDULE M-1.—Reconciliation of Income per Books With Income per Return

1 Net income on books		6 Income recorded on books this year and not included in this return (itemize)	
2 Excess of capital losses over capital gains			
3 Taxable income not recorded on books this year (itemize)		7 Deductions in this return not charged against book income this year (itemize)	
4 Expenses recorded on books this year and not deducted in this return (itemize)			
5 Add lines 1 through 4		8 Add lines 6 and 7	
		9 Income (line 7, page 1) (line 5 less line 8)	

SCHEDULE M-2.—Analysis of Other Earnings and Profits (Line 10 above)

1 Balance at the beginning of the year		5 Distributions to qualify under section 992(c)	
2 Increases (itemize)		6 Other decreases (itemize)	
3 Add lines 1 and 2		7 Add lines 4, 5, and 6	
4 Deficit in earnings and profits		8 Balance at end of year (line 3 less line 7)	

SCHEDULE M-3.—Analysis of Previously Taxed Income (Line 11 above)

1 Balance at the beginning of the year		5 Deficit in earnings and profits	
2 Deemed distributions under section 995(b)		6 Distributions to qualify under section 992(c)	
3 Other increases (itemize)		7 Other decreases (itemize)	
4 Add lines 1, 2, and 3		8 Add lines 5, 6, and 7	
		9 Balance at end of year (line 4 less line 8)	

SCHEDULE M-4.—Analysis of Accumulated IC-DISC Income (Line 13 above)

1 Balance at the beginning of the year		6 Distributions to qualify under section 992(c)	
2 Increases (itemize)		7 Distributions upon disqualification (sec. 995(b)(2))	
3 Add lines 1 and 2		8 Other decreases (itemize)	
4 Deficit in earnings and profits		9 Add lines 4 through 8	
5 Redemptions under section 996(d)		10 Balance at end of year (line 3 less line 9)	