Form **1120-IC-DISC**

Department of the Treasury
Internal Revenue Service

Interest Charge Domestic International Sales Corporation Return

(Please Type or Print)

OMB No. 1545-0938

1987

For calendar year 1987 or other tax year beginning , 1987, and ending , 19

A Date of IC-DISC election	Name	**C** **Employer identification number**
	Number and street	**D** Date incorporated
B Business code number (See page 11 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? (see instructions) . . . . . **Yes** **No**

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

Name	Identifying number	Address	Percentage of voting stock owned	Total assets (Corporations only)	Foreign owner Yes	Foreign owner 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 return will be filed
Tax year of second corporation	IRS Service Center where return will be filed

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

SCHEDULE A.—Cost of Goods Sold and/or Operations (See pages 4 and 5 of Instructions.)

Reflect ACTUAL purchases from a related supplier at the transfer price determined under the intercompany 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	
4a	Additional section 263A costs (attach schedule)	4a	
b	Other costs (attach schedule)	4b	
5	Total (add lines 1 through 4b)	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 (other than for section 263A purposes) in determining quantities, costs, or valuations between the opening and closing inventory? (If "Yes," attach explanation.) ☐ Yes ☐ No

e Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the corporation? ☐ Yes ☐ No

SCHEDULE B.—Gross Income (See page 5 of Instructions.)

(a) Type of receipts	Commission sales (b) Gross receipts	Commission sales (c) Commission	(d) Other receipts	(e) Total (add columns (c) and (d))
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 Other (see instructions—attach schedule)				
k **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 6 of Instructions.)

		(a) Dividends received	(b) %	(c) Special deductions: (multiply (a) × (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 (section 244)		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, column (a))			
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 7 of the instructions for Limitations on Deductions before completing Schedule E.)

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 (see instructions)	
b	Taxes	
c	Interest	
d	Contributions (not over 10% of line 7, page 1, adjusted per instructions)	
e	Freight (see instructions)	
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 J.—Deemed and Actual Distributions to Shareholders for the Tax Year (See page 8 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) (see instructions)	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 lines 1 and 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 lines 1 and 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 N.—Export Gross Receipts of the IC-DISC and Related U.S. Persons (See page 9 of instructions.)

1 Enter product code and percentage of total export gross receipts for **a** the largest and **b** 2nd largest product or service sold or provided by the IC-DISC: **a** Code _____ Percentage of total _____ % **b** Code _____ Percentage of total _____ %

2 **Export gross receipts for 1987**

(a) Export gross receipts of the IC-DISC	Export gross receipts of related U.S. persons	
	(b) Related IC-DISCs	(c) All other related U.S. persons

3 If item 2(b) or 2(c) is completed, complete the following (if more space is needed, attach a schedule using the format as shown below):

Related U.S. Persons, Except IC-DISCs, in Your Controlled Group

Name	Address	Identifying number

IC-DISCs in Your Controlled Group

Name	Address	Identifying number

Additional Information	Yes	No
H Did you claim a deduction for expenses connected with:		
(1) Entertainment facility (boat, resort, ranch, etc.)?		
(2) Living accommodations (except employees on business)?		
(3) Employees attending conventions or meetings outside the North American area? (See section 274(h).)		
(4) Employees' families at conventions or meetings?		
If "Yes," were any of these conventions or meetings outside the North American area? (See section 274(h).)		
(5) Employee or family vacations not reported on Form W-2?		
I Refer to page 11 of the instructions and state the main: Business activity ▶ _____ Product or service ▶ _____		
J Were you a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) If "Yes," attach Form 5471 for each corporation.		
K (1) Did 95% or more of your gross receipts for the tax year consist of qualified export receipts (defined in section 993(a))?		
(2) Did the adjusted basis of your qualified export assets (as defined in section 993(b)) at the end of the tax year equal or exceed 95% of the sum of the adjusted basis of all your assets at the end of the tax year?		
(3) If the answer to K(1) or (2) is "No," did you make a pro rata distribution of property as defined in section 992(c)?		
L Did you have more than one class of stock at any time during the tax year?		
M Was the par or stated value of your stock at least $2,500 on each day of the tax year (for a new corporation, on the last day for making an election and for each later day)?		
N Did you have your own bank account?		
O Did you keep separate books and records?		
P At any time during the tax year, did you have an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instructions for exceptions and filing requirements for form TD F 90-22.1.)		
If "Yes," write the name of the foreign country ▶ _____		
Q Were you the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not you have any beneficial interest in it? If "Yes," you may have to file Forms 3520, 3520-A, or 926		
R During this tax year did the corporation maintain any part of its accounting/tax records on a computerized system?		
S (1) Do you or any member of your controlled group (as defined in section 993(a)(3)) have operations in or related to any country (or with the government, a company, or a national of that country) associated with carrying out the boycott of Israel that is on the list kept by the Secretary of the Treasury under section 999(a)(3)?		
(2) Did you or any member of the controlled group of which you are a member have operations in any unlisted country that you know or have reason to know requires participation in or cooperation with an international boycott against Israel?		
(3) Did you or any member of the controlled group of which you are a member have operations in any country that you know or have reason to know requires participation in or cooperation with an international boycott other than the boycott of Israel?		
If you answered "Yes" to any of the questions in S, see instructions and Form 5713, International Boycott Report.		
T Enter the amount of tax-exempt interest income received or accrued during the tax year ▶		

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)		8 Add lines 6 and 7	
5 Add lines 1 through 4		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)	