

GOVERNMENT CONTRACTS PROFITS TAX RETURN

FOR CALENDAR YEAR 1921

DO NOT WRITE IN THIS SPACE

Examined by

(Date received)

ATTACH THIS FORM
TO YOUR INCOME TAX
RETURN, FORM 1120,
FOR THE CORRE-
SPONDING TAXABLE
PERIOD AS A PART
OF THAT RETURN.

Or for period begun _____, 1920, and ended _____, 1921

Print plainly corporation's name and business address

(Name)

(Street and number)

(Post Office and State)

KIND OF BUSINESS _____

IS THIS A CONSOLIDATED RETURN? _____

SCHEDULE I—NET INCOME.

Item.	Amount.
1. AVERAGE NET INCOME FOR PREWAR PERIOD (from Form 1120 for 1918, page 1, Schedule I, Item 6).....	\$.....
2. NET INCOME FOR TAXABLE PERIOD (from Form 1120 for 1921, page 1, Schedule A, Item 27).....	\$.....

SCHEDULE II—INVESTED CAPITAL.

Item.	Amount.
1. INVESTED CAPITAL FOR TAXABLE PERIOD (from Form 1120 for 1921, page 1, Schedule B, Item 9).....	\$.....
2. AVERAGE INVESTED CAPITAL FOR PREWAR PERIOD (from Form 1120 for 1918, page 1, Schedule II, Item 10).....	\$.....
3. INCREASE OR DECREASE IN INVESTED CAPITAL FOR TAXABLE PERIOD AS COMPARED WITH AVERAGE PREWAR INVESTED CAPITAL (indicate decrease by "D").....	\$.....

SCHEDULE III—EXCESS PROFITS AND WAR PROFITS CREDITS.

EXCESS PROFITS CREDIT.				WAR PROFITS CREDIT.			
1. Eight per cent of invested capital for taxable period (Item 1, Schedule II).....	\$.....	.....	.....	4. Average net income for prewar period (Item 1, Schedule I).....	\$.....	.....	.....
2. Exemption for domestic corporation (\$3,000).....	\$.....	.....	.....	5. Plus 10% of increase or minus 10% of decrease shown by Item 3, Schedule II.....	\$.....	.....	.....
3. EXCESS PROFITS CREDIT (Item 1 plus Item 2).....	\$.....	.....	.....	6. (a) Total of (or difference between) Items 4 and 5, or (b) 10% of invested capital for taxable period (Item 1, Schedule II), whichever is larger.....	\$.....	.....	.....
				7. Exemption for domestic corporation (\$3,000).....	\$.....	.....	.....
				8. WAR PROFITS CREDIT (Item 6 plus Item 7).....	\$.....	.....	.....

SCHEDULE IV—COMPUTATION OF TAXES.

WAR PROFITS AND EXCESS PROFITS TAX (BRACKETS ONE AND TWO).

1. Brackets.	2. Net Income (Item 2, Schedule I).	3. Excess Profits Credit (Item 3, Schedule III).	4. Balance Subject to Tax.	5. Rate.	6. Amount of Tax.
1. Net income not in excess of 20% of invested capital.....	\$.....	\$.....	\$.....	30%	\$.....
2. Balance of net income.....	\$.....	\$.....	\$.....	65%	\$.....
3. TOTALS.....	\$.....	\$.....	\$.....		\$.....

WAR PROFITS AND EXCESS PROFITS TAX (BRACKET THREE).

4. Net income for taxable period (Item 2, Schedule I).....	\$.....	.....	.....	7. Eighty per cent of Item 6.....	\$.....	.....
5. Less amount of War Profits Credit (Item 8, Schedule III).....	\$.....	.....	.....	8. Less Item 3, column 6 (if smaller than Item 7).....	\$.....	.....
6. BALANCE.....	\$.....	.....	.....	9. TAX IN BRACKET THREE (Item 7 minus Item 8; if Item 8 is the larger, make no entry).....	\$.....	.....
10. Total War Profits and Excess Profits Tax as computed under Section 301(b)1 (Item 3, column 6, plus Item 9).....	\$.....					
11. Total War Profits and Excess Profits Tax, if computed under Sections 302 or 337 of the Revenue Act of 1921.....	\$.....					

SUMMARY—WAR PROFITS AND EXCESS PROFITS TAX.

12. Total War Profits and Excess Profits Tax computed under Sections 301(b), 302, or 337, whichever is the smallest.....	\$.....
13. Total Excess Profits Tax (Item 3 or 4, whichever is the smaller in column 6, Schedule D, Form 1120).....	\$.....
14. That proportion of Item 12 which the income derived from Government contracts bears to the total net income.....	\$.....
15. That proportion of Item 13 which the income not derived from Government contracts bears to the total net income.....	\$.....
16. TOTAL WAR PROFITS AND EXCESS PROFITS TAX, Item 14 plus Item 15 (enter as Item 8, Schedule D, Form 1120).....	\$.....

GENERAL INSTRUCTIONS REGARDING TAX ON INCOME DERIVED FROM GOVERNMENT CONTRACTS.

In the case of a corporation which derives during the year 1921 a net income of more than \$10,000 from any Government contract or contracts made between April 6, 1917, and November 11, 1918, both dates inclusive, the tax shall be such a proportion of a tax computed at the rates for 1918, using the excess profits credit and the war profits credit applicable to that year, as the portion of the net income attributable to the Government contracts bears to the entire net income, plus such a proportion of a tax computed at the rates for 1921 as the amount of the remaining net income bears to the entire net income. See Section 301(b) of the Revenue Act of 1921.

Government contracts may include: (a) A contract with the United States, (b) a contract with an agency of the United States, (c) a contract with an agency of such agency, and (d) a subcontract with a contractor under any such contract; provided in every case the contract or subcontract was for the benefit of the United States. Unenforceable contracts subsequently ratified are treated as though made when originally entered into. The Commissioner may require any contractor to file with him copies of his Government contracts entered into on and after April 6, 1917.

INSTRUCTIONS CONCERNING THE FILLING IN OF SCHEDULES IN THIS RETURN.

SCHEDULE I, NET INCOME, AND SCHEDULE II, INVESTED CAPITAL.

If advised that prewar data called for in Schedules I and II above have been revised by the Department, enter corrected amounts. Use space below for following schedules if sufficient.

SUPPORTING SCHEDULE.

A schedule should be submitted respecting Government contracts made between April 6, 1917, and November 11, 1918, both dates inclusive, from which net income in an amount exceeding \$10,000 was derived during the taxable period. In the case of affiliated companies, this information should be shown separately for each company. This schedule should be in columnar form and should contain the following information as respects each contract:

- (a) Amount of contract.
- (b) Gross income from contract during period.
- (c) Expenses directly applicable to each contract.

Total of each column should be shown.

There should also be shown in the most practicable form:

- (d) Total gross income of corporation.
- (e) Percentage which total of column (b) is of (d).
- (f) Total general expenses, losses, and deductions of corporation.
- (g) Amount of (f) allocated to Government contracts (total).
- (h) Percentage which (g) is of (f).

If the allocation of general expenses, losses, and deductions differs from the percentage which the gross income from the Government contract or contracts bears to the total gross income, there shall be submitted a statement showing the items and the amounts thereof which have been otherwise allocated, and the reasons therefor. If a claim is made under Section 327 of the statute, gains, profits, commissions, or other income derived on a cost-plus basis from a Government contract or contracts made between April 6, 1917, and November 11, 1918, both dates inclusive, should be shown separately from income from Government contracts of different character.