

U.S. Treasury Department
Internal Revenue Service

other taxable year beginning _____, 1968, ending _____, 19____

A Date of election as small business corporation

Name

C Employer Identification No.

B Business Code No. (see instructions)

Number and street

D County in which located

City or town, State, and ZIP code

E Enter total assets from line 14, column D, Schedule L

\$

IMPORTANT—All applicable lines and schedules must be filled in. If the lines on the schedules are not sufficient, see instruction M.

GROSS INCOME	1 Gross receipts or gross sales Less: Returns and allowances	
	2 Less: Cost of goods sold (Schedule A) and/or operations (attach schedule)	
	3 Gross profit	
	4 (a) Domestic dividends (b) Foreign dividends	
	5 Interest on obligations of the United States and U.S. instrumentalities	
	6 Other interest	
	7 Gross rents	
	8 Gross royalties	
	9 Gains and losses (separate Schedule D, Form 1120S)— (a) Net short-term capital gain reduced by any net long-term capital loss (b) Net long-term capital gain reduced by any net short-term capital loss (if more than \$25,000, see instructions) (c) Net gain (loss) from sale or exchange of property other than capital assets	
	10 Other income (attach schedule)	
	11 Total income, lines 3 through 10	
DEDUCTIONS	12 Compensation of officers (Schedule E)	
	13 Salaries and wages (not deducted elsewhere)	
	14 Repairs (do not include capital expenditures)	
	15 Bad debts (Schedule F if reserve method is used)	
	16 Rents	
	17 Taxes (attach schedule)	
	18 Interest	
	19 Contributions (attach schedule)	
	20 Casualty or theft losses (attach schedule)	
	21 Amortization (attach schedule)	
	22 Depreciation (Schedule G)	
	23 Depletion (attach schedule)	
	24 Advertising	
	25 (a) Pension, profit-sharing, stock bonus, annuity plans (attach Form 2950) (b) Other employee benefit plans (see instructions)	
	26 Other deductions (attach schedule)	
	27 Total deductions on lines 12 through 26	
	28 Taxable income, line 11 less line 27	
TAX	29 Income tax: (a) On capital gains (Schedule J) (b) Surcharge—enter 10% of line 29(a) (Fiscal year corporations see instructions for Schedule J)	
	30 Credits: (a) Tax deposited—Form 7004 application for extension (attach copy) (b) Credit for U.S. tax on nonhighway gas and lube oil (attach Form 4136)	
	31 TAX DUE (line 29 less line 30). See instruction G for Tax Deposit System	
	32 OVERPAYMENT (line 30 less line 29)	

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. If prepared by a person other than taxpayer, his declaration is based on all information of which he has any knowledge.



_____ Date _____ Signature of officer _____ Title _____

_____ Date _____ Individual or firm signature of preparer _____ Address _____

Schedule A—COST OF GOODS SOLD (Where inventories are an income-determining factor) (See instruction 2)

Method of inventory valuation (specify)---

Table with 7 columns: 1. Inventory at beginning of year, 2. Merchandise bought for manufacture or sale, 3. Salaries and wages, 4. Other costs (attach schedule), 5. Total of lines 1 through 4, 6. Less inventory at end of year, 7. Cost of goods sold (enter here and on line 2, page 1).

Schedule E—COMPENSATION OF OFFICERS (See instruction 12)

Table with 7 columns: 1. Name of officer, 2. Social security number, 3. Title, 4. Time devoted to business, 5. Percentage of corporation stock owned, 6. Amount of compensation, 7. Expense account allowances. Includes a total compensation line at the bottom.

Schedule F—BAD DEBTS—RESERVE METHOD (See instruction 15)

Table with 7 columns: 1. Year, 2. Trade notes and accounts receivable outstanding at end of year, 3. Sales on account, 4. Current year's provision, 5. Recoveries, 6. Amount charged against reserve, 7. Reserve for bad debts at end of year.

Schedule G—DEPRECIATION (See instruction 22)

Taxpayers using Revenue Procedures 62-21 and 65-13: Make no entry in column 2, enter the cost or other basis of assets held at end of year in column 3, and enter the accumulated depreciation at end of year in column 4.

Table with 7 columns: 1. Group and guideline class or description of property, 2. Date acquired, 3. Cost or other basis, 4. Depreciation allowed or allowable in prior years, 5. Method of computing depreciation, 6. Life or rate, 7. Depreciation for this year. Includes a totals line and a less amount of depreciation line.

Schedule H—SUMMARY OF DEPRECIATION

Table with 7 columns: Straight line, Declining balance, Sum of the years-digits, Units of production, Additional first-year (section 179), Other (specify), Total. Includes lines for Rev. Procs. 62-21 and 65-13 and Other.

Schedule J—TAX COMPUTATION (See instructions)

Table with 7 rows: 1. Taxable income (line 28, page 1), 2. (a) Enter 48 percent of line 1 (Members of controlled groups see instructions), (b) Subtract \$6,500 and enter difference, 3. Net long-term capital gain reduced by net short-term capital loss (line 9(b), page 1), 4. Subtract \$25,000. (Statutory minimum.), 5. Balance (line 3 less line 4), 6. Enter 25 percent of line 5, 7. Income tax (line 2 or line 6, whichever is lesser). Enter here and on line 29(a), page 1.

Schedule K—SHAREHOLDER'S SHARE OF INCOME (See instructions)
Computation of Corporation's Undistributed Taxable Income

Table with 3 rows: 1 Taxable income (line 28, page 1), 2 Less: (a) Money distributed as dividends out of earnings and profits of the taxable year, (b) Tax imposed on certain capital gains (line 29, page 1), 3 Corporation's undistributed taxable income.

Schedule of Distribution and Income

Table with 5 columns: 1. Name of each shareholder, Social security number, 2. Stock ownership (Number of shares, Period held: From, To), 3. Percentage of time devoted to business. Rows (a) through (j).

Continuation of Schedule of Distribution and Income

Table with 8 columns: 4. Compensation, 5. Dividends (Dates, Amounts), 6. Share of undistributed taxable income or net operating loss, 7. Share of net long-term capital gain after tax, 8. Dividends entitled to exclusion, 9. Amount taxable as ordinary income, 10. Nondividend distributions (Date, Amount). Rows (a) through (j) and Totals.

F Date incorporated

G Did the corporation at the end of the taxable year own directly or indirectly 50 percent or more of the voting stock of a domestic corporation? Yes [] No []. (For rules of attribution, see section 267(c).)
If the answer is "Yes," attach a schedule showing:
(a) name, address, and employer identification number; and
(b) percentage owned.

H Did the corporation during the taxable year have any contracts or subcontracts subject to the Renegotiation Act of 1951? Yes [] No []
If "Yes," enter the aggregate gross dollar amount billed during the year \$.....

I Amount of taxable income (or loss) for: 1965 \$....., 1966 \$.....; 1967 \$.....

J Refer to instructions for business activity codes and state the:
Principal business activity
Principal product or service

K Were you a member of a controlled group subject to the provisions of sections 1551 or 1562? Yes [] No []

L Did you claim a deduction for expenses connected with:
(1) Entertainment facility (boat, resort, ranch, etc.) Yes [] No []
(2) Living accommodations (except employees on business) Yes [] No []
(3) Employees' families at conventions or meetings Yes [] No []
(4) Employee or family vacations not reported on Form W-2 Yes [] No []

M Were you liable for filing Forms 1096 and 1099 or 1087 for the calendar year 1968? Yes [] No []
If "Yes," where were they filed?

N Was there any substantial change in the manner of determining quantities, costs, or valuations between opening and closing inventory? Yes [] No []
If "Yes," attach explanation.

O Answer only if (1) this is the first 1120S return filed since your election to be treated as a small business corporation and (2) the corporation was in existence for the taxable year prior to the election and had investment credit property:
Was an agreement filed under Section 1.47-4(b) of the Regulations? Yes [] No []

Schedule L—BALANCE SHEETS (See instructions)

ASSETS	Beginning of taxable year		End of taxable year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
1 Cash				
2 Trade notes and accounts receivable				
(a) Less allowance for bad debts				
3 Inventories				
4 Gov't obligations: (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
5 Other current assets (attach schedule)				
6 Loans to shareholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other fixed depreciable assets				
(a) Less accumulated depreciation				
10 Depletable assets				
(a) Less accumulated depletion				
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)				
(a) Less accumulated amortization				
13 Other assets (attach schedule)				
14 Total assets				
LIABILITIES AND SHAREHOLDERS' EQUITY				
15 Accounts payable				
16 Mtges., notes, bonds payable in less than 1 yr.				
17 Other current liabilities (attach schedule)				
18 Loans from shareholders				
19 Mtges., notes, bonds payable in 1 yr. or more				
20 Other liabilities (attach schedule)				
21 Capital stock				
22 Paid-in or capital surplus (attach reconciliation)				
23 Retained earnings—Appropriated (attach schedule)				
24 Retained earnings—Unappropriated				
25 Shareholders' undistributed taxable income				
26 Less cost of treasury stock		()		()
27 Total liabilities and shareholders' equity				

Schedule M-1—RECONCILIATION OF INCOME PER BOOKS WITH INCOME PER RETURN

1 Net income per books	7 Income recorded on books this year not included in this return (itemize)
2 Federal income tax	(a) Tax-exempt interest \$.....
3 Excess of capital losses over capital gains	
4 Taxable income not recorded on books this year (itemize)	8 Deductions in this tax return not charged against book income this year (itemize)
5 Expenses recorded on books this year not deducted in this return (itemize)	
6 Total of lines 1 through 5	9 Total of lines 7 and 8
	10 Income (line 28, page 1)—line 6 less line 9

Schedule M-2—ANALYSIS OF UNAPPROPRIATED RETAINED EARNINGS PER BOOKS (line 24 above)

1 Balance at beginning of year	5 Distributions out of current or accumulated earnings and profits: (a) Cash
2 Net income per books	(b) Stock
3 Other increases (itemize)	(c) Property
	6 Current year's undistributed taxable income or net operating loss (column 6, Schedule K)
	7 Other decreases (itemize)
	8 Total of lines 5, 6, and 7
4 Total of lines 1, 2, and 3	9 Balance at end of year (line 4 less line 8)