

UNITED STATES

COMPUTATION OF CORPORATION INCOME TAX

For taxable years beginning after June 30, 1950,  
and ending before December 31, 1951

Fiscal year beginning \_\_\_\_\_ and ending \_\_\_\_\_

PRINT PLAINLY CORPORATION'S NAME AND ADDRESS

(Name)

(Street and number)

(City or town, postal zone number)

(State)

TAX COMPUTATION (SEE INSTRUCTIONS ON OTHER SIDE)

NORMAL TAX AND SURTAX

Line No.	Description	Amount	Amount
1.	Net income (item 34, page 1, Form 1120 for 1950).....		\$.....
2.	Less: Dividends received credit—		
	(a) Enter 85 percent of column 2, Schedule E, Form 1120.....	\$.....	
	(b) Enter 59 percent of column 3, Schedule E, Form 1120.....		
	Total dividends received credit. Enter sum of (a) and (b), above, but not to exceed 85 percent of the excess of item 32, page 1, Form 1120, over the sum of items 9 (a) and 9 (b), page 1, Form 1120.....	\$.....	
3.	Credit for dividends paid on certain preferred stock if taxpayer is a public utility.....		
4.	Credit for Western Hemisphere trade corporations.....		
5.	Surtax net income.....		\$.....
6.	Combined normal tax and surtax. If amount on line 5 is:		
	Not over \$25,000; enter 25 percent of line 5 (27 percent if a consolidated return).....		\$.....
	Over \$25,000. Compute 47 percent of line 5 (49 percent if a consolidated return). Subtract \$5,500. Enter difference.....		\$.....
7.	Less: Normal tax adjustment for partially tax-exempt interest; enter 25 percent of the sum of items 9 (a) and 9 (b), page 1, Form 1120, but not in excess of 25 percent of line 5, above.....		\$.....
8.	Normal tax and surtax.....		\$.....
9.	Total tax (line 8 or alternative tax, whichever is lesser). Enter as item 35, page 1, Form 1120.....		\$.....
<b>COMPUTATION OF ALTERNATIVE TAX</b>			
USE LINES 10 TO 19 ONLY IF AN AMOUNT IS ENTERED IN LINE 10 OF SCHEDULE C (FORM 1120) AND LINE 5, ABOVE, EXCEEDS \$25,000			
10.	Surtax net income (line 5, above).....		\$.....
11.	Less: Total net long-term capital gain (or excess of net long-term capital gain over net short-term capital loss) (line 10 of Schedule C (Form 1120)).....		\$.....
12.	Surtax net income for purpose of alternative tax.....		\$.....
13.	Combined normal tax and surtax. If amount of line 12 is:		
	Not over \$25,000; enter 25 percent of line 12 (27 percent if a consolidated return).....		\$.....
	Over \$25,000. Compute 47 percent of line 12 (49 percent if a consolidated return). Subtract \$5,500. Enter difference.....		\$.....
14.	Less: Normal tax adjustment for partially tax-exempt interest; enter 25 percent of the sum of items 9 (a) and 9 (b), page 1, Form 1120, but not in excess of 25 percent of line 12, above.....		\$.....
15.	Partial tax.....		\$.....
16.	25 percent of line 11, above.....		\$.....
17.	Alternative tax (line 15 plus line 16).....		\$.....
18.	Normal tax and surtax (line 8, above).....		\$.....
19.	Tax liability (line 17 or 18, whichever is lesser). Enter as line 9, above.....		\$.....

# INSTRUCTIONS

(References are to the Internal Revenue Code, unless otherwise noted)

1. CHANGES IN TAX COMPUTATION FOR TAXABLE YEARS BEGINNING AFTER JUNE 30, 1950.—The Excess Profits Tax Act of 1950 provides for changes in the computation of certain credits and for an increase in the surtax rate as set forth below:

(a) With respect to the credit for dividends paid on certain preferred stock of a public utility, the credit provided in section 26 (h), as amended, for taxable years beginning after June 30, 1950, is an amount equal to 30 percent of the lesser of (1) the amount of dividends paid on the preferred stock of a public utility company, or (2) the excess of the adjusted net income of the public utility company over its dividend received credit provided in section 26 (b).

(b) With respect to the credit in the case of a Western Hemisphere trade corporation (as defined in section 109), the credit provided in section 26 (i), as amended, for taxable years beginning after June 30, 1950, is an amount equal to 30 percent of the normal-tax net income of the Western Hemisphere trade corporation computed without regard to such credit.

(c) Section 15 (b), as amended, provides that, in the case of taxable years beginning after June 30, 1950, the surtax will be imposed at the rate of 22 percent on the corporation surtax net income in excess of \$25,000.

For the purpose of the computation of the normal tax and surtax under section 108 (f), relating to certain taxable years beginning before July 1, 1950, and ending after June 30, 1950, the above-mentioned changes in the computation of certain credits and the increase in the surtax rate are not applicable. Such computation should be made in the manner and at the rates set forth on Form 1120FY provided for taxable years ending after June

30, 1950, and before December 31, 1951 (other than calendar year 1950).

2. CORPORATIONS WHICH MUST USE SCHEDULE FY (FORM 1120).—Every corporation whose taxable year begins after June 30, 1950, and ends before December 31, 1951, must use Schedule FY (Form 1120), except an insurance company subject to the provisions of sections 201, 204, or 207; or a regulated investment company subject to the provisions of sections 361 and 362. Schedule FY (Form 1120) must be filed with and as a part of the corporation's income tax return Form 1120 for 1950.

3. USE OF 1950 FORM 1120.—A corporation having a taxable year which begins after June 30, 1950, and ends before December 31, 1951, should use Corporation Income Tax Return (Form 1120) for 1950 to compute the net income, filling in all applicable items and schedules. The tax computation on page 3 of such form and the alternative tax computation on Schedule C (Form 1120) should be disregarded and in lieu of such computations Schedule FY (Form 1120) should be used to compute the normal tax and surtax, and the alternative tax.

A regulated investment company having a taxable year beginning after June 30, 1950, should compute its tax by using the tax computation schedule on page 8 of 1950 Instructions for Form 1120. The paragraph following such schedule, designated as NOTE 2, is amended to read as follows:

NOTE 2.—The surtax rate for taxable years beginning after December 31, 1949, and before July 1, 1950, is 19 percent of the Supplement Q surtax net income in excess of \$25,000; for taxable years beginning after June 30, 1950, the surtax rate is 22 percent of the Supplement Q surtax net income in excess of \$25,000.