

## Election To Be Treated as an Interest Charge DISC

**Part I** The corporation named below elects to be treated as an interest charge domestic international sales corporation (interest charge DISC) for income tax purposes. All of the corporation's shareholders must consent to this election. (See instructions.)

Name of corporation	Employer identification number (See instructions.)
Number and street	Business classification code (See instructions.)
City or town, state, and ZIP code	

Tax year (12-month period) of principal shareholder (or group of shareholders with the same tax year) with the highest percentage of voting power (see instruction B-1). Enter ending month and day of the tax year ►

Election is to take effect for the tax year beginning (month, day, year)	Date corporation began doing business	Annual return will be filed for the tax year ending (enter the month or "unknown")
--	---------------------------------------	--

(a) Name and address (including ZIP code) of each shareholder (or expected shareholder) (1) at the beginning of the tax year the election takes effect and (2) when the election is filed. (See instructions.)	(b) Number of shares of stock held on — (Complete both columns for each shareholder.)		(c) Identifying number (See instructions.)
	First day of year of election	Date election is filed	
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
Total—Enter total shares for all shareholders (include shares of shareholders listed on any attachments).			

**Signature**—Under penalties of perjury, I declare that the corporation named above has authorized me to make this election for the corporation to be treated as an interest charge DISC and that the statements made are to the best of my knowledge and belief true, correct, and complete.

Signature and Title of Officer ► \_\_\_\_\_ Date \_\_\_\_\_, 19\_\_

**Part II** Shareholder's Consent—May be used instead of attachments. For this election to be valid, each shareholder must sign below or attach a separate consent to this form. (See instructions.)

We, the undersigned shareholders, consent to the election of the corporation named above to be treated as an interest charge DISC. Our consent is irrevocable and is binding upon all transferees of our shares in this corporation.

Signature of—shareholder and date. (If consent involves transferred shares, attach a schedule showing the (a) name and address of the holder of the shares at the beginning of the tax year and (b) number of shares for which the consent is made.)

1	6
2	7
3	8
4	9
5	10

## General Instructions

(References are to the Internal Revenue Code.)

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

**A. Purpose.**—A corporation files Form 4876-A to elect to be treated as an interest charge domestic international sales corporation (IC-DISC).

Once the election is made, it is effective until terminated or revoked. It applies to each person who owns stock in the corporation while the election is in effect.

### B. What Is an Interest Charge DISC?

An IC-DISC is a U.S. corporation that meets certain conditions regarding its organization and international sales and that elects to be treated as an IC-DISC.

Also, the corporation must be organized under the laws of a state or the District of Columbia and meet the following tests:

1) Its tax year must conform to the tax year of the principal shareholder who has the highest percentage of voting power. If two or more shareholders have the highest percentage of voting power, the IC-DISC's tax year may be the same tax year as that of any such shareholder. (See section 441(h) and proposed regulations section 1.441-1(h) for additional information.)

2) Its election to be treated as an IC-DISC is in effect.

3) At least 95% of its gross receipts during the tax year are qualified export receipts.

4) At the end of the tax year, the adjusted basis of its qualified export assets is at least 95% of the sum of the adjusted basis of all its assets.

5) It has one class of stock, and its outstanding stock has a par value of at least \$2,500 on each day of the tax year (or, for a new corporation, on the last day for electing IC-DISC treatment and on each succeeding day).

6) It keeps separate books and records, and generally it has its own bank account on each day of the tax year.

See section 992 and the related regulations. Also see section 993 and its related regulations for definitions of qualified export receipts and qualified export assets.

**C. Ineligible Organizations.**—The following organizations are not eligible for IC-DISC treatment.

- Tax-exempt organization (section 501).
- Personal holding company (section 542).
- Financial institution affected by section 581 or 593.
- Life and nonlife insurance companies (subchapter L).
- Regulated investment company (section 851(a)).
- An S corporation (section 1361 (b)).

**D. When To File.**—A corporation electing to be treated as an IC-DISC for its first tax year shall complete and file

Form 4876-A within 90 days after the beginning of such tax year. A corporation electing to be treated as an IC-DISC for any tax year which is not the first tax year of the corporation must make the election during the 90-day period immediately preceding the first day of that tax year. See regulations section 1.992-2(a)(2).

For the election to be valid, all the corporation's shareholders, as of the first day of the tax year the election is to take effect, must consent to it.

**E. Where To File.**—File Form 4876-A with the Internal Revenue Service Center where the corporation will file its annual return, Form 1120-IC-DISC, Interest Charge Domestic International Sales Corporation Return.

## Specific Instructions

### Part I

**Employer identification number.**—Enter the employer identification number of the corporation. If the corporation has applied for an employer identification number but has not received one, enter "applied for."

**Business classification.**—See the instructions to Form 1120 or Form 1120-IC-DISC for the list of Codes for Principal Business Activity and Principal Product or Service. Enter the corporation's business code number, principal business activity, and principal product or service.

**Identifying number.**—The identifying number for an individual is the social security number. For all others it is their employer identification number.

**Tax Year Change.**—If a corporation electing to be an IC-DISC has to change its accounting period (tax year) to conform its tax year to the tax year of its principal shareholder to meet the requirements of section 441(h), the corporation does not need to obtain the consent of the Commissioner under section 442 to make the change. A tax year change by a principal shareholder or a subsequent change by the corporation to meet the tax year requirements of section 441(h) may require the Commissioner's consent. See section 442 and the regulations under sections 441, 442, and 921 for more information.

**Signature.**—Form 4876-A must be signed by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or other officer (such as tax officer) who is authorized to sign for the corporation.

### Part II

An election for IC-DISC treatment will be valid only if all shareholders sign either the consent statement in Part II or a separate statement as described below. Several shareholders may combine their consents in one statement.

**Shareholder's signatures.**—Signatures are required for all shareholders.

If a husband and wife jointly own the stock or the income from it, both must sign the consent. If tenants in common, joint tenants, or tenants by the entirety own the stock, each person must sign. The legal guardian signs for a minor; if none has been appointed, the natural guardian signs.

The executor or administrator signs for an estate, and the trustee signs for a trust. If the estate or trust has more than one executor, administrator, or trustee, any of them who is authorized to file the returns may sign the consent. For a corporation or partnership, an officer or partner who is authorized to sign the other returns signs the consent for the IC-DISC election.

A foreign person's consent may be signed by any individual who would be authorized to sign if the person were a U.S. person.

**Extension.**—Normally, the consents must be attached to Form 4876-A. If you establish reasonable cause for not filing a consent on time, you may file the consent within an extended period granted by an Internal Revenue Service Center. File the consents with the same Service Center where you filed Form 4876-A.

If shares are transferred before a consent is filed, the transferee shareholder may consent to the IC-DISC election as long as the transfer occurs and the consent is filed within the first 90 days of the tax year. The Service Center may grant an extension beyond that date. If the transfer takes place more than 90 days after the tax year began, an extension can be granted only if the transferor was eligible for one.

**Separate statement.**—Any shareholder who does not sign the consent in Part II of Form 4876-A must sign a separate consent statement for the election to be valid. The statement must say: "I, (shareholder's name), a shareholder of (corporation's name) consent to the election of (corporation's name) to be treated as an IC-DISC. The consent so made by me is irrevocable and is binding upon all transferees of my stock in (corporation's name)."

In addition, the statement must show: (1) the name and address of the corporation and the shareholder; (2) the number of shares the shareholder owns when making the consent; (3) the number of shares the shareholder owned (or expects to own) at the beginning of the tax year the election takes effect. If the number of shares owned at the beginning of the tax year differs from the number previously reported, see the instructions for "Supplemental Form 4876-A" below.

For transferred stock, also show the name and address of the person who held the shares at the beginning of the tax year and the number of shares to which this consent applies.

**Supplemental Form 4876-A.**—If, between the date the election is filed and the date it takes effect, the corporation issues more stock or the stock ownership changes, it must file a supplemental Form 4876-A, with "SUPPLEMENTAL" written across the top of the form. The form must be filed within the first 90 days of the tax year the election takes effect.

On the supplemental form include all the information from the earlier form except for the list of owners contained in Part I and Part II. Report only the owners of the additional or new stock in Part I, and in Part II obtain their consents only. Each additional or new shareholder must consent to the IC-DISC election for the Supplemental Form 4876-A to be valid.