

Tax Year 2020
Form 1120 MeF ATS Scenario 10

August 16, 2020

Heat Wave Inc

00-000026

FORM 1120 TEST SCENARIO 10

FORMS REQUIRED: 1120, 1125-A, 1125-E, 4562, 8978, Schedule A (8978)

ATTACHMENTS:

ItemizedExpensesRecordedonBooksSchedule

ItemizedOtherCurrentLiabilitiesSchedule

ItemizedOtherDeductionsSchedule

HEADER INFO: Not on actual form

Multiple Software Packages Used: No

Originator: EFIN: Self-select
Type: ERO
Practitioner PIN:
EFIN: Self-select
ETIN: Self-select
PIN Entered by: ERO

Signature Option: PIN Number

Officer: Name: Walnut Bark
Title: President
SSN: 000-00-6789
Taxpayer PIN: Self-Select
Phone: 888-555-1212
Email Address: deeproot@IFI.com
Date Signed: 02/18/2021

Preparer Name: John Smith

Date Prepared: 02/18/2021

IRS Payment: N/A

Name Control: ANYW

Prior Year Income Amt: \$ 0

**Attachment 1, F1120, Schedule M-1, Line 5(c), Travel and entertainment
(ItemizedExpensesRecordedonBooksSchedule)**

Corporation Name	Corporation EIN	Description	Amount
Heat Wave Inc	00-0000026	Penalties and fines	300
Heat Wave Inc	00-0000026	Insurance premiums	7,726
Total			8,026

**Attachment 2, F1120, Schedule L, Line 18(b) & (d), Other current liabilities
(ItemizedOtherCurrentLiabilitiesSchedule)**

Corporation Name	Corporation EIN	Description	Beginning Amount	Ending Amount
Heat Wave Inc	00-0000026	Sales Tax Payable	520	484
		Payroll Tax Liability	1,713	2,035

**Attachment 3, F1120, Line 26, Other deductions
(ItemizedOtherDeductionsSchedule)**

Corporation Name	Corporation EIN	Description	Amount
Heat Wave Inc	00-0000026	Accounting	2,320
Heat Wave Inc	00-0000026	Automotive	476
Heat Wave Inc	00-0000026	Utilities	60,734
Heat Wave Inc	00-0000026	Fuel	18,941
Heat Wave Inc	00-0000026	Insurance	44,846
Heat Wave Inc	00-0000026	Permits	2,562
Heat Wave Inc	00-0000026	Miscellaneous	2,093
Heat Wave Inc	00-0000026	Office	3,798
Heat Wave Inc	00-0000026	Equipment	33,237
Heat Wave Inc	00-0000026	Phones	1,054

A Check if: 1a Consolidated return (attach Form 851) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/>	TYPE OR PRINT	Name Heat Wave Inc Number, street, and room or suite no. If a P.O. box, see instructions. 1234 Any St City or town, state or province, country, and ZIP or foreign postal code Cincinnati, OH 45219	B Employer identification number 00-0000026 C Date incorporated 1-5-1990 D Total assets (see instructions) \$ 513,713
E Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change			

Income	1a	Gross receipts or sales	1a	995,781
	b	Returns and allowances	1b	
	c	Balance. Subtract line 1b from line 1a	1c	995,781
	2	Cost of goods sold (attach Form 1125-A)	2	403,014
	3	Gross profit. Subtract line 2 from line 1c	3	592,767
	4	Dividends and inclusions (Schedule C, line 23)	4	
	5	Interest	5	
	6	Gross rents	6	
	7	Gross royalties	7	
	8	Capital gain net income (attach Schedule D (Form 1120))	8	
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	9	
10	Other income (see instructions—attach statement)	10		
11	Total income. Add lines 3 through 10	11	592,767	
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (see instructions—attach Form 1125-E)	12	58,914
	13	Salaries and wages (less employment credits)	13	176,060
	14	Repairs and maintenance	14	41,977
	15	Bad debts	15	
	16	Rents	16	
	17	Taxes and licenses	17	33,669
	18	Interest (see instructions)	18	
	19	Charitable contributions	19	80
	20	Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	20	6,047
	21	Depletion	21	
	22	Advertising	22	488
	23	Pension, profit-sharing, etc., plans	23	
	24	Employee benefit programs	24	
	25	Reserved for future use	25	
	26	Other deductions (attach statement)	26	174,119
	27	Total deductions. Add lines 12 through 26	27	491,354
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11.	28	101,413
29a		Net operating loss deduction (see instructions)	29a	
	b	Special deductions (Schedule C, line 24)	29b	
	c	Add lines 29a and 29b	29c	
Tax, Refundable Credits, and Payments	30	Taxable income. Subtract line 29c from line 28. See instructions	30	101,413
	31	Total tax (Schedule J, Part I, line 11)	31	19,797
	32	2020 net 965 tax liability paid (Schedule J, Part II, line 12)	32	
	33	Total payments, credits, and section 965 net tax liability (Schedule J, Part III, line 23)	33	
	34	Estimated tax penalty. See instructions. Check if Form 2220 is attached <input type="checkbox"/>	34	
	35	Amount owed. If line 33 is smaller than the total of lines 31, 32, and 34, enter amount owed	35	19,797
	36	Overpayment. If line 33 is larger than the total of lines 31, 32, and 34, enter amount overpaid	36	
37	Enter amount from line 36 you want: Credited to 2021 estimated tax ▶ Refunded ▶	37		

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. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here	Walnut Bark	2-18-21	President
	Signature of officer	Date	Title

May the IRS discuss this return with the preparer shown below? See instructions. Yes No

Paid Preparer Use Only	Print/Type preparer's name John Smith	Preparer's signature John Smith	Date 2-18-21	Check <input checked="" type="checkbox"/> if self-employed	PTIN P00000001
	Firm's name ▶ John Smith	Firm's EIN ▶ 00-1234561			
	Firm's address ▶ 1234 Any St Cincinnati, OH 45219	Phone no. 888-555-1212			

Schedule C Dividends, Inclusions, and Special Deductions (see instructions)		(a) Dividends and inclusions	(b) %	(c) Special deductions (a) × (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		50	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		65	
3	Dividends on certain debt-financed stock of domestic and foreign corporations		see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		23.3	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		26.7	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs		50	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs		65	
8	Dividends from wholly owned foreign subsidiaries		100	
9	Subtotal. Add lines 1 through 8. See instructions for limitations		see instructions	
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from affiliated group members		100	
12	Dividends from certain FSCs		100	
13	Foreign-source portion of dividends received from a specified 10%-owned foreign corporation (excluding hybrid dividends) (see instructions)		100	
14	Dividends from foreign corporations not included on line 3, 6, 7, 8, 11, 12, or 13 (including any hybrid dividends)			
15	Section 965(a) inclusion		see instructions	
16a	Subpart F inclusions derived from the sale by a controlled foreign corporation (CFC) of the stock of a lower-tier foreign corporation treated as a dividend (attach Form(s) 5471) (see instructions)		100	
b	Subpart F inclusions derived from hybrid dividends of tiered corporations (attach Form(s) 5471) (see instructions)			
c	Other inclusions from CFCs under subpart F not included on line 15, 16a, 16b, or 17 (attach Form(s) 5471) (see instructions)			
17	Global Intangible Low-Taxed Income (GILTI) (attach Form(s) 5471 and Form 8992)			
18	Gross-up for foreign taxes deemed paid			
19	IC-DISC and former DISC dividends not included on line 1, 2, or 3			
20	Other dividends			
21	Deduction for dividends paid on certain preferred stock of public utilities			
22	Section 250 deduction (attach Form 8993)			
23	Total dividends and inclusions. Add column (a), lines 9 through 20. Enter here and on page 1, line 4			
24	Total special deductions. Add column (c), lines 9 through 22. Enter here and on page 1, line 29b			

Schedule J Tax Computation and Payment (see instructions)

Part I—Tax Computation

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)). See instructions ▶ <input type="checkbox"/>		
2	Income tax. See instructions	2	21,297
3	Base erosion minimum tax amount (attach Form 8991)	3	
4	Add lines 2 and 3	4	21,297
5a	Foreign tax credit (attach Form 1118)	5a	
b	Credit from Form 8834 (see instructions)	5b	
c	General business credit (attach Form 3800)	5c	
d	Credit for prior year minimum tax (attach Form 8827)	5d	
e	Bond credits from Form 8912	5e	
6	Total credits. Add lines 5a through 5e	6	-1,500
7	Subtract line 6 from line 4	7	19,797
8	Personal holding company tax (attach Schedule PH (Form 1120))	8	
9a	Recapture of investment credit (attach Form 4255)	9a	
b	Recapture of low-income housing credit (attach Form 8611)	9b	
c	Interest due under the look-back method—completed long-term contracts (attach Form 8697)	9c	
d	Interest due under the look-back method—income forecast method (attach Form 8866)	9d	
e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e	
f	Interest/tax due under Section 453A(c) and/or Section 453(l)	9f	
g	Other (see instructions—attach statement)	9g	
10	Total. Add lines 9a through 9g	10	
11	Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31	11	19,797

Part II—Section 965 Payments (see instructions)

12	2020 net 965 tax liability paid from Form 965-B, Part II, column (k), line 4. Enter here and on page 1, line 32	12	
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Part III—Payments, Refundable Credits, and Section 965 Net Tax Liability

13	2019 overpayment credited to 2020	13	
14	2020 estimated tax payments	14	
15	2020 refund applied for on Form 4466	15	()
16	Combine lines 13, 14, and 15	16	
17	Tax deposited with Form 7004	17	
18	Withholding (see instructions)	18	
19	Total payments. Add lines 16, 17, and 18	19	
20	Refundable credits from:		
a	Form 2439	20a	
b	Form 4136	20b	
c	Reserved for future use	20c	
d	Other (attach statement—see instructions)	20d	
21	Total credits. Add lines 20a through 20d	21	
22	2020 net 965 tax liability from Form 965-B, Part I, column (d), line 4. See instructions	22	
23	Total payments, credits, and section 965 net tax liability. Add lines 19, 21, and 22. Enter here and on page 1, line 33	23	

Schedule K Other Information (continued from page 4)

		Yes	No
13	Are the corporation's total receipts (page 1, line 1a, plus lines 4 through 10) for the tax year and its total assets at the end of the tax year less than \$250,000?		✓
	If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ► \$ _____		
14	Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement? See instructions		✓
	If "Yes," complete and attach Schedule UTP.		
15a	Did the corporation make any payments in 2020 that would require it to file Form(s) 1099?	✓	
b	If "Yes," did or will the corporation file required Form(s) 1099?	✓	
16	During this tax year, did the corporation have an 80%-or-more change in ownership, including a change due to redemption of its own stock?		✓
17	During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction?		✓
18	Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than \$1 million?		✓
19	During the corporation's tax year, did the corporation make any payments that would require it to file Forms 1042 and 1042-S under chapter 3 (sections 1441 through 1464) or chapter 4 (sections 1471 through 1474) of the Code?		✓
20	Is the corporation operating on a cooperative basis?		✓
21	During the tax year, did the corporation pay or accrue any interest or royalty for which the deduction is not allowed under section 267A? See instructions		✓
	If "Yes," enter the total amount of the disallowed deductions ► \$ _____		
22	Does the corporation have gross receipts of at least \$500 million in any of the 3 preceding tax years? (See sections 59A(e)(2) and (3))		✓
	If "Yes," complete and attach Form 8991.		
23	Did the corporation have an election under section 163(j) for any real property trade or business or any farming business in effect during the tax year? See instructions	✓	
24	Does the corporation satisfy one or more of the following? See instructions		✓
a	The corporation owns a pass-through entity with current, or prior year carryover, excess business interest expense.		
b	The corporation's aggregate average annual gross receipts (determined under section 448(c)) for the 3 tax years preceding the current tax year are more than \$26 million and the corporation has business interest expense.		
c	The corporation is a tax shelter and the corporation has business interest expense.		
	If "Yes," complete and attach Form 8990.		
25	Is the corporation attaching Form 8996 to certify as a Qualified Opportunity Fund?		✓
	If "Yes," enter amount from Form 8996, line 15 ► \$ _____		
26	Since December 22, 2017, did a foreign corporation directly or indirectly acquire substantially all of the properties held directly or indirectly by the corporation, and was the ownership percentage (by vote or value) for purposes of section 7874 greater than 50% (for example, the shareholders held more than 50% of the stock of the foreign corporation)? If "Yes," list the ownership percentage by vote and by value. See instructions		✓
	Percentage: By Vote		
	By Value		

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		140,018		268,108
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories		130,800		97,948
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	1,398,412		1,398,412	
b	Less accumulated depreciation	(1,244,708)	153,704	(1,250,755)	147,657
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()		()	
14	Other assets (attach statement)				
15	Total assets		424,522		513,713
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach statement)		2,233		2,519
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach statement)				
22	Capital stock: a Preferred stock				
	b Common stock	500	500	500	500
23	Additional paid-in capital				
24	Retained earnings—Appropriated (attach statement)				
25	Retained earnings—Unappropriated		541,889		630,794
26	Adjustments to shareholders' equity (attach statement)				
27	Less cost of treasury stock		(120,100)		(120,100)
28	Total liabilities and shareholders' equity		424,522		513,713

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: The corporation may be required to file Schedule M-3. See instructions.

1	Net income (loss) per books	88,905	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books	4,482		Tax-exempt interest \$ _____	
3	Excess of capital losses over capital gains			_____	
4	Income subject to tax not recorded on books this year (itemize): _____		8	Deductions on this return not charged against book income this year (itemize):	
5	Expenses recorded on books this year not deducted on this return (itemize):		a	Depreciation . . . \$ _____	
a	Depreciation \$ _____		b	Charitable contributions \$ _____	
b	Charitable contributions . . . \$ _____			_____	
c	Travel and entertainment . . . \$ _____	8,026	9	Add lines 7 and 8	
	_____		10	Income (page 1, line 28)—line 6 less line 9	101,413
6	Add lines 1 through 5	101,413			

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	541,889	5	Distributions: a Cash	
2	Net income (loss) per books	88,905		b Stock	
3	Other increases (itemize): _____			c Property	
	_____		6	Other decreases (itemize): _____	
	_____		7	Add lines 5 and 6	
4	Add lines 1, 2, and 3	630,794	8	Balance at end of year (line 4 less line 7)	630,794

Cost of Goods Sold

(Rev. November 2018)
 Department of the Treasury
 Internal Revenue Service

▶ **Attach to Form 1120, 1120-C, 1120-F, 1120S, or 1065.**
 ▶ **Go to www.irs.gov/Form1125A for the latest information.**

Name **Heat Wave Inc** Employer identification number **00-0000026**

1	Inventory at beginning of year	1	130,800
2	Purchases	2	370,162
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	500,962
7	Inventory at end of year	7	97,948
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return. See instructions	8	403,014

- 9a** Check all methods used for valuing closing inventory:
- (i) Cost
 - (ii) Lower of cost or market
 - (iii) Other (Specify method used and attach explanation.) ▶ _____
- b** Check if there was a writedown of subnormal goods ▶
- c** Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶
- d** If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO **9d** _____
- e** If property is produced or acquired for resale, do the rules of section 263A apply to the entity? See instructions . . . Yes No
- f** Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation Yes No

Depreciation and Amortization
(Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to your tax return.

▶ Go to www.irs.gov/Form4562 for instructions and the latest information.

Name(s) shown on return Heat Wave Inc	Business or activity to which this form relates Landscape	Identifying number 00-0000026
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Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2019 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5. See instructions	11	
12	Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11	12	
13	Carryover of disallowed deduction to 2021. Add lines 9 and 10, less line 12 ▶	13	

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property. See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year. See instructions.	14
15	Property subject to section 168(f)(1) election	15
16	Other depreciation (including ACRS)	16

Part III MACRS Depreciation (Don't include listed property. See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2020	17	4,172
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B—Assets Placed in Service During 2020 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property					
b	5-year property					
c	7-year property					
d	10-year property					
e	15-year property					
f	20-year property					
g	25-year property		25 yrs.		S/L	
h	Residential rental property		27.5 yrs.	MM	S/L	
i	Nonresidential real property		39 yrs.	MM	S/L	

Section C—Assets Placed in Service During 2020 Tax Year Using the Alternative Depreciation System

20a	Class life				S/L	
b	12-year		12 yrs.		S/L	
c	30-year		30 yrs.	MM	S/L	
d	40-year		40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	1,875
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	6,047
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, certain aircraft, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? **Yes** **No** **24b** If "Yes," is the evidence written? **Yes** **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use. See instructions 25								
26 Property used more than 50% in a qualified business use:								
Mulcher	11-3-2011	100 %	30,112	27,112	5.00	200 DB-MQ	1,875	
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 28							1,875	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 29								

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No										
30 Total business/investment miles driven during the year (don't include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **aren't** more than 5% owners or related persons. See instructions.

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? See instructions.		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," don't complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2020 tax year (see instructions):					
43 Amortization of costs that began before your 2020 tax year 43					
44 Total. Add amounts in column (f). See the instructions for where to report 44					

Partner's Audit Liability Under Section 6226

► Go to www.irs.gov/Form8978 for instructions and the latest information.

Name of partner(s) Heat Wave Inc	Partner tax ID number 00-0000026
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Part I Computation of Additional Reporting Year Tax (see instructions)

		(a) Tax Year Ended 12 / 31 /20 16	(b) Tax Year Ended / /20	(c) Tax Year Ended / /20	(d) Tax Year Ended / /20
1a	Total income per original return or as previously adjusted	1a	600,000		
b	Adjustments to income from Schedule A (Form 8978), line 2, columns (a) through (d)	1b	-10,000		
2	Combine lines 1a and 1b and enter the corrected income. See instructions	2	590,000		
3a	Total deductions per original return or as previously adjusted	3a	550,000		
b	Adjustments to deductions from Schedule A (Form 8978), line 4, columns (a) through (d)	3b	0		
4	Combine lines 3a and 3b and enter the corrected deductions. See instructions	4	550,000		
5	Corrected taxable income. Subtract line 4 from line 2	5	40,000		
6	Income tax on line 5 (see instructions)	6	6,000		
7	Alternative minimum tax on line 5 (see instructions)	7	0		
8	Total corrected income tax. Add lines 6 and 7	8	6,000		
9a	Total credits per original return or as previously adjusted	9a	0		
b	Adjustments to credits from Schedule A (Form 8978), line 6, columns (a) through (d)	9b	0		
10	Combine lines 9a and 9b and enter the corrected credits. See instructions	10	0		
11	Total corrected income tax liability. Subtract line 10 from line 8	11	6,000		
12	Total income tax shown on original return or as previously adjusted	12	7,500		
13	Increase/Decrease to tax. Subtract line 12 from line 11, columns (a) through (d)	13	-1,500		
14	Total increase/decrease to reporting year tax. Add line 13, columns (a) through (d). Enter here and on the appropriate line on your tax return	14			-1500

Part II Penalties (see instructions)

15	Penalties	15			
16	Total penalties. Add line 15, columns (a) through (d)	16			

Part III Interest (see instructions)

17	Interest	17			
18	Total interest. Add line 17, columns (a) through (d)	18			

**SCHEDULE A
(Form 8978)**

(December 2019)
Department of the Treasury
Internal Revenue Service

**Partner's Audit Liability Under Section 6226
(Schedule of Adjustments)**

▶ Attach to Form 8978.

▶ Go to www.irs.gov/Form8978 for the latest information.

OMB No. 1545-0123

Name of partner(s) Partner tax ID number
Heat Wave Inc 00-000026

	Adjustments (see instructions)	Tracking Number	(a)	(b)	(c)	(d)
			Tax Year Ended	Tax Year Ended	Tax Year Ended	Tax Year Ended
			12 / 31 / 20 15	/ / 20	/ / 20	/ / 20
1	Income:					
a	-10,000	12345678	-10,000			
b						
c						
d						
e						
f						
g						
2	Total adjustments to income (add lines 1a through 1g in each column (a) through (d))		-10,000			
3	Deductions:					
a						
b						
c						
d						
e						
f						
g						
4	Total adjustments to deductions (add lines 3a through 3g in each column (a) through (d))					
5	Credits:					
a						
b						
c						
d						
e						
f						
g						
6	Total adjustments to credits (add lines 5a through 5g in each column (a) through (d))					