

Form **1120-IC-DISC**

(Rev. December 2012)

Department of the Treasury
Internal Revenue Service**Interest Charge Domestic International
Sales Corporation Return**

(Please type or print.)

► Information about Form 1120-IC-DISC and its separate instructions is at www.irs.gov/f1120icdisc.

OMB No. 1545-0938

For calendar year 20 , or tax year beginning , 20 , and ending , 20 .

A Date of IC-DISC election	Name	C Employer identification number
	Number, street, and room or suite no. (or P.O. box if mail is not delivered to street address)	
B Business activity code no. (See instructions.)	City or town, state, and ZIP code	E Total assets (see instructions)
		\$

F Check applicable box(es): (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return**G(1)** Did any corporation, individual, partnership, trust, or estate own, directly or indirectly, 50% or more of the IC-DISC's voting stock at the end of the IC-DISC's tax year? (See section 267(c) for rules of attribution.)

Yes	No

If "Yes," complete the following schedule. (If a foreign owner, see instructions.)

Name	Identifying number	Address	Voting stock owned	Total assets (corporations only)	Foreign owner	
					Yes	No
			%			
			%			

(2) Enter the following for any corporation listed in G(1) that will report the IC-DISC's income:

Tax year of first corporation	IRS Service Center where return will be filed
Tax year of second corporation	IRS Service Center where return will be filed

H(1) Check the appropriate box(es) to indicate any intercompany pricing rules that were applied to 25% or more of gross income (line 1 below):☐ 50-50 combined taxable income method ☐ 4% gross receipts method ☐ Section 482 method ("arm's length pricing")**(2)** Check here ☐ if the marginal costing rules under section 994(b)(2) were applied in figuring the combined taxable income for any transactions.**All Computations Must Reflect Intercompany Pricing Rules If Used (Section 994)**

See separate Schedule P (Form 1120-IC-DISC).

Taxable Income

1	Gross income. Enter amount from Schedule B, line 4, column (e)	1	
2	Cost of goods sold from Schedule A, line 8	2	
3	Total income. Subtract line 2 from line 1	3	
4	Deductions. Enter amount from Schedule E, line 3	4	
5	Taxable income before net operating loss deduction and dividends-received deduction. Subtract line 4 from line 3	5	
6a	Net operating loss deduction (attach statement)	6a	
b	Dividends-received deduction from Schedule C, line 9	6b	
c	Add lines 6a and 6b	6c	
7	Taxable income. Subtract line 6c from line 5	7	
8	Refundable credit for federal tax paid on fuels (attach Form 4136)	8	

Sign Here

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.

Signature of officer	Date	Title
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Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ►	Firm's EIN ►			
Firm's address ►	Phone no.			

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 11473P

Form **1120-IC-DISC** (Rev. 12-2012)

Schedule A Cost of Goods Sold (see instructions)

If the intercompany pricing rules of section 994 are used, reflect **actual** purchases from a related supplier at the transfer price determined under such rules. See separate Schedule P (Form 1120-IC-DISC).

1	Inventory at beginning of the year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of the year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on line 2, page 1	8	

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost

(ii) ☐ Lower of cost or market

(iii) ☐ Other (Specify method used and attach statement.) ▶ _____

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 corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between the opening and closing inventory? (If "Yes," attach statement.) ☐ Yes ☐ No

Schedule B Gross Income (see instructions)

(a) Type of receipts	Commission sales		(d) Other receipts	(e) Total (add columns (c) and (d))
	(b) Gross receipts	(c) Commission		
1 Qualified export receipts from sale of export property—				
a To unrelated purchasers:				
(i) Direct foreign sales				
(ii) Foreign sales through a related foreign entity				
(iii) Persons in the United States (other than an unrelated IC-DISC)				
(iv) An unrelated IC-DISC				
b To related purchasers:				
(i) Direct foreign sales				
(ii) Persons in the United States				
c Total				
2 Other qualified export receipts:				
a Leasing or renting of export property				
Services related and subsidiary to a qualified export sale or lease				
b Engineering and architectural services				
d Export management services				
e Qualified dividends (Schedule C, line 15)				
f Interest on producer's loans				
g Other interest (attach statement)				
h Capital gain net income (attach Schedule D (Form 1120))				
i Net gain or (loss) from Part II, Form 4797 (attach Form 4797)				
j Other (attach statement)				
k Total				
3 Nonqualified gross receipts:				
a Ultimate use in United States				
b Exports subsidized by the U.S. Government				
Certain direct or indirect sales or leases for use by the U.S. Government				
d Sales to other IC-DISCs in the same controlled group				
e Nonqualified dividends (Schedule C, line 16)				
f Other (attach statement)				
g Total				
Total. Add lines 1c, 2k, 3g, column (e). Enter here and on line 1, page 1				

Schedule C Dividends and Dividends-Received Deduction (see instructions)

	(a) Dividends received	(b) %	(c) Dividends-received deduction: (a) × (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)			
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)			
3 Dividends on debt-financed stock of domestic and foreign corporations			
4 Dividends on certain preferred stock of less-than-20%-owned public utilities			
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities			
6 Dividends from less-than-20%-owned foreign corporations			
7 Dividends from 20%-or-more-owned foreign corporations			
8 Dividends from wholly owned foreign subsidiaries			
9 Total. Add lines 1 through 8. See instructions for limitation			
10 Dividends from foreign corporations not included on lines 3, 6, 7, or 8			
11 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
12 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
13 Other dividends			
14 Total dividends. Add lines 1 through 13, column (a)			
15 Qualified dividends. Enter here and on Schedule B, line 2e, column (d)			
16 Nonqualified dividends. Subtract line 15 from line 14. Enter here and on Schedule B, line 3e, column (d)			

Schedule E Deductions (Before completing, see **Limitations on Deductions** in the instructions.)

1 Export promotion expenses:		
a Market studies	1a	
b Advertising	1b	
c Depreciation (attach Form 4562)	1c	
d Salaries and wages	1d	
e Rents	1e	
f Sales commissions	1f	
g Warehousing	1g	
h Freight (excluding insurance)	1h	
i Compensation of officers	1i	
j Repairs and maintenance	1j	
k Pension, profit-sharing, etc., plans	1k	
l Employee benefit programs	1l	
m Other (list):	1m	
n Total. Add lines 1a through 1m	1n	
2 Other expenses not deducted on line 1:		
a Bad debts	2a	
b Taxes and licenses	2b	
c Interest	2c	
d Contributions	2d	
e Freight	2e	
f Freight insurance	2f	
g Other (list):	2g	
h Total. Add lines 2a through 2g	2h	
3 Total deductions. Add lines 1n and 2h. Enter here and on line 4, page 1	3	

Schedule J Deemed and Actual Distributions and Deferred DISC Income for the Tax Year**Part I—Deemed Distributions Under Section 995(b)(1)** (see instructions)

1	Gross interest derived during the tax year from producer's loans (section 995(b)(1)(A))	1	
2	Gain recognized on the sale or exchange of section 995(b)(1)(B) property (attach statement)	2	
3	Gain recognized on the sale or exchange of section 995(b)(1)(C) property (attach statement)	3	
4	50% of taxable income attributable to military property (section 995(b)(1)(D)) (attach statement)	4	
5	Taxable income from line 7, Part II, below	5	
6	Taxable income of the IC-DISC (from line 7, page 1)	6	
7	Add lines 1 through 5	7	
8	Subtract line 7 from line 6	8	
9	If you have shareholders that are C corporations, enter one-seventeenth of line 8 (.0588235 times line 8)	9	
10	International boycott income (see instructions)	10	
11	Illegal bribes and other payments	11	
Note: Separate computations for lines 12–23 are required for shareholders that are C corporations and shareholders that are not C corporations. Complete lines 12, 14, 15, 17a, 18, 20, and 22 for shareholders that are not C corporations. Complete lines 13, 14, 16, 17b, 19, 21, and 23 for shareholders that are C corporations.			
12	Add lines 7, 10, and 11	12	
13	Add lines 7, 9, 10, and 11	13	
14	Earnings and profits for the tax year (attach statement)	14	
15	Enter the smaller of line 12 or 14	15	
16	Enter the smaller of line 13 or 14	16	
17	Foreign investment attributable to producer's loans (attach statement):		
a	For shareholders other than C corporations	17a	
b	For shareholders that are C corporations	17b	
18	Add lines 15 and 17a	18	
19	Add lines 16 and 17b	19	
20	Enter percentage of stock owned by shareholders other than C corporations	20	%
21	Enter percentage of stock owned by shareholders that are C corporations	21	%
22	Multiply line 18 by line 20 (Allocate to shareholders other than C corporations)	22	
23	Multiply line 19 by line 21 (Allocate to C corporation shareholders)	23	
24	Total deemed distributions under section 995(b)(1) for all shareholders. Add lines 22 and 23	24	

Part II—Section 995(b)(1)(E) Taxable Income (see instructions)

1	Total qualified export receipts (see instructions)	1	
2	Statutory maximum	2	
3	Controlled group member's portion of the statutory maximum	3	
4	Enter smaller of (a) 1 or (b) number of days in tax year divided by 365 (or 366) (see instructions)	4	
5	Proration. Multiply line 2 or 3, whichever is applicable, by line 4	5	
6	Excess qualified export receipts. Subtract line 5 from line 1. (If line 5 exceeds line 1, enter -0- here and on line 7 below.)	6	
7	Taxable income attributable to line 6 receipts. Enter here and on line 5 of Part I above	7	

Part III—Deemed Distributions Under Section 995(b)(2) (see instructions)

1	Annual installment of distribution attributable to revocation of election in an earlier year	1	
2	Annual installment of distribution attributable to not qualifying as a DISC or IC-DISC in an earlier year	2	
3	Total deemed distributions under section 995(b)(2). Add lines 1 and 2	3	

Part IV—Actual Distributions (see instructions)

1	Distributions to meet qualification requirements under section 992(c) (attach computation statement)	1	
2	Other actual distributions	2	
3	Total. Add lines 1 and 2	3	
4	Amount on line 3 treated as distributed from:		
a	Previously taxed income	4a	
b	Accumulated IC-DISC income (including IC-DISC income of the current year)	4b	
c	Other earnings and profits	4c	
d	Other	4d	

Part V—Deferred DISC Income Under Section 995(f)(3) (see instructions)

1	Accumulated IC-DISC income (for periods after 1984) at end of computation year	1	
2	Distributions-in-excess-of-income for the tax year following the computation year to which line 1 applies	2	
3	Deferred DISC income under section 995(f)(3). Subtract line 2 from line 1	3	

Schedule L Balance Sheets per Books		(a) Beginning of tax year	(b) End of tax year
Assets	1 Qualified export assets:		
	a Working capital (cash and necessary temporary investments)		
	b Funds awaiting investment (cash in U.S. banks in excess of working capital needs) in other qualified export assets		
	c Export-Import Bank obligations		
	d Trade receivables (accounts and notes receivable)		
	Less allowance for bad debts	()	()
	e Export property (net) (including inventory and qualified property held for lease)		
	f Producer's loans		
	g Investment in related foreign export corporations		
	h Depreciable assets		
Less accumulated depreciation	()	()	
i Other (attach statement)			
2 Nonqualified assets (net) (list): _____			
3 Total assets. Combine lines 1a through 2			
Liabilities and Shareholders' Equity	4 Accounts payable		
	5 Other current liabilities (attach statement)		
	6 Mortgages, notes, bonds payable in 1 year or more		
	7 Other liabilities (attach statement)		
	8 Capital stock		
	9 Additional paid-in capital		
	10 Other earnings and profits		
	11 Previously taxed income (section 996(f)(2))		
	12 Accumulated pre-1985 DISC income (see instructions)		
	13 Accumulated IC-DISC income (see instructions)		
	14 Less cost of treasury stock	()	()
	15 Total liabilities and shareholders' equity		

Schedule M-1 Reconciliation of Income per Books With Income per Return

1 Net income (loss) per books		6 Income recorded on books this year not included on this return (itemize):	
2 Excess of capital losses over capital gains		7 Deductions on this return not charged against book income this year (itemize):	
3 Taxable income not recorded on books this year (itemize): _____		8 Add lines 6 and 7	
4 Expenses recorded on books this year and not deducted on this return (itemize): _____		9 Income (line 5, page 1)—line 5 less line 8	
5 Add lines 1 through 4			

Schedule M-2 Analysis of Other Earnings and Profits (Line 10, Schedule L)

1 Balance at beginning of year		5 Distributions to qualify under section 992(c)	
2 Increases (itemize): _____		6 Other decreases (itemize): _____	
3 Add lines 1 and 2		7 Add lines 4 through 6	
4 Deficit in earnings and profits		8 Balance at end of year (line 3 less line 7)	

Schedule M-3 Analysis of Previously Taxed Income (Line 11, Schedule L)

1 Balance at beginning of year		5 Deficit in earnings and profits	
2 Deemed distributions under section 995(b)		6 Distributions to qualify under section 992(c)	
3 Other increases (itemize): _____		7 Other decreases (itemize): _____	
4 Add lines 1 through 3		8 Add lines 5 through 7	
		9 Balance at end of year (line 4 less line 8)	

Schedule M-4 Analysis of Accumulated IC-DISC Income (Line 13, Schedule L)

1 Balance at beginning of year		6 Distributions to qualify under section 992(c)	
2 Increases (itemize): _____		7 Distributions upon disqualification (sec. 995(b)(2))	
3 Add lines 1 and 2		8 Other decreases (itemize): _____	
4 Deficit in earnings and profits		9 Add lines 4 through 8	
5 Redemptions under section 996(d)		10 Balance at end of year (line 3 less line 9)	

Schedule N **Export Gross Receipts of the IC-DISC and Related U.S. Persons** (see instructions)

- 1** See the instructions and enter the product code and percentage of total export gross receipts for **(a)** the largest and **(b)** 2nd largest product or service sold or provided by the IC-DISC:

(a) Code	Percentage of total	%	(b) Code	Percentage of total	%
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2 **Export gross receipts for the current tax year**

(a) Export gross receipts of the IC-DISC	Export gross receipts of related U.S. persons	
	(b) Related IC-DISCs	(c) All other related U.S. persons

- 3** If item 2(b) or 2(c) is completed, complete the following (if more space is needed, attach a statement following the format below):

(a) IC-DISCs in Your Controlled Group

Name	Address	Identifying number

(b) All Other Related U.S. Persons in Your Controlled Group

Name	Address	Identifying number

Schedule O **Other Information** (see instructions)

- 1** See the instructions and enter the main:

a Business activity ▶ _____ **b** Product or service ▶ _____

2a Did 95% or more of the IC-DISC's gross receipts for the tax year consist of qualified export receipts (defined in section 993(a))?

b Did the adjusted basis of the IC-DISC's qualified export assets (as defined in section 993(b)) at the end of the tax year equal or exceed 95% of the sum of the adjusted basis of all the IC-DISC's assets at the end of the tax year?

c If **a** or **b** is "No," did the IC-DISC make a pro rata distribution of property as defined in section 992(c)?

3 Did the IC-DISC have more than one class of stock at any time during the tax year?

4 Was the par or stated value of the IC-DISC's stock at least \$2,500 on each day of the tax year (for a new corporation, this means on the last day for making an election to be an IC-DISC and for each later day)?

5 Did the IC-DISC keep separate books and records?

6a Does the IC-DISC or any member of the IC-DISC's controlled group (as defined in section 993(a)(3)) have operations in or related to any country (or with the government, a company, or a national of that country) associated with carrying out the boycott of Israel that is on the list kept by the Secretary of the Treasury under section 999(a)(3)?

b Did the IC-DISC or any member of the controlled group of which the IC-DISC is a member have operations in any unlisted country that the IC-DISC knows or has reason to know requires participation in or cooperation with an international boycott against Israel?

c Did the IC-DISC or any member of the controlled group of which the IC-DISC is a member have operations in any country that the IC-DISC knows or has reason to know requires participation in or cooperation with an international boycott other than the boycott of Israel?

If the answer to any of the questions in 6 is "Yes," see instructions and **Form 5713**, International Boycott Report.

7 Enter the amount of tax-exempt interest income received or accrued during the tax year ▶ \$ _____

8 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of

(a) the total voting power of all classes of stock of the corporation entitled to vote or

(b) the total value of all the classes of stock of the corporation?

If "Yes," enter: **a** Percentage owned ▶ _____ and

b Owner's country ▶ _____

c The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶ _____

Note: If the IC-DISC, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120)**, Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.