

U.S. Income Tax Return of a Foreign Sales Corporation

For calendar year 20____ or other tax year beginning _____, 20____,
 and ending _____, 20____
 ▶ See separate instructions. Please type or print.

OMB No. 1545-0935

A Foreign country or U.S. possession of incorporation (see instructions)	Name	C Employer identification number
B Check type of election made: <input type="checkbox"/> FSC <input type="checkbox"/> Small FSC Enter the effective date of the election:	Number, street, and room or suite no. (see instructions) City or town, state, and ZIP code	D Date incorporated
F Check applicable boxes: (1) <input type="checkbox"/> Final return (2) <input type="checkbox"/> Name change (3) <input type="checkbox"/> Address change (4) <input type="checkbox"/> Amended return		E Total assets (see instructions) \$

FSC Information

1 Principal shareholder. Complete for the shareholder that was the principal shareholder at the beginning of the FSC's tax year. If two or more shareholders own equal amounts of stock, complete for the shareholder that has the same tax year as the FSC (see instructions).

a Name		b Identification number	
c Address (number, street, and room or suite no., city or town, state, ZIP code, or country)		d Total assets (corporations only) \$	
e Percentage of voting stock of the principal shareholder %	f Tax year ends (month and year)	g Service Center where tax return is filed	h Foreign owner? (check one) <input type="checkbox"/> Yes <input type="checkbox"/> No

2 Parent-subsidiary controlled group. Is the FSC a subsidiary in a parent-subsidiary controlled group? ▶ Yes No
 If "Yes," and the principal shareholder (described in 1 above) is not the common parent of the group, complete lines 2a through 2g below for the common parent (see instructions).

a Name of common parent		b Identification number	
c Address (number, street, and room or suite no., city or town, state, ZIP code, or country)		d Total assets (consolidated, if applicable) \$	
e Percentage of voting stock of the common parent %	f Tax year ends (month and year)	g Service Center where tax return is filed	

3 Administrative pricing rules

a Check the applicable box(es) to show the pricing rule(s) used to determine taxable income on transactions resulting in foreign trading gross receipts.
 (1) 1.83% of foreign trading gross receipts (2) 23% of combined taxable income (3) Marginal costing
 (4) Section 482 method (5) Transactions at arm's length with unrelated supplier(s)

b If the FSC and the related supplier(s) meet the payment rules of Temporary Regulations section 1.925(a)-1T(b)(2)(ii) and elect to use the administrative pricing rules, check here ▶

Tax and Payments (see instructions)

1 Total tax (Schedule J, line 6)	1	
2 Payments:		
a Overpayment from prior year allowed as a credit	2a	
b Current year estimated tax payments	2b	
c Less refund of overpaid estimated tax applied for on Form 4466	2c ()	d Bal ▶ 2d
e Tax deposited with Form 7004		2e
f Credit for Federal tax paid on fuels (attach Form 4136)		2f
g U.S. income tax paid or withheld at source (attach Form 1042-S)		2g
h Add lines 2d through 2g		2h
3 Estimated tax penalty. Check if Form 2220 is attached ▶ <input type="checkbox"/>	3	
4 Tax due. If line 2h is smaller than the total of lines 1 and 3, enter amount owed	4	
5 Overpayment. If line 2h is larger than the total of lines 1 and 3, enter amount overpaid	5	
6 Enter amount of line 5 you want: Credited to next year's estimated tax ▶ Refunded ▶	6	

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 _____

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

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.

Schedule A Cost of Goods Sold Related to Foreign Trading Gross Receipts (see instructions)

Table with 8 rows and 4 columns. Rows include: 1 Inventory at beginning of year, 2 Purchases, 3 Cost of labor, 4 Additional section 263A costs, 5 Other costs, 6 Total, 7 Inventory at end of year, 8 Cost of goods sold.

- 9a Check all methods used for valuing closing inventory: (1) Cost as described in Regulations section 1.471-3, (2) Lower of cost or market, (3) Other.
b Check if there was a writedown of subnormal goods.
c Check if the LIFO inventory method was adopted.
d If the LIFO inventory method was used, enter percentage.
e If property is produced or acquired for resale, do the rules of section 263A apply.
f Was there any change in determining quantities, cost, or valuations.

Additional Information (see instructions). Note: Small FSCs, complete lines 1 through 8f only.

Main form area with multiple sections: 1 See the instructions and enter the FSC's; 2 Enter the amount of tax-exempt interest; 3-6 FSC qualification rules; 7 Enter the available NOL carryover; 8-10 Foreign management and economic process rules.

Schedule B Taxable Income or (Loss) (see instructions)

Part I—Net Income Attributable to Nonexempt Foreign Trade Income

		(a) Using administrative pricing rules		(b) Not using administrative pricing rules	
1	Sale, exchange, or other disposition of export property. (Enter 50% of military property sales. Include the other 50% on Schedule F, line 1.)	1			
2	Lease or rental of export property for use outside the United States	2			
3	Services related and subsidiary to:				
a	Sale, exchange, or other disposition of export property. (Enter 50% of services related to the sale or other disposition of military property. Include the other 50% on Schedule F, line 1.)	3a			
b	Lease or rental of export property	3b			
4	Engineering or architectural services for construction projects outside the U.S.	4			
5	Managerial services for an unrelated FSC or IC-DISC (see instructions)	5			
6a	Total foreign trading gross receipts. Add lines 1 through 5	6a			
<i>Small FSCs: Complete lines 6b through 6h.</i>					
b	Small FSC limitation (section 924(b)(2)(B))	6b	\$5,000,000	00	
c	Controlled group member's share of line 6b	6c			
d	Enter 1. (Short tax year: Divide the number of days in the short tax year by the number of days in the full tax year. Enter as a decimal less than 1.00000.)	6d			
e	Multiply line 6b or line 6c (whichever applies) by line 6d	6e			
f	Total of line 6a, columns (a) and (b)	6f			
Note: See the instructions for line 6f if commission income is included on line 6a.					
g	Enter the smaller of line 6e or line 6f. Note: If line 6f exceeds line 6e, enter the excess on line 7 of Schedule F	6g			
h	Allocate the amount from line 6g to columns (a) and (b) (see instructions)	6h			
7	Cost of goods sold (Schedule A, line 8). (Small FSCs, enter only the part of cost of goods sold from the receipts on line 6h above. See instructions for Schedule A.)	7			
8	Foreign trade income. Subtract line 7 from line 6a or line 6h (whichever applies)	8			
9a	Exemption percentage from Schedule E, line 3d	9a		%	
b	Exemption percentage from Schedule E, line 2d	9b			%
10	Exempt foreign trade income. Multiply line 8, column (a) by line 9a and line 8, column (b) by line 9b	10			
11	Nonexempt foreign trade income. Subtract line 10 from line 8	11			
12	Deductions attributable to nonexempt foreign trade income. Enter amount from Schedule G, line 18	12			
13	Net income attributable to nonexempt foreign trade income. Subtract line 12 from line 11	13			
14	Net income attributable to nonexempt foreign trade income from Schedule F, line 6	14			
15	Total net income attributable to nonexempt foreign trade income. Add lines 13 and 14	15			

Part II—Taxable Income or (Loss)

16	Taxable income from foreign trade income. Enter total of line 15, columns (a) and (b), minus any nontaxable income included in line 15, column (b). Attach a schedule that shows the computation of the taxable and nontaxable income included on line 15, column (b)	16			
17	Taxable nonforeign trade income from Schedule F, line 19	17			
18	Taxable income or (loss) before net operating loss deduction and dividends-received deduction. Add lines 16 and 17	18			
19a	Net operating loss deduction (attach schedule)	19a			
b	Dividends-received deduction (attach schedule)	19b			
c	Add lines 19a and 19b	19c			
20	Taxable income or (loss). Subtract line 19c from line 18. (See instructions for Schedule J to figure the tax on this income.)	20			

Schedule E Exemption Percentages Used in Figuring Exempt Foreign Trade Income (see instructions)

Note: If all shareholders of the FSC are C corporations, enter .30000 on line 2d and .65217 on line 3d and skip all other lines.
 If all shareholders of the FSC are other than C corporations, enter .32000 on line 2d and .69565 on line 3d and skip all other lines.

1	Percentage (round to at least five decimal places) of voting stock owned by shareholders that are C corporations	1	
2	Exemption percentage for foreign trade income determined by not using the administrative pricing rules:		
a	Difference between section 923(a)(2) and section 291(a)(4)(A) percentage	2a	.02000
b	Section 923(a)(2) percentage	2b	.32000
c	Multiply line 1 by line 2a	2c	
d	Exemption percentage. Subtract line 2c from line 2b. Enter here and on Schedule B, line 9b, and on Schedule G, line 16b	2d	
3	Exemption percentage for foreign trade income determined using administrative pricing rules:		
a	Difference between section 923(a)(3) fraction and section 291(a)(4)(B) fraction (16/23 – 15/23 = 1/23) shown as a decimal	3a	.04348
b	Section 923(a)(3) fraction (16/23) shown as a decimal	3b	.69565
c	Multiply line 1 by line 3a	3c	
d	Exemption percentage. Subtract line 3c from line 3b. Enter here and on Schedule B, line 9a, and on Schedule G, line 16a	3d	

Schedule F Net Income From Nonexempt Foreign Trade Income and Taxable Nonforeign Trade Income (see instructions)

Part I—Net Income From Nonexempt Foreign Trade Income

	(a) Using administrative pricing rules		(b) Not using administrative pricing rules	
	1			
1 Enter 50% of total receipts from the sale, exchange, or other disposition of military property and related services				
2 International boycott income				
3 Illegal bribes and other payments				
4 Total. Add lines 1, 2, and 3				
5 Cost of goods sold and other costs related to above income (attach schedule)				
6 Net income from nonexempt foreign trade income. Subtract line 5 from line 4. Enter here and on Schedule B, line 14, columns (a) and (b)				

Part II—Taxable Nonforeign Trade Income

7 Small FSCs: If line 6f, Schedule B, is greater than line 6e, Schedule B, enter the excess here	7	
8 Interest	8	
9 Dividends (attach schedule—see instructions)	9	
10 Carrying charges	10	
11 Royalties	11	
12 Other investment income	12	
13 Receipts excluded under section 924(f) on the basis of use, subsidized receipts, and receipts from related parties	13	
14 Income from excluded property under sections 927(a)(2) and (3)	14	
15 Income from transactions that did not meet the Foreign economic process rules (see instructions). (See Foreign Trading Gross Receipts in the instructions.)	15	
16 Other income	16	
17 Total. Add lines 7 through 16	17	
18 Enter deductions allocated or apportioned to line 17 income. (Attach schedule. Small FSCs also include the cost of goods sold deduction attributable to the amount entered on line 7 above)	18	
19 Taxable nonforeign trade income. Subtract line 18 from line 17. Enter here and on Schedule B, line 17	19	

Schedule G Deductions Allocated or Apportioned to Foreign Trade Income Other Than Foreign Trade Income Reported on Schedule F (See instructions for limitations on deductions before completing lines 1 through 14.)

	(a) Using administrative pricing rules		(b) Not using administrative pricing rules	
1 Foreign direct costs described in section 924(e):				
a Advertising and sales promotion	1a			
b Certain processing and arranging costs	1b			
c Certain transportation costs	1c			
d Certain determination and transmittal costs	1d			
e Assumption of credit risk	1e			
f Total foreign direct costs. Add lines 1a through 1e	1f			
2 Advertising	2			
3 Interest	3			
4 Depreciation from Form 4562 (less any depreciation claimed elsewhere on this return) (attach Form 4562)	4			
5 Salaries and wages	5			
6 Rents	6			
7 Sales commissions	7			
8 Warehousing	8			
9 Freight	9			
10 Compensation of officers	10			
11 Bad debts	11			
12 Pension, profit-sharing, etc., plans	12			
13 Employee benefit programs	13			
14 Other deductions (attach list)	14			
15 Total deductions. Add lines 1f through 14	15			
16a Exemption percentage from Schedule E, line 3d	16a		%	
b Exemption percentage from Schedule E, line 2d	16b			%
17 Deductions attributable to exempt foreign trade income. Multiply line 15, column (a) by line 16a and enter the result in column (a). Multiply line 15, column (b) by line 16b and enter the result in column (b)	17			
18 Deductions allocated or apportioned to nonexempt foreign trade income other than foreign trade income reported on Schedule F. Subtract line 17 from line 15. Enter here and on Schedule B, line 12, columns (a) and (b)	18			

Schedule J Tax Computation (see instructions)

1 Check if the FSC is a member of a controlled group (see section 927(d)(4)) (attach Schedule O (Form 1120)) <input type="checkbox"/>				
2 Income tax. Check this box if the FSC is a qualified personal service corporation as defined in section 448(d)(2) (see instructions) <input type="checkbox"/>	2			
3 Alternative minimum tax (attach Form 4626)	3			
4 Add lines 2 and 3	4			
5 Foreign tax credit (attach Form 1118)	5			
6 Total tax. Subtract line 5 from line 4. Enter here and on line 1, page 1	6			

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash				
2a	Trade notes and accounts receivable				
b	Commissions receivable				
c	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets				
b	Less accumulated depreciation	()		()	
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 schedule)				
15	Total assets				
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mtges., notes, bonds payable in less than 1 year				
18	Transfer prices payable				
19	Other current liabilities (attach schedule)				
20	Loans from shareholders				
21	Mtges., notes, bonds payable in 1 year or more				
22	Other liabilities (attach schedule)				
23	Capital stock				
24	Additional paid-in capital				
25	Retained earnings—Appropriated (attach schedule)				
26	Retained earnings—Unappropriated				
27	Adjustments to shareholders' equity (attach schedule)				
28	Less cost of treasury stock	()		()	
29	Total liabilities and shareholders' equity				

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see instructions)			
1	Net income (loss) per books		7 Income recorded on books this year not included on this return (itemize):
2	Federal income tax per books		a Tax-exempt interest \$ _____
3	Excess of capital losses over capital gains		b Exempt foreign trade income \$ _____
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):		Depreciation . . . \$ _____
a	Depreciation \$ _____		9 Add lines 7 and 8
b	Deductions attributable to exempt foreign trade income \$ _____		10 Taxable income (line 18, Schedule B)—line 6 less line 9
c	Travel and entertainment \$ _____		
6	Add lines 1 through 5		

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 26, Schedule L)			
1	Balance at beginning of year		5 Distributions: a Cash
2	Net income (loss) per books		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		8 Balance at end of year (line 4 less line 7)