

**SCHEDULE K
(Form 1120-IC-DISC)**

Shareholder's Statement of IC-DISC Distributions—1992

OMB No. 1545-0938

Department of the Treasury
Internal Revenue Service

For calendar year 1992 or other tax year
beginning _____, 1992, ending _____, 19_____
(Complete for each shareholder. See instructions on back of Copy C.)

**COPY A—File with
Form 1120-IC-DISC**

Part I Taxable Distributions

1	Deemed distributions:	a	Under section 995(b)(1)	_____
		b	Annual installment under section 995(b)(2)	_____
		c	Total. Add lines 1a and 1b	_____
2	Actual taxable distributions			_____
3	Total taxable distributions. Add line 1c and line 2. Enter here and in Section A or B below			_____

Section A—C Corporations

4a	Part of line 3 above entitled to section 243 dividends-received deduction	_____
b	Part of line 3 above NOT entitled to dividends-received deduction	_____

Section B—Shareholders Other Than C Corporations

5	Shareholder's portion of taxable dividends on line 3	_____
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Part II Nontaxable Distributions

1	Actual distributions from previously taxed income and accumulated pre-1985 DISC income	_____
2	Other actual nontaxable distributions	_____
3	Total nontaxable distributions. Add lines 1 and 2	_____

Part III Other Information

1	Accumulated IC-DISC income attributable to stock sold during the year	_____
2	Deferred DISC income. See instructions	_____

Shareholder's name, identifying number, and address (including ZIP code)	Name, employer identification number, and address (including ZIP code) of IC-DISC, former DISC, or former IC-DISC

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beginning , 1992, ending , 19

**COPY B—
For Shareholder**

Part I Taxable Distributions

1	Deemed distributions: a Under section 995(b)(1)	
	b Annual installment under section 995(b)(2)	
	c Total. Add lines 1a and 1b	
2	Actual taxable distributions	
3	Total taxable distributions. Add line 1c and line 2. Enter here and in Section A or B below	

Section A—C Corporations

4a	Part of line 3 above entitled to section 243 dividends-received deduction	
b	Part of line 3 above NOT entitled to dividends-received deduction	

Section B—Shareholders Other Than C Corporations

5	Shareholder's portion of taxable dividends on line 3	
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Part II Nontaxable Distributions

1	Actual distributions from previously taxed income and accumulated pre-1985 DISC income	
2	Other actual nontaxable distributions	
3	Total nontaxable distributions. Add lines 1 and 2	

Part III Other Information

1	Accumulated IC-DISC income attributable to stock sold during the year	
2	Deferred DISC income. You must file Form 8404—see instructions	

Shareholder's name, identifying number, and address (including ZIP code)	Name, employer identification number, and address (including ZIP code) of IC-DISC, former DISC, or former IC-DISC

Instructions for Shareholder

(References are to the Internal Revenue Code.)

Note: If applicable, be sure to include the 1992 portion of any 1984 deemed distribution on your 1992 return.

Purpose.—You will receive Copy B of Schedule K (Form 1120-IC-DISC) if you had an actual or deemed distribution from an IC-DISC, former IC-DISC, or former DISC, or the IC-DISC reports deferred DISC income to you on line 2, Part III. **Please keep it for your records. Do not file it with your income tax return.**

Taxable Distributions.—Report the following as “Distributions from an IC-DISC”:

- Deemed and actual taxable distributions, and
- Gain, to the extent of accumulated IC-DISC income, on the sale of stock (see **Disposing of IC-DISC Stock**).

Deemed Distributions.—You are treated as having received deemed distributions (line 1c, Part I) as of the last day of the IC-DISC’s tax year. You must pay tax on the distributions in your tax year that includes that date.

Actual Taxable Distributions.—You must pay tax on actual taxable distributions (line 2, Part I) in the year of receipt.

Section A—C Corporations.—Line 4a, Section A, shows the part of the total taxable distribution on line 3, Part I, that qualifies for the 70% or 80% dividends-received deduction under section 243. Line 4b shows the part that is **not** entitled to the section 243 deduction.

Section B—Shareholders Other Than C Corporations.—If you are an individual, partnership, S corporation, estate, or trust, line 5 shows your share of line 3, Part I, distributions taxable to you as a dividend.

For a tax-exempt entity, any deemed distribution or actual distribution of previously untaxed income is treated as derived from the conduct of an unrelated trade or business.

Disposing of IC-DISC Stock.—If you disposed of stock in an IC-DISC, former IC-DISC, or former DISC, you may be required to include all or part of the gain in your income. The gain, reported as a dividend under section 995(c), is included to the extent of accumulated IC-DISC income attributable to the stock while you held it. This dividend is **not** eligible for the section 243 dividends-received deduction.

For a tax-exempt entity, the gain under section 995(c) is treated as derived from the conduct of an unrelated trade or business.

Foreign shareholders treat all gains on the disposition of stock in an IC-DISC, former IC-DISC, or former DISC, and all distributions from accumulated IC-DISC income or accumulated pre-1985 DISC income, including deemed distributions, as effectively connected with the conduct of a trade or business through a permanent establishment within the United States. See section 996(g) for details.

Line 1, Part III, shows accumulated IC-DISC income attributable to the stock while you held it.

Acquiring IC-DISC Stock.—If you acquired stock in an IC-DISC from a shareholder described above, you may be able to treat part of the distribution on line 1a, 1b (or both) of Part I as a nontaxable distribution of previously taxed income. See section 996(d) for details.

Nontaxable Distributions.—Actual distributions from previously taxed income and accumulated pre-1985 DISC income are generally not taxable to the extent of your basis in the stock for which the distribution was made. Except for distributions of accumulated IC-DISC income and of earnings and profits from the time before the corporation became an IC-DISC, other actual distributions (line 2, Part II) are also not taxable to the extent of your basis in the stock for which the distribution was made. Treat distributions in excess of your basis as a gain from the sale or exchange of property. See section 996(e).

Deferred DISC Income.—Line 2, Part III, shows your share of the IC-DISC’s deferred income for the year. Section 995(f) imposes an interest charge on the additional tax you would be required to pay if this deferred income were included in your income for your tax year that ends with or includes the IC-DISC’s tax year end shown on Schedule K. Complete **Form 8404**, Computation of Interest Charge on DISC-Related Deferred Tax Liability, to figure your interest due. **Note:** *Rev. Rul. 92-98, 1992-46 I.R.B. 9, contains the “base period T-bill rate” for line 8 of Form 8404 for tax years beginning in 1992.*

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Department of the Treasury
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beginning _____, 1992, ending _____, 19_____
(Complete for each shareholder. See instructions on back of Copy C.)

**COPY C—
For IC-DISC's records**

Part I Taxable Distributions

1	Deemed distributions: a Under section 995(b)(1)	
	b Annual installment under section 995(b)(2)	
	c Total. Add lines 1a and 1b	
2	Actual taxable distributions	
3	Total taxable distributions. Add line 1c and line 2. Enter here and in Section A or B below	

Section A—C Corporations

4a	Part of line 3 above entitled to section 243 dividends-received deduction	
b	Part of line 3 above NOT entitled to dividends-received deduction	

Section B—Shareholders Other Than C Corporations

5	Shareholder's portion of taxable dividends on line 3	
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Part II Nontaxable Distributions

1	Actual distributions from previously taxed income and accumulated pre-1985 DISC income	
2	Other actual nontaxable distributions	
3	Total nontaxable distributions. Add lines 1 and 2	

Part III Other Information

1	Accumulated IC-DISC income attributable to stock sold during the year	
2	Deferred DISC income. See instructions	

Shareholder's name, identifying number, and address (including ZIP code)	Name, employer identification number, and address (including ZIP code) of IC-DISC, former DISC, or former IC-DISC

Instructions for IC-DISC

General Instructions

Complete Schedule K (Form 1120-IC-DISC) for each shareholder who had an actual or deemed distribution during the tax year **or** to whom the corporation is reporting deferred DISC income for the year. File Copy A with Form 1120-IC-DISC. Give Copy B to the shareholder by the last day of the 2nd month after your tax year ends. Keep Copy C for your records.

Actual and deemed distributions (or deferred DISC income) are **not** reported on Form 1099-DIV.

Specific Instructions

Part I—Taxable Distributions.—On line 1a enter the shareholder's part of the deemed distributions under section 995(b)(1) and on line 1b enter the portion of the annual installment under section 995(b)(2). The sum of the amounts on these lines for all shareholders should equal the total the corporation reports in Part I and Part III, Schedule J, Form 1120-IC-DISC.

On line 2 of Part I enter the amount of actual distributions that are taxable to the shareholder. These distributions come from accumulated IC-DISC income and other earnings and profits.

Section A.—Complete for shareholders that are C corporations. Enter on line 4a each

shareholder's share of dividends out of other earnings and profits that are eligible for the dividends-received deduction under section 243. No dividends-received deduction is allowed for a dividend from an IC-DISC, former IC-DISC, or former DISC if it—

1. Is paid out of accumulated IC-DISC income or accumulated pre-1985 DISC income;

2. Is paid out of previously taxed income; or

3. Is a deemed distribution under section 995(b)(1).

Line 4b.—Enter on line 4b all Part I income for C corporation shareholders that is taxable and **not** entitled to the dividends-received deduction.

Section B.—Complete for shareholders that are individuals, partnerships, S corporations, estates, or trusts. Enter on line 5 each shareholder's taxable share of line 3, Part I.

Part II—Nontaxable Distributions.—On line 1 enter the shareholder's part of actual distributions from previously taxed income and distributions from accumulated pre-1985 DISC income (see instruction for line 12 of Schedule L of Form 1120-IC-DISC). The total of this line for all shareholders should equal the total the corporation reports on line 4a, Part IV, Schedule J, Form 1120-IC-DISC.

On line 2 enter the shareholder's part of actual nontaxable distributions out of other than (1) previously taxed income or accumulated pre-1985 DISC income, (2) accumulated IC-DISC income, and (3) other earnings and profits. The total of this line for all shareholders should equal the total nontaxable income reported on line 4d, Part IV, Schedule J, Form 1120-IC-DISC.

Part III—Other Information.—If (1) a shareholder disposes of stock in an IC-DISC or former DISC or (2) the stock of an IC-DISC, former IC-DISC, or former DISC is disposed of in a transaction that terminates the separate corporate existence of an IC-DISC, former IC-DISC, or former DISC (other than a mere change in the place of organization), enter on line 1 the accumulated IC-DISC income attributable to the stock that was accumulated in the IC-DISC during the period the shareholder held the stock.

Part III, Line 2.—Enter on line 2 the shareholder's share of the corporation's deferred DISC income at tax year end. See section 995(f) and the instructions for Part V of Schedule J in the **Instructions for Form 1120-IC-DISC** for information on figuring deferred DISC income. The total of this line for all shareholders should equal the total amount reported on line 3, Part V, Schedule J, Form 1120-IC-DISC.