

NORTH CAROLINA **S CORPORATION**
FRANCHISE AND INCOME TAX RETURN

CD
401S
1994

1994

For Calendar year 1994

or fiscal year beginning _____ 1994, ending _____

Franchise tax required with this return applies to ensuing income year

Indicate Change Since Prior Return: Year End: Name: Address: FID#:

Check if a — Final return <input type="checkbox"/>	Name _____		Federal I.D. Number _____
	Address _____		
	City, State and Zip Code _____		
Date Incorporated _____	Principal place from which business is directed or managed _____	Date qualified in N. C. _____	
State of Incorporation _____	Regular or principal trade or business everywhere _____	Regular or principal trade or business in N. C. _____	
Total assets per Bal. Sheet \$ _____	Have Federal income tax returns for any prior year been examined by the IRS? <input type="checkbox"/> Yes <input type="checkbox"/> No (latest year(s) adjusted _____) if yes, have all corresponding State returns been adjusted accordingly? <input type="checkbox"/> Yes <input type="checkbox"/> No if not adjusted, file amended returns.		

DUE DATE
 Calendar year returns are due March 15, 1995. Fiscal year returns are due on the 15th day of 3rd month after end of income year.

Schedule A—COMPUTATION OF FRANCHISE TAX—(All Corporations Complete)			
1.	Capital Stock, Surplus and Undivided Profits (From Schedule C, Line 11 or 13)	_____	▶
2.	Investment in Tangible Property in N.C. (From Schedule D, Line 3)	_____	▶
3.	Appraised Valuation of Property in N.C. (From Schedule E, Line 3)	_____	▶
4.	Taxable Amount (Line 1, 2, or 3 whichever is greatest)	_____	
5.	Total Tax (\$1.50 per \$1,000 of item 4)—(Minimum \$35)	_____	
6.	Less: Tax Paid with Application for Extension	_____	▶
7.	Balance of Tax Due (Enter Overpayment in brackets)	_____	▶
8.	Interest (Due on all Extended Payments) _____ Penalty _____		
9.	Total Franchise Tax Due & Payable (Add lines 7 and 8.)	_____	Franchise ▶
Schedule B—COMPUTATION OF INCOME TAX—(Composite Return for Nonresident Shareholders Only)			
10.	Total State net income (From Schedule H, Line 7)	_____	▶
11.	Less: Nonbusiness income (From Schedule J, Line 8)	_____	▶
12.	Total business income subject to apportionment	_____	
13.	Apportionment factor (From Schedule I)	_____	▶
14.	Business income Apportioned to N.C. (Multiply amount on line 12 by above factor)	_____	
15.	Add: a. Nonbusiness income - N.C. (From Schedule J, Line 9)	_____	▶
	b. Tax credits claimed	_____	▶
16.	Total income allocated to N.C.	_____	▶
17.	Less: Percentage Depletion over Cost Depletion on N. C. Property	_____	▶
18.	Total income allocated to N. C. before contributions to N. C. donees	_____	
19.	Less: Contributions to N. C. donees	_____	▶
20.	Total net taxable income	_____	
21.	Net taxable income of nonresidents filing composite return	_____	▶
22.	Total Tax (See Tax Rate Schedule, Page 3)	_____	▶
23.	Less Tax Credits (attach schedule)	_____	▶
24.	Net Tax Due	_____	
25.	Less: a. Tax paid with application for extension	_____	▶
	b. Tax paid with declaration of estimated tax	_____	▶
26.	Balance of tax due (Enter overpayment in brackets)	_____	
27.	Interest (Due on all Extended Payments) _____ Penalty _____		▶
28.	Total Income Tax Due & Payable (Add lines 26 and 27)	_____	Income ▶
29.	TOTAL TAX PAID (OVERPAID) (Line 9 plus line 28) Remit to N. C. Department of Revenue.	_____	TOTAL ▶
30.	Amount of Overpayment Applied to 1995 Estimated Tax	_____	▶
31.	Amount of Overpayment to be Refunded	_____	▶

ESCHEATS AND ABANDONED PROPERTY: Does the corporation hold property including wages, accounts payable, dividends, etc., belonging to another person or persons which has been unclaimed or abandoned pursuant to G.S. 116B? Yes No

AFFIRMATION OF TAXPAYER: Under penalties prescribed by law, I hereby affirm that to the best of my knowledge and belief this return, including any accompanying schedules and statements, is true and complete. If prepared by a person other than taxpayer, his affirmation is based on all information of which he has any knowledge.

Date _____

Signature and title of officer _____

Date _____

Signature of preparer other than taxpayer _____

—All Corporations Complete Franchise Schedules A, C, D & E—
FRANCHISE TAX SCHEDULES

Schedule C—CAPITAL STOCK, SURPLUS AND UNDIVIDED PROFITS
(Enter amounts from balance sheet/books and records as of end of taxable year.)

1.	Total capital stock outstanding less cost of treasury stock _____	
2.	Paid-in or capital surplus _____	
3.	Retained earnings (Earned surplus and undivided profits) _____	
4.	Other surplus _____	
5.	Deferred or unearned income _____	
6.	Allowance for bad debts _____	
7.	LIFO Reserves _____	
8.	Other reserves that do not represent definite and accrued legal liabilities: _____	
9.	Total (Add lines 1 through 8) _____	
10.	Affiliated indebtedness: (see instructions) _____	
11.	Total (Line 9 plus (or minus) items under line 10) <i>(Carry this amount to Page 1, Schedule A, Line 1, unless allocating business income to other states.)</i> _____	

Lines 12 and 13 to be completed only by corporations allocating business income to other states

12.	Apportionment percentage <i>(From Page 4, Schedule I)</i> _____	%
13.	Capital stock, surplus and undivided profits apportioned to N.C. <i>(Apply above percent to amount on line 11) (Carry this amount to Page 1, Schedule A, Line 1)</i> _____	

Schedule D—INVESTMENT IN TANGIBLE PROPERTY IN NORTH CAROLINA

(Enter amounts from balance sheet/books and records as of end of taxable year of any property located within N.C. except in column 7. Column 7—If income year ends October 31, 1995 or November 30, 1995 show values as of January 1, 1995 otherwise show values of January 1, 1994.)

(1) County in which Located	(2)* Inventories LIFO <input type="checkbox"/> FIFO <input type="checkbox"/> Lower of Cost or market <input type="checkbox"/> Other:	(3) Furniture Fixtures, Machinery & Equipment	(4) Land & Buildings	(5) Leasehold Improvements & Other Tangible Property	(6) TOTALS 2 thru 5	(7) Total Appraised Value for County Property Tax, Including Motor Vehicles**
1.	Totals					
2.	Less: (a) Accumulated depreciation, depletion and amortization _____					
	(b) Debts existing for purchase or improvement of N. C. real estate _____					
3.	Investment in tangible property in N. C. <i>(Line 1 minus line 2 to Page 1, Schedule A, Line 2)</i>					

*LIFO Values not permitted for Franchise Tax purposes.

**Include the appraised value of all vehicles for which the county tax assessor has issued a billing during the income year.

Schedule E—APPRAISED VALUATION OF PROPERTY IN NORTH CAROLINA

1.	Enter 55 percent of Total of Column 7, Schedule D _____	
2.	Intangible property subject to intangibles tax. <i>(If income year ends December 31, 1994 enter total "Taxable Value" from 1993 N.C. Intangibles Personal Property Tax Return, Form H-801; otherwise enter corresponding amount from 1994 return)</i> _____	
3.	Appraised Valuation Of Property In N.C. <i>(Total of Lines 1 and 2 to Page 1, Schedule A, Line 3)</i> _____	

Schedule F—GUIDE TO FORM CD-401S

The S Corporation should complete only the schedules required for the filing situations as listed below. See instructions for specific requirements.

S Corporations with . . .	Complete Schedules
Operation entirely in N. C. with resident shareholders only	A, C, D, E, L, M, K
Operation entirely in N. C. with resident & nonresident shareholders —Nonresidents filing individual return	A, C, D, E, L, M, K, N
—Nonresidents filing composite return	A, B, C, D, E, G, H, L, M, K
Multistate operation with resident shareholders only	A, C, D, E, J, L, M, K, I
Multistate operation with resident & nonresident shareholders —Nonresidents filing individual return	A, C, D, E, I, J, L, M, K, N
—Nonresidents filing composite return	A, B, C, D, E, G, H, I, J, L, M, K

Schedule G—NET INCOME BEFORE STATE ADJUSTMENTS (For Composite Return)

INCOME	1. Ordinary income (loss) from trade or business activity _____	1	
	2. Net income (loss) from rental real estate activity _____	2	
	3. Net income (loss) from other rental activity _____	3	
	4. Portfolio income (loss)		
	a. Interest income _____	4a	
	b. Dividend income _____	4b	
	c. Royalty income _____	4c	
d. Capital gains and (losses) from Schedule D _____	4d		
e. Other portfolio income (loss)(attach schedule) _____	4e		
5. Net gain (loss) under IRC Section 1231 (other than due to casualty or theft) _____	5		
6. Other income (loss)(attach schedule) _____	6		
7. TOTAL income. Add lines 1 through 6	7		
DEDUCTIONS	8. Charitable contributions (attach schedule) _____	8	
	9. Section 179 expense deduction (attach schedule) _____	9	
	10. Deductions related to portfolio income (loss)(attach schedule) _____	10	
	11. Interest expense on investment debts _____	11	
	12. Other deductions (attach schedule) _____	12	
	13. TOTAL deductions. Add lines 8 through 12	13	
	14. Net income before state adjustments. Subtract line 13 from line 7	14	

Schedule H—COMPUTATION OF STATE NET INCOME (For Composite Return)

1. Net income (loss) before state adjustments (see instructions) / from Schedule G, Line 14	▶	
2. Additions:		
a. State income taxes and other taxes based on net income _____	▶	
b. Capital loss carry-over _____	▶	
c. Contributions _____	▶	
d. Percentage depletion in excess of cost depletion (See Instructions) _____	▶	
e. Other _____	▶	
3. Total (Line 1 plus items under line 2)		
4. Deductions:		
a. Interest—U. S. obligations—Net of expenses _____	▶	
b. Deductible portion of dividends (attach schedule) (See Instructions) _____	▶	
c. Capital loss not deducted on Federal return _____	▶	
d. Adjustment to property basis required by federal tax credit (See Instructions) _____	▶	
e. Other _____	▶	
5. Net Income Before Contributions		
6. Less: Contributions to donees outside N. C. (Limited to 5% of Line 5)	▶	
7. Total State Net Income (To Schedule B, Line 10)	▶	

TAX RATE SCHEDULE

S corporations filing a composite return use the following rates in computing the amount of tax due for each nonresident shareholder:

-6%	of the first \$12,750
-7%	of the amount over \$12,750 to \$60,000
-7.75%	of the amount over \$60,000

Schedule I—COMPUTATION OF APPORTIONMENT FACTORS (For Multistate Operations)

Property—(use original cost)	In North Carolina		Total Everywhere		
	Beginning of taxable year	End of taxable year	Beginning of taxable year	End of taxable year	
Land _____					
Buildings _____					
Inventories _____					
Other Property _____					
Total _____			In North Carolina	Total	
PROPERTY VALUES (average value of property above) _____					
Add: Rentals (attach schedule) _____					
1. PROPERTY FACTOR _____					▶ %
Total Compensation _____			\$	\$	
Less: Compensation to general executive officers _____					
2. PAYROLL FACTOR _____			\$	\$	▶ %
3. SALES FACTOR (attach schedule) _____			\$	\$	▶ %
4. SALES FACTOR (same as line 3) _____					▶ %
5. TOTAL OF FACTORS (lines 1, 2, 3 & 4) _____					▶ %
6. ARITHMETICAL AVERAGE OF FACTORS (To Schedule B, Line 13)					▶ %
The sales factor alone may be used only by an "excluded corporation" and certain public utilities. (See Instructions.)			In North Carolina	Total	
SALES FACTOR (attach schedule) (To Page 1 Schedule B, Line 13)					▶ %

NOTE: Building or construction contractors must use the one-factor sales (receipts) ratio above. Such corporations need not complete the property and payrolls factor sections in Schedule J.

Schedule J—NONBUSINESS INCOME*

(If all income is *business income*, do not complete this schedule.)

For each item for which an amount is reported, describe the source of income and explain on an attachment why such income does not constitute business income as defined by law.	Gross Amounts	*Less Related Expenses and Dividends Deductible under G.S. 105-130.7	Net Amounts	**Net Amounts Allocated Directly to N. C.
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8. Total nonbusiness income allocated directly to N. C. and other states (To Schedule B, Line 11)				
9. Nonbusiness income allocated directly to N. C. (To Schedule B, Line 15)				

Attach additional information if needed

***NOTE:** For an acceptable means of computing related expenses, see Regulation entitled, Attribution of Expenses to Nontaxable Income and to Nonbusiness Income and Property.

Schedule K—S CORPORATION SHAREHOLDER(S) SCHEDULE

NOTE: Shareholders filing North Carolina individual returns to report their share of S income should reflect applicable N.C. adjustments [column (c)] and tax credits [column (f)] in the computation of their individual tax liability. If no N.C. adjustments or tax credits are available to shareholders, Schedule K may be omitted if a completed Form 1120S is attached.

Name _____ Federal I. D. Number _____
 Address _____ Calendar Year _____
 or fiscal year ended _____

Shareholder(s) Information		(a) percentage of stock ownership	(b) Amount from federal Schedule K-1 (1120S)	(c) N.C. adjustment	(d) North Carolina amount. Combine (b) and (c)	(e) Income Tax Paid For Shareholder	(f) Tax Credits
1. Shareholder's SSN ▶		%					
Shareholder's name, address and ZIP code	Officer Yes <input type="checkbox"/> No <input type="checkbox"/>						
	Title						
*Schedule N, Agreement Form Filed? <input type="checkbox"/> Yes <input type="checkbox"/> No							
*1994 NC Individual Return To Be Filed? <input type="checkbox"/> Yes <input type="checkbox"/> No							
2. Shareholder's SSN ▶		%					
Shareholder's name, address and ZIP code	Officer Yes <input type="checkbox"/> No <input type="checkbox"/>						
	Title						
*Schedule N, Agreement Form Filed? <input type="checkbox"/> Yes <input type="checkbox"/> No							
*1994 NC Individual Return To Be Filed? <input type="checkbox"/> Yes <input type="checkbox"/> No							
3. Shareholder's SSN ▶		%					
Shareholder's name, address and ZIP code	Officer Yes <input type="checkbox"/> No <input type="checkbox"/>						
	Title						
*Schedule N, Agreement Form Filed? <input type="checkbox"/> Yes <input type="checkbox"/> No							
*1994 NC Individual Return To Be Filed? <input type="checkbox"/> Yes <input type="checkbox"/> No							
4. Shareholder's SSN ▶		%					
Shareholder's name, address and ZIP code	Officer Yes <input type="checkbox"/> No <input type="checkbox"/>						
	Title						
*Schedule N, Agreement Form Filed? <input type="checkbox"/> Yes <input type="checkbox"/> No							
*1994 NC Individual Return To Be Filed? <input type="checkbox"/> Yes <input type="checkbox"/> No							
5. Shareholder's SSN ▶		%					
Shareholder's name, address and ZIP code	Officer Yes <input type="checkbox"/> No <input type="checkbox"/>						
	Title						
*Schedule N, Agreement Form Filed? <input type="checkbox"/> Yes <input type="checkbox"/> No							
*1994 NC Individual Return To Be Filed? <input type="checkbox"/> Yes <input type="checkbox"/> No							
TOTALS							

Explanation (see instructions)

*After entering shareholder's name and address, nonresident shareholders indicate if Schedule N, agreement to file and pay tax, has been filed. All shareholders indicate if N. C. Individual return has been filed.

- Column (a) Indicate percentage of ownership as determined under federal rules. Also, if an officer mark the "Yes" box and give title.
- Column (b) Combine and net the amount from Federal Form 1120S, Schedule K-1.
- Column (c) Enter all additions and deductions required under G. S. 105-130.5 of the corporate law and applicable provisions of the Individual Income Tax Law.
- Column (d) Generally this amount should be the taxable income of the S shareholder for North Carolina individual income tax purposes.
- Column (e) If a composite return is filed on behalf of some or all shareholders or if the corporation has nonresident shareholders who have not filed the "nonresident agreement" agreeing to be liable for the tax on income earned in North Carolina, the amount of tax will be entered in this column and the total of such tax remitted with this return.
- Column (f) Any tax credits for which the corporation is eligible should be shown on an attached schedule and the pro rata share of such credits should be shown in this column. Also, for resident shareholders, include the pro rata share of income tax paid by the corporation to other states.

Schedule L—BALANCE SHEETS

ASSETS	BEGINNING OF INCOME YEAR		END OF INCOME YEAR	
	(a)	(b)	(c)	(d)
1. Cash _____				
2. Trade notes and accounts receivable _____				
(a) Less allowance for bad debts _____				
3. Inventories _____				
4. Federal and state government obligations _____				
5. Other current assets (attach schedule) _____				
6. Loans to shareholders _____				
7. Mortgage and real estate loans _____				
8. Other investments (attach schedule) _____				
9. Buildings and other fixed depreciable assets _____				
(a) Less accumulated depreciation _____				
10. Depletable assets _____				
(a) Less accumulated depletion _____				
11. Land (net of any amortization) _____				
12. Intangible assets (amortizable only) _____				
(a) Less accumulated amortization _____				
13. Other assets (attach schedule) _____				
14. Total assets _____				
LIABILITIES AND CAPITAL				
15. Accounts payable _____				
16. Mtges., notes, bonds payable in less than 1 year _____				
17. Other current liabilities (attach schedule) _____				
18. Loans from stockholders _____				
19. Mtges., notes, bonds payable in 1 year or more _____				
20. Other liabilities (attach schedule) _____				
21. Capital stock _____				
22. Paid-in or capital surplus _____				
23. Retained Earnings _____				
24. Less cost of treasury stock _____		(_____)		(_____)
25. Total liabilities and shareholders' equity _____				

Schedule M-1—RECONCILIATION OF INCOME PER BOOKS WITH INCOME PER RETURN

(You are not required to complete this schedule if the total assets on line 14; column (d), of Schedule L are less than \$25,000.)

1. Net income per books _____		5. Income recorded on books this year not included on Schedule G, lines 1 through 6 (itemize):	
2. Income included on Schedule G, lines 1 through 6, not recorded on books this year (itemize): _____		a. Tax-exempt interest \$ _____	
3. Expenses recorded on books this year not included on Schedule G, lines 1 through 14 (itemize):		6. Deductions included on Schedule G, lines 1 through 14; not charged against book income this year (itemize):	
a. Depreciation \$ _____		a. Depreciation \$ _____	
b. Travel and entertainment \$ _____		7. Add lines 5 and 6 _____	
4. Add lines 1 through 3 _____		8. Income (loss) (Schedule G, 14). Line 4 less Line 7 _____	

Schedule M-2—ANALYSIS OF ACCUMULATED ADJUSTMENTS ACCOUNT, OTHER ADJUSTMENTS ACCOUNT, AND SHAREHOLDERS' UNDISTRIBUTED TAXABLE INCOME PREVIOUSLY TAXED (See instructions)

	(a) Accumulated adjustments account	(b) N. C. adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1. Balance at beginning of year _____			
2. Ordinary income from Schedule G, line 1 _____			
3. Other additions _____			
4. Loss from Schedule G, line 1 _____ (_____)			
5. Other reductions _____ (_____) (_____)			
6. Combine lines 1 through 5 _____			
7. Distributions other than dividend distributions _____			
8. Balance at end of tax year. Subtract line 7 from line 6 _____			