



# S Corporation Tax Return 2006

North Carolina Department of Revenue

Submit forms in the order indicated. NC-478V, CD-419, and CD-425 are processed separately. CD-401S, followed by CD-420.

**DRAFT**

For calendar year **2006**, or other tax year beginning (MM-DD)  -  - **06** and ending (MM-DD-YY)  -  -   Fill in circle if tax year is less than 12 months

**Legal Name (First 35 Characters)(USE CAPITAL LETTERS FOR YOUR NAME AND ADDRESS)**

**Address**

**City**  **State**  **Zip Code**

**Federal Employer ID Number**

**Secretary of State ID**  **NAICS Code**

**Fill in all applicable circles:**

<input type="checkbox"/> QSSS or Parent QSSS	<input type="checkbox"/> Initial Filer	<input type="checkbox"/> NC-478 is attached
<input type="checkbox"/> Fed Schedule M-3 is attached	<input type="checkbox"/> Final Return	<input type="checkbox"/> CD-479 is attached
<input type="checkbox"/> Has Escheatable Property	<input type="checkbox"/> Amended Return	<input type="checkbox"/> LLC Taxed as Corp

**Gross Receipts / Sales**  
 .00

**Total Assets per Balance Sheet**  
 .00



**(A) Computation of Franchise Tax**

<b>1. Capital Stock, Surplus, and Undivided Profits</b> <i>(From Schedule C, Line 13)</i>	<input type="checkbox"/>	<input type="text"/>	.00
<b>2. Investment in N.C. Tangible Property</b> <i>(From Schedule D, Line 8)</i>	<input type="checkbox"/>	<input type="text"/>	.00
<b>3. Appraised Value of N.C. Tangible Property</b> <i>(From Schedule E, Line 2)</i>	<input type="checkbox"/>	<input type="text"/>	.00
<b>4. Taxable Amount</b> Line 1, 2, or 3, whichever is greatest	<input type="checkbox"/>	<input type="text"/>	.00
<b>5. Total Franchise Tax Due</b> Multiply Line 4 by .0015 (\$1.50 per \$1,000.00 - minimum \$35.00)	<input type="checkbox"/>	<input type="text"/>	.00
<b>6. Payment with Application for Franchise Tax Extension</b> <i>(From Form CD-419, Line 9)</i>	<input type="checkbox"/>	<input type="text"/>	.00
<b>7. Tax Credits</b> <i>(From Form CD-425, Part 2, Line 12)</i> <i>If a tax credit is claimed on Line 7, Form CD-425 MUST be attached.</i>	<input type="checkbox"/>	<input type="text"/>	.00
<b>8. Franchise Tax Due</b> - If the sum of Line 6 plus 7 is less than Line 5, enter difference here and on Page 2, Line 30	<input type="checkbox"/>	\$ <input type="text"/>	.00
<b>9. Franchise Tax Overpaid</b> - If the sum of Line 6 plus 7 is more than Line 5, enter difference here and on Page 2, Line 30	<input type="checkbox"/>	<input type="text"/>	.00

**Holding Company Exception**  
*(See instructions)*

**(B) Computation of Corporate Income Tax**

<b>10. Shareholders' Shares of Corporation Income (Loss)</b> <i>(From Schedule H, Line 11 or Federal Schedule K, Lines 1-10)</i>	<input type="checkbox"/>	<input type="text"/>	.00
<b>11. Adjustments to Corporation Income (Loss)</b> <i>(From Schedule I, Line 5)</i>	<input type="checkbox"/>	<input type="text"/>	.00
<b>12. N.C. Taxable Income</b> Add (or subtract) Lines 10 and 11	<input type="checkbox"/>	<input type="text"/>	.00
<b>13. Nonapportionable Income</b> <i>(From Schedule N, Line 1)</i>	<input type="checkbox"/>	<input type="text"/>	.00
<b>14. Apportionable Income</b> Line 12 minus Line 13	<input type="checkbox"/>	<input type="text"/>	.00
<b>15. Apportionment Factor</b> - Enter to four decimal places <i>(From Schedule O, Part 1; Part 2 - Line 15; Part 3; or Part 4)</i>	<input type="checkbox"/>	<input type="text"/> . <input type="text"/> %	
<b>16. Income Apportioned to N.C.</b> Multiply Line 14 by factor on Line 15	<input type="checkbox"/>	<input type="text"/>	.00
<b>17. Nonapportionable Income Allocated to N.C.</b> <i>(From Schedule N, Line 2)</i>	<input type="checkbox"/>	<input type="text"/>	.00
<b>18. Total Net Taxable Income</b> - Add Lines 16 and 17 <i>(Composite filers complete Lines 19 through 23; all others skip to Line 24)</i>	<input type="checkbox"/>	<input type="text"/>	.00
<b>19. Amount of Line 18 Attributable to Nonresidents Filing Composite</b>	<input type="checkbox"/>	<input type="text"/>	.00
<b>20. Separately Stated Items of Income Attributable to Nonresidents Filing Composite</b> <i>(See instructions)</i>	<input type="checkbox"/>	<input type="text"/>	.00

If amount on Line 10-14 or 16-19 is negative, fill in circle.

Example:



Legal Name \_\_\_\_\_ FEIN \_\_\_\_\_

<b>(C) Capital Stock, Surplus, and Undivided Profits</b> - Enter amounts from book balance sheet as of the end of the tax year	
1. Total capital stock outstanding less cost of treasury stock	1. _____ .00
2. Paid-in or capital surplus	2. _____ .00
3. Retained earnings (earned surplus and undivided profits)	3. _____ .00
4. Other surplus	4. _____ .00
5. Deferred or unearned income	5. _____ .00
6. Allowance for bad debts	6. _____ .00
7. LIFO reserves	7. _____ .00
8. Other reserves that do not represent definite and accrued legal liabilities	8. _____ .00
9. Add Lines 1 through 8 and enter total	9. _____ .00
10. Affiliated indebtedness (See instructions) _____ _____ _____	10. _____ .00
11. Line 9 plus (or minus) Line 10	11. _____ .00
12. Apportionment factor (From Schedule O, Part 1; Part 2 - Line 15; Part 3; or Part 4)	12. _____ %
<b>13. Capital Stock, Surplus, and Undivided Profits</b> Multiply Line 11 by factor on Line 12 and enter result here and on Schedule A, Line 1. If amount on Line 13 is less than zero, enter zero on Schedule A, Line 1.	13. <span style="border: 1px solid red; padding: 2px;">_____</span> .00

<b>(D) Investment in N.C. Tangible Property</b> - Enter amounts from book balance sheet as of the end of the tax year on N.C. property	
<i>Inventory valuation method:</i>	
1. Total value of inventories located in N.C. <input type="radio"/> FIFO <input type="radio"/> Lower of cost or market <input type="radio"/> Other _____ <small>(LIFO valuation not permitted)</small>	1. _____ .00
2. Total value of furniture, fixtures, and machinery and equipment located in N.C.	2. _____ .00
3. Total value of land and buildings located in N.C.	3. _____ .00
4. Total value of leasehold improvements and other tangible property located in N.C.	4. _____ .00
5. Add Lines 1 through 4 and enter total	5. _____ .00
6. Accumulated depreciation, depletion, and amortization with respect to N.C. tangible property	6. _____ .00
7. Debts existing for the purchase or improvement of N.C. real estate	7. _____ .00
<b>8. Investment in N.C. Tangible Property</b> Line 5 minus Lines 6 and 7; enter amount here and on Schedule A, Line 2	8. <span style="border: 1px solid red; padding: 2px;">_____</span> .00

<b>(E) Appraised Value of N.C. Tangible Property</b>	
1. Total appraised value of all N.C. tangible property, including motor vehicles <small>(If tax year ends December 31, 2006 through September 30, 2007, enter the appraised county tax value of all real and tangible property located in N.C. as of January 1, 2006, including any motor vehicles assessed during the tax year. Otherwise, enter value as of January 1, 2007.)</small>	1. _____ .00
<b>2. Appraised Value of N.C. Tangible Property</b> Multiply Line 1 by 55%; enter here and on Schedule A, Line 3	2. <span style="border: 1px solid red; padding: 2px;">_____</span> .00

<b>(F) Other Information - All Taxpayers Must Complete this Schedule</b>	
1. State of incorporation _____ Date incorporated _____	
2. Date Certificate of Authority was obtained from N.C. Secretary of State _____	
3. Regular or principal trade or business in N.C. _____ Everywhere _____	
4. Principal place from which business is directed or managed _____	
5. What was the last year the IRS redetermined the corporation's federal taxable income? _____ Were the adjustments reported to N.C.? <input type="radio"/> Yes <input type="radio"/> No If so, when? _____	
6. Is this corporation subject to franchise tax but not N.C. income tax because the corporation's income tax activities are protected under P.L. 86-272? <input type="radio"/> Yes (Attach detailed explanation) <input type="radio"/> No	

Legal Name \_\_\_\_\_

FEIN \_\_\_\_\_

**Ⓒ Ordinary Income (Loss) from Trade or Business Activities**

(Complete this schedule only if you do not attach a copy of your federal income tax return.)

1. a. Gross receipts or sales	_____	.00
b. Returns and allowances	_____	.00
c. Balance (Line 1a minus Line 1b)	_____	.00
2. Cost of goods sold (Attach schedule)	_____	.00
3. Gross profit (Line 1c minus Line 2)	_____	.00
4. Net gain (loss) (Attach schedule)	_____	.00
5. Other income (loss) (Attach schedule)	_____	.00
<b>6. Total Income (Loss)</b> Add Lines 3 through 5	_____	.00
7. Compensation of officers (Attach schedule)	_____	.00
8. Salaries and wages (Less employment credits)	_____	.00
9. Repairs and maintenance	_____	.00
10. Bad debts	_____	.00
11. Rents	_____	.00
12. Taxes and licenses	_____	.00
13. Interest	_____	.00
14. a. Depreciation _____		
b. Depreciation included in cost of goods sold _____		
c. Balance (Line 14a minus 14b)	_____	.00
15. Depletion	_____	.00
16. Advertising	_____	.00
17. Pension, profit-sharing, and similar plans	_____	.00
18. Employee benefit programs	_____	.00
19. Other deductions (Attach schedule)	_____	.00
<b>20. Total Deductions</b> Add the amounts shown in the far right column for Lines 7 through 19	_____	.00
<b>21. Ordinary Business Income (Loss)</b> Line 6 minus Line 20; enter amount here and on Schedule H, Line 1	_____	.00

**Ⓗ Computation of Income (Loss)**

1. Ordinary business income (loss)	_____	.00
2. Net rental real estate income (loss)	_____	.00
3. Other net rental income (loss)	_____	.00
4. Interest income	_____	.00
5. Ordinary dividends	_____	.00
6. Royalties	_____	.00
7. Net short-term capital gain (loss)	_____	.00
8. Net long-term capital gain (loss)	_____	.00
9. Net section 1231 gain (loss)	_____	.00
10. Other income (loss) (Attach schedule)	_____	.00
<b>11. Total Income (Loss)</b> Add Lines 1 through 10 and enter amount here and on Schedule B, Line 10	_____	.00

**Ⓘ Adjustments to Income (Loss)**

<b>1. Additions to Income (Loss):</b>		
a. Taxes based on net income	_____	.00
b. Interest on non-N.C. obligations	_____	.00
c. Other additions to federal taxable income (See Form D-401, Individual Income Tax Instructions, for other additions that may be applicable to S-Corporations.)	_____	.00
<b>2. Total Additions</b> Add Lines 1a through 1c	_____	.00
<b>3. Deductions from Income (Loss):</b>		
a. U.S. obligation interest (net of expenses)	_____	.00
b. Additional first-year depreciation (See Instructions)	_____	.00
c. Other deductions from federal taxable income (See Form D-401, Individual Income Tax Instructions, for other deductions that may be applicable to S-Corporations.)	_____	.00
<b>4. Total Deductions</b> Add Lines 3a through 3c	_____	.00
<b>5. Adjustments to Income (Loss)</b> Line 2 minus Line 4; enter result here and on Schedule B, Line 11	_____	.00

**Ⓙ Explanation of Changes for Amended Return**

(Additional space for explanation of changes provided on Page 8)

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Legal Name \_\_\_\_\_

FEIN \_\_\_\_\_

K Shareholders' Pro Rata Share Items

	Shareholder 1	Shareholder 2	Shareholder 3
1. Identifying Number	_ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _	_ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _	_ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _
2. Name			
3. Address			
4. Percentage of ownership	_ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _  %	_ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _  %	_ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _  %
5. Share of income (loss) <i>(From Schedule H, Line 11)</i>			
6. Additions to income (loss) <i>(From Schedule I, Line 2)</i>			
7. Deductions from income (loss) <i>(From Schedule I, Line 4)</i>			
8. Income subject to N.C. tax Add (subtract) Lines 5, 6, and 7			
9. Share of tax credits <i>(See instructions)</i>			
10. Share of tax withheld from nonwage compensation			
11. Amount of Line 8 apportioned or allocated to N.C. (nonresidents only)			
12. Separately stated items of income (nonresidents only)			
13. Net tax paid for shareholder by corporation (nonresidents only)			
	Shareholder 4	Shareholder 5	Shareholders' Total
1. Identifying Number	_ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _	_ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _	
2. Name			
3. Address			
4. Percentage of ownership	_ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _  %	_ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _  %	_ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _  %
5. Share of income (loss) <i>(From Schedule H, Line 11)</i>			
6. Additions to income (loss) <i>(From Schedule I, Line 2)</i>			
7. Deductions from income (loss) <i>(From Schedule I, Line 4)</i>			
8. Income subject to N.C. tax Add (subtract) Lines 5, 6, and 7			
9. Share of tax credits <i>(See instructions)</i>			
10. Share of tax withheld from nonwage compensation			
11. Amount of Line 8 apportioned or allocated to N.C. (nonresidents only)			
12. Separately stated items of income (nonresidents only)			
13. Net tax paid for shareholder by corporation (nonresidents only)			

(Attach additional pages if needed)

Legal Name \_\_\_\_\_

FEIN \_\_\_\_\_

L Balance Sheet per Books

Assets	Beginning of Tax Year		End of Tax Year	
1. Cash				
2. a. Trade notes and accounts receivable				
b. Less allowance for bad debts	(            )		(            )	
3. Inventories				
4. a. U.S. government obligations				
b. State and other obligations				
5. Tax-exempt securities				
6. Other current assets (Attach schedule)				
7. Loans to shareholders				
8. Mortgage and real estate loans				
9. Other investments (Attach schedule)				
10. a. Buildings and other depreciable assets				
b. Less accumulated depreciation	(            )		(            )	
11. a. Depletable assets				
b. Less accumulated depletion	(            )		(            )	
12. Land (net of any amortization)				
13. a. Intangible assets (amortizable only)				
b. Less accumulated amortization	(            )		(            )	
14. Other assets (Attach schedule)				
15. <b>Total Assets</b>				

Liabilities and Shareholders' Equity				
16. Accounts payable				
17. Mortgages, notes, and bonds payable in less than 1 year				
18. Other current liabilities (Attach schedule)				
19. Loans from shareholders				
20. Mortgages, notes, and bonds payable in 1 year or more				
21. Other liabilities (Attach schedule)				
22. Capital stock				
23. Additional paid-in capital				
24. Retained earnings				
25. Adjustments to shareholders' equity (Attach schedule)				
26. Less cost of treasury stock		(            )		(            )
27. <b>Total Liabilities and Shareholders' Equity</b>				

M-1 Federal Schedule

1. Net income (loss) per books		5. Income recorded on books this year not included on Federal Schedule K, Lines 1 through 10 (itemize):	
2. Income included on Federal Schedule K, Lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9 and 10 not recorded on books this year (itemize):		Tax-exempt interest \$ _____	
3. Expenses recorded on books this year not included on Federal Schedule K, Lines 1 through 12, and 14l (itemize):		6. Deductions included on Federal Schedule K, Lines 1 through 12, and 14l not charged against book income this year (itemize):	
a. Depreciation \$ _____		Depreciation \$ _____	
b. Travel and entertainment \$ _____		7. Add Lines 5 and 6	
4. Add Lines 1 through 3		8. Income (Loss) (Federal Schedule K, Line 18) Line 4 minus Line 7	

M-2 Analysis of N.C. AAA

	N.C. Accumulated Adjustments	N.C. Other Adjustments	Undistributed income previously taxed
1. Balance at beginning of year			
2. Ordinary income from Schedule G, Line 21			
3. Other additions			
4. Loss from Schedule G, Line 21	(            )		
5. Other reductions	(            )	(            )	
6. Combine Lines 1 through 5			
7. Distributions other than dividend distributions			
8. Balance at end of tax year (Line 6 minus Line 7)			

Legal Name \_\_\_\_\_ FEIN \_\_\_\_\_

Complete this schedule only if you apportion income to North Carolina and to other states **AND** you have income classified as nonapportionable income. See the instructions for an explanation of what is apportionable income and what is nonapportionable income.

Nonapportionable Income

(A) Nonapportionable Income	(B) Gross Amounts	(C) Related Expenses*	(D) Net Amounts (Column B minus Column C)	(E) Net Amounts Allocated Directly to N.C.

<b>1. Nonapportionable Income</b> (Enter the total of Column D here and on Schedule B, Line 13)	.00	
<b>2. Nonapportionable Income Allocated to N.C.</b> (Enter the total of Column E here and on Schedule B, Line 17)		.00

**Explanation** of why income listed in chart is nonapportionable income rather than apportionable income:

(Attach additional sheets if necessary)

\* For an acceptable means of computing related expenses, see 17 N.C.A.C. 5C .0304.

Computation of Apportionment Factor

**Part 1. Domestic and Other Corporations Not Apportioning Franchise or Income Outside N.C.** Enter 100% here and on Schedule C, Line 12 and Schedule B, Line 15 \_\_\_\_\_ %

**Part 2. Corporations Apportioning Franchise or Income to N.C. and to Other States**  
**Note:** Apportionment factors **must be calculated 4 places** to the right of the decimal. Example: \_\_\_\_\_ 99.9999 %

	1. Within North Carolina		2. Total Everywhere		Factor
	(a) Beginning Period	(b) Ending Period	(a) Beginning Period	(b) Ending Period	
1. Land					
2. Buildings					
3. Inventories					
4. Other property					
5. Total (Add Lines 1-4)					
6. Average value of property Add amounts on Line 5 for (a) and (b); divide by 2					
7. Rented property (Multiply annual rents by 8)					
8. <b>Property Factor</b> (Add Lines 6 and 7; divide Column 1 by Column 2 and enter factor)					%
9. Gross payroll					
10. Compensation of general executive officers					
11. <b>Payroll Factor</b> (Line 9 minus Line 10; divide Column 1 by Column 2 and enter factor)					%
12. <b>Sales Factor</b> (Attach schedule) Divide Column 1 by Column 2 and enter factor					%
13. <b>Sales Factor</b> (Enter the same factor as on Line 12)					%
14. <b>Total of Factors</b> (Add Lines 8, 11, 12, and 13)					%
15. <b>N.C. Apportionment Factor</b> (Divide Line 14 by the number of factors present; enter result here and on Schedule C, Line 12 and Schedule B, Line 15)					%

**Part 3. Excluded Corporations and Public Utilities, Other Than Those Companies Listed in Part 4**  
 Excluded corporations must use the sales factor alone. These corporations need not complete the property and payroll factor sections of this Schedule. (See instructions and G.S. 105 -130.4 for definition of excluded corporation.) Enter the sales factor from Line 12 here and on Schedule C, Line 12 and Schedule B, Line 15. \_\_\_\_\_ %

**Part 4. Telephone Companies, Motor Carriers, and Railroad Companies**  
 Enter the computed apportionment factor here, on Schedule C, Line 12, and Schedule B, Line 15. \_\_\_\_\_ %  
 (See Form CD-405 instructions and G.S. 105 -130.4 for more information.)

