CAUTION.

Read all instructions.

Answer all questions.

If necessary, ask your Collector of Internal Revenue for assistance.

Form 1103—UNITED STATES INTERNAL REVENUE.

CORPORATION EXCESS PROFITS TAX RETURN

Taxable year ended ...., 19

Name ....

Business address ....

(Do not write in this space.)
RECEIVED

LIST.		
Month.	Page.	Line.

Audited by.................

Kind of business .... *Date established* ....

GENERAL INSTRUCTIONS.

1. Complete instructions.—For complete instructions concerning the filling of this form see Regulations No. 41 relative to the War Excess Profits Taxes imposed by the War Revenue Act approved October 3, 1917, referred to hereinafter as Excess Profits Tax Regulations. Copies can be obtained from any collector of internal revenue.

2. Who must make a return on Form 1103.—Every corporation having for the taxable year a net income of $3,000 or more (see Form 1031) must make a return on this form of its average invested capital during the taxable year and compute the amount of its excess profits tax, if any, as directed herein.

This return should be made at the same time and in the same manner as the return of net income for the taxable year on Form 1031.

A corporation which claims that it employs in its business only a nominal capital or that it can not satisfactorily determine the amount of its invested capital must, nevertheless, fill this form as far as practicable in order to show the facts necessary for action on its claim.

3. Taxable year.—The taxable year is the calendar year 1917 or (if the fiscal year of the corporation differs from the calendar year) the fiscal year ending in the calendar year 1917. A corporation whose fiscal year differs from the calendar year may also use this form for its return (without entries for prewar period) covering the fiscal year ending in 1918.

4. Taxable income.—All the income of a corporation from whatever source derived is deemed to be derived from its business and all such income subject to the income tax is also subject to the excess profits tax except as provided for in Schedule I.

5. Deduction.—Each corporation whose income (derived from a business carried on with invested capital) is subject to excess profits tax may deduct from the amount of its taxable income (1) an amount equal to not less than 7 per cent and not more than 9 per cent of the amount of its invested capital, as explained below, and (2) $3,000.

If the corporation was not in existence during the whole of at least one of the calendar years 1911, 1912, and 1913, designated by the act of October 3, 1917, as the prewar period, and has not succeeded to the control of a business which was carried on during any one or more of those years, the first deduction is an amount equal to 8 per cent of the amount of invested capital. Otherwise the deduction is an amount equal to the same percentage of the invested capital for the taxable year as the average net income during the prewar period was of the average invested capital during that period, provided that if such percentage is less than 7 per cent, the deduction shall be computed at the rate of 7 per cent and if more than 9, at the rate of 9 per cent (see Excess Profits Tax Regulations, Article 21).

In order to take advantage of this provision, the corporation must make a return of invested capital during the prewar period as well as during the taxable year. Space for such a return is provided on this form.

If the corporation prefers, it may compute the deduction at the rate of 7 per cent and avoid the necessity of rendering a return of invested capital for the prewar period. In any case the average amount of invested capital during the taxable year must be determined if possible.

6. Invested capital.—For definition of "invested capital" and complete instructions for computing its amount see Excess Profits Tax Regulations, Articles 42 to 65.

7. Computation of tax for fiscal year, part of which falls in the calendar year 1917.—The tax of a corporation whose fiscal year differs from the calendar year shall be that proportion of the tax computed on the net income for the fiscal year which the number of months from January 1, 1917, to the end of the fiscal year bears to the entire number of months in the fiscal year.

8. Corporations making claim for assessment under Article 52 of the Regulations (section 210 of the act of October 3, 1917) should answer all questions and fill all schedules so far as possible and attach a statement explaining why it is impracticable or, in the case of foreign corporations, unreasonably expensive to fill out the entire return.

SCHEDULE I.—NET INCOME FOR TAXABLE YEAR SUBJECT TO EXCESS PROFITS TAX.

1.	Net income for taxable year shown in Item 8, Form 1031		$
2.	Plus interest on obligations of the United States issued since September 24, 1917, held by corporation in excess of $5,000 par value		
3.	TOTAL		
4.	Less (*a*) Dividends received as shown in Item 3*d*, Form 1031	$	
5.	(*b*) Interest paid (not in excess of legal limit) on indebtedness incurred for purchase of obligations reported in item 2, above		
6.	NET INCOME SUBJECT TO EXCESS PROFITS TAX		$

SCHEDULE II.—INVESTED CAPITAL.

ITEM.	1911	1912	1913	TAXABLE YEAR.
1. Capital, surplus, and undivided profits at the close of the preceding year as shown by corporation's books before making any adjustments therein (from Schedule A)	$	$	$	$
2. Adjustments by way of additions (from Schedule B)				
3. TOTAL	$	$	$	$
4. Adjustments by way of deductions (from Schedule C)				
5. Invested capital at beginning of year (Item 3 less Item 4)	$	$	$	$
6. Changes in invested capital during year (from Schedules D and E)				
7. Invested capital for year	$	$	$	$
8. TOTAL INVESTED CAPITAL FOR PREWAR PERIOD				$

SCHEDULE III.—DEDUCTION.

1. Percentage—net income to invested capital for prewar period. (Item 6, Schedule F, divided by Item 8, Schedule II. Carry out result as far as desired, but drop the remainder, if any, without increasing the last figure of the percentage	%
2. Percentage to be used in computing deduction (see Instruction 5)	%
3. Amount of deduction computed at above rate on invested capital for taxable year	$
4. Exemption (except for foreign corporations)	3 000 00
TOTAL DEDUCTION	$

SCHEDULE IV.—COMPUTATION OF TAX.

CLASSES OF INCOME FOR COMPUTATION OF TAX. Over—	But not over—	Amount of income in each class.	Deduction (if in excess of 15 per cent of invested capital, enter only 15 per cent on first line and balance on line or lines below).	Balance subject to tax.	Rate.	AMOUNT OF TAX.
1	2	3	4	5	6	7
$0.00	15 % of invested capital	$	$	$	20%	$
15 % of invested capital	20 % of invested capital				25%	
20 % of invested capital	25 % of invested capital				35%	
25 % of invested capital	33 % of invested capital				45%	
33 % of invested capital					60%	
TOTAL		$	$	$	x x	$

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SCHEDULE A.—CAPITAL, SURPLUS, AND UNDIVIDED PROFITS AS SHOWN BY BOOKS BEFORE MAKING ANY ADJUSTMENTS THEREIN.

A4. Stock actually outstanding (not in the corporation treasury) at the end of the preceding taxable year may be counted as invested capital to the extent that it is paid up.

A6. Reserves consisting of amounts not deductible in the computation of net income under the income tax law, may, if properly explained, be included as part of the surplus for the purpose of computing the invested capital.

ITEM.	1911	1912	1913	TAXABLE YEAR
Capital stock paid up and actually outstanding at the close of the preceding year (not including treasury stock):				
1. First preferred	$	$	$	$
2. Second preferred				
3. Common				
4. TOTAL	$	$	$	$
Surplus and undivided profits:				
5. Paid-in surplus	$	$	$	$
6. Earned surplus				
7. Undivided profits				
8. GRAND TOTAL OF ITEMS 4, 5, 6, AND 7	$	$	$	$

SCHEDULE B.—ADJUSTMENTS BY WAY OF ADDITIONS.

B1. If any part of the interest on the corporation's permanent indebtedness was excluded as a deduction from the corporation's income for any year (see Form 1031), a proportionate part of such indebtedness may be added to invested capital for that year as Item 1, Schedule B.

B2. If any addition to invested capital is reported in Item 2, Schedule B, submit a full statement showing the kind of property, the date when paid in, its value on that date, and how the value was determined.

B3. If an addition to invested capital is reported in Item 3, Schedule B, submit a statement showing the kind of property, its cost, and the year in which it was acquired.

B4. If any addition to invested capital is reported in Item 4, Schedule B, state specifically the amount of depreciation or depletion written off each year in the books of the company and the amount allowed as a deduction in computing taxable income

ITEM.	1911	1912	1913	TAXABLE YEAR
1. Proportion of permanent indebtedness, the interest on which is not deductible from income in computing income tax (Article 44)	$	$	$	$
2. Value of tangible property in excess of par value of stock issued therefor (Article 63)				
3. Additions to capital account allowable under Article 64				
4. Depreciation charged in accounts of corporation but disallowed by Treasury Department as expense on income tax returns				
5.				
6.				
7. TOTAL	$	$	$	$

SCHEDULE C.—ADJUSTMENTS BY WAY OF DEDUCTIONS.

C1. Is any good will, trade-mark, trade brand, franchise, or similar intangible property, paid in for stock, entered on the books of the corporation at a value in excess of its actual cash value when paid in? ________ In excess of the par value of the stock issued therefor? ________ In excess (in the aggregate) of 20 per cent of the par value of the stock outstanding on March 3, 1917? ________

If so, submit a statement showing (*a*) date of acquisition; (*b*) cash value at that date; (*c*) par value of stock issued therefor; (*d*) par value of total stock outstanding on March 3, 1917; and (*e*) value at which the assets are entered on the books of the corporation.

The amount by which "*e*" exceeds "*b*," "*c*," or 20 per cent of "*d*," whichever is lowest, must be entered as Item 1, Schedule C, for the taxable year and for each year of the prewar period that is affected.

C2. Is any patent or copyright, paid in for stock, entered on the books of the corporation at a value in excess of its actual cash value when paid in? ________ In excess of the par value of the stock issued therefor? ________

If so, submit a statement showing (*a*) date of acquisition; (*b*) cash value of the patent or copyright at that date; (*c*) par value of the stock issued therefor; and (*d*) value at which the patent or copyright is entered on the books of the corporation.

The amount by which "*d*" exceeds "*b*" or "*c*," whichever is the lower, must be entered as Item 2, Schedule C, for the taxable year and for each year of the prewar period that is affected.

C3. Is any tangible property, paid in for stock, entered on the books of the corporation at a value in excess of its actual cash value when received? ________ In excess of the par value of the stock paid therefor? ________

Is any tangible property paid for specifically with stock before January 1, 1914, entered on the books of the corporation at a value in excess of its actual cash value on that date? ________

If the answer to any of the foregoing questions is "yes," submit a statement showing (*a*) kind of property; (*b*) when acquired; (*c*) par value of the stock paid therefor; (*d*) actual cash value of the property when paid in; (*e*) actual cash value of the property on January 1, 1914, if paid in before that date; (*f*) basis of the valuation stated under "*e*"; (*g*) value at which the property is entered on the corporation's books; and (*h*) amount by which such value exceeds the allowable value under Article 55 of the Excess Profits Tax Regulations. Enter this amount as Item 3, Schedule C, for the taxable year and for each year of the prewar period that is affected. (Note that the value January 1, 1914, does not affect the prewar period.)

C4. (*a*) Was any stock issued by the corporation ever returned as a gift or for a consideration substantially less than its par value? ________ (*b*) If so, what was the par value of such stock? ________ (*c*) What amount of cash or its equivalent was derived from the resale of such stock? $________

The excess of "*b*" over "*c*" must be entered as Item 4, Schedule C, for the taxable year and for each year of the prewar period that is affected.

C5. Was the business reorganized or consolidated, or was its ownership changed after March 3, 1917? ________ If so, answer the following questions:

(*a*) Did an interest in the business of 50 per cent or more remain in the control of the same persons, corporations, associations, or partnerships, or of any of them? ________

(*b*) Were any of the assets entered on the books of the corporation making this return at a higher value than on the books of its predecessor? ________

(*c*) If so, were such assets paid for specifically as such in cash or tangible property? ________

The increase in book value of any property not so paid for must be deducted from the invested capital for the taxable year as Item 5, Schedule C, unless it can be shown that under the excess profits law and regulations the property was undervalued on the books of the predecessor business.

C6. Is any property paid for with cash or with other tangible property entered on the books of the corporation at a value in excess of the amount of cash paid therefor or the actual cash value of the tangible property paid therefor? ________ If so, submit a statement showing (*a*) kind of property; (*b*) amount of cash paid therefor; (*c*) actual cash value of other tangible property paid therefor; (*d*) how that value was determined; (*e*) value at which the property is entered on the books of the corporation; and (*f*) excess of "*e*" over "*b*" or "*c*." This excess must be entered as Item 6, Schedule C, for the taxable year and for each year of the prewar period that is affected.

C7. Has adequate provision been made in the expense accounts of the company for (*a*) losses of every kind? ________; (*b*) depreciation? ________; (*c*) obsolescence? ________; (*d*) depletion of mineral deposits, timber supplies and the like? ________

If adequate charge has not been made for depreciation, depletion, obsolescence, and other losses, and the value of the property has not been maintained by replacements that have been charged to expense, proper additional charges for depreciation must be computed for all years in which they were not made on the books, and the total amount of such charges must be entered as Item 7, Schedule C, for the taxable year (and for each year of the prewar period that was affected) and deducted in arriving at its surplus and undivided profits.

C8. Has the corporation any stocks, bonds (other than obligations of the United States), or other assets, the income from which is not subject to excess profits tax? ________

If so, at what value are they carried on the corporation's books? $________

Has any portion of such assets been included in invested capital in accordance with Articles 45 and 46 of the Excess Profits Tax Regulations? ________ If so, how much? $________

Is the balance in excess of the corporation's indebtedness, excluding the amount thereof that has been included in invested capital as Item 1, Schedule B? ________ If so, state the amount of such excess. $________

Enter this amount as Item 8 in Schedule C for the taxable year, and make a similar correction for each year of the prewar period.

SCHEDULE C.—ADJUSTMENTS BY WAY OF DEDUCTIONS (Concluded).

ADJUSTMENT ON ACCOUNT OF— (See corresponding instructions on page 2.)	1911	1912	1913	TAXABLE YEAR
1. Valuation of good will, trade-marks, trade brands, franchises, or other intangible property purchased with stock (Articles 57 and 58)	$	$	$	$
2. Valuation of patents and copyrights paid in for stock (Article 56)				
3. Valuation of tangible property paid in for stock (Article 55)				
4. Stock returned to corporation as a gift, etc. (Article 54)				
5. Valuation of assets acquired in reorganizations (Article 50)				
6. Appreciation (Article 42)				
7. Depreciation and depletion (Article 42)				
8. Excess of stocks and other inadmissible assets over indebtedness (Article 44)				
9.				
10.				
11. TOTAL DEDUCTIONS	$	$	$	$

SCHEDULE D.—CHANGES IN INVESTED CAPITAL DURING TAXABLE YEAR.

Specify (by using red ink for distributions, or otherwise) whether each item represents an addition or a distribution.

Report dividends paid out of profits of prior years but not dividends paid out of profits of the taxable year.

In column 4 enter the number of whole months remaining in the year, plus a fraction consisting of the number of days remaining in the month (including the date of change) divided by the total number of days in the month.

Assets (other than cash) paid in for stock, must be valued in accordance with Articles 55 to 60 of the Excess Profits Tax Regulations.

	Nature of additions and distributions.	Date.	Amount.	Number of months effective.	Adjusted average. $\left(\frac{\text{Column 3} \times \text{column 4}}{12}\right)$
	1	2	3	4	5
1			$		$
2					
3					
4					
5					
6					
7					
8					
9	NET ADDITION OR REDUCTION		$		$

SCHEDULE E.—CHANGES IN INVESTED CAPITAL DURING PREWAR PERIOD.

See instructions under Schedule D. Compute net addition or reduction separately for each year.

	Nature of additions and distributions.	Date.	Amount.	No. of months effective.	Adjusted average. $\left(\frac{\text{Column 3} \times \text{column 4}}{12}\right)$
	1	2	3	4	5
1			$		$
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					

SCHEDULE F.—NET INCOME DURING PREWAR PERIOD.

ITEM.	1911	1912	1913
1. Net income for year as reported on income tax return. (Do not include figures for less than a whole year's income)	$	$	$
2. Plus amount of Federal income tax paid during year			
3. TOTAL for each year			
4. Less amount of dividends received in 1913			
5. NET TOTAL for year 1913			
6. GRAND TOTAL FOR PREWAR PERIOD			

QUESTIONS.

1. Explain the nature of the corporation's business if not adequately described on first page:
   (a) Main business
   (b) Collateral businesses, if any
2. Date of incorporation ______ 3. Under the laws of what State or country? ______
4. Enter on the following lines the names and addresses of three representative concerns in your locality engaged in the same kind of business
5. What was the fair value of the total capital stock of the corporation as determined in the last assessment of the capital stock tax (if any)? Specify the year
6. If any patent is included among your assets, attach a schedule to this return showing for each patent its serial number, date of issue, name of patentee, amount of cash or stock paid therefor, and its present book value
7. If the corporation ever took over a going business or otherwise acquired a mixed aggregate of tangible property, patents, and copyrights, and good will and other similar intangible property, and paid for such property in whole or in part with stock or other securities, submit a statement showing—
   (a) The name of the concern taken over (or from which the property was acquired).
   (b) The nature of the assets and liabilities so acquired.
   (c) The total par value of the stock issued therefor.
   (d) The value at which each class of assets was carried on the books of the concern from which acquired. (If obtainable submit a balance sheet of the predecessor corporation as at the date of acquisition.)
   (e) The value at which each item was entered on the books of the corporation making this return. The different classes of property must be valued as prescribed by Article 59 of the Excess Profits Tax Regulations and the values so obtained must be used in making adjustments 1, 2, and 3, Schedule C.

   If patents or copyrights were acquired, state the basis on which their value was determined, and how they were paid for.

   If good will or other intangible assets were acquired, state the basis on which their value was determined, and how they were paid for.
8. Is the corporation affiliated with one or more other corporations within the meaning of Article 77 of the Excess Profits Tax Regulations? ______ If so, submit a statement describing all its intercorporate relationships.
9. Is this return a consolidated return within the meaning of Article 78 of the Excess Profits Tax Regulations? ______ If so, submit a schedule showing in detail the computation of the consolidated invested capital and income.
10. If the corporation was not in existence during the whole of any one of the calendar years 1911–1913, is its business substantially a continuation of a business carried on during any one or more of those years? ______ If so, give name under which, and address at which, its business was then carried on
11. Submit a copy, in detail, of—
    (a) The balance sheet of the corporation at the beginning of the taxable year.
    (b) The balance sheet of the corporation at the close of the taxable year.

We, the undersigned, president and treasurer of the above-named company, being severally duly sworn, each for himself deposes and says that the foregoing return, including the accompanying schedules and statements (if any), has been examined by him and is to the best of his knowledge and belief a true and complete return made in good faith pursuant to the Excess Profits Tax Regulations.

Sworn to and subscribed before me } this ______ day of ______, 19____

Seal of officer taking affidavit.

______

______ (Official capacity.)

______ *President.*

______ *Treasurer.*