

Instructions for Form 1120-FSC

(Rev. December 2025)

(Use with the December 2025 revision of Form 1120-FSC, and the September 2017 revision of separate Schedule P.)



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

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 1120-FSC and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form1120FSC](https://www.irs.gov/Form1120FSC).

What's New

Increase in penalty for failure to file. For tax returns required to be filed in 2026, the minimum penalty for failure to file a return that is more than 60 days late has increased to the smaller of the tax due or \$525. See [Penalty for late filing of return](#), later.

Electronic payments. If the corporation has access to U.S. banking services or electronic payment systems, it should use direct deposit for any refunds and pay electronically for any payments, whenever possible.

Direct deposit. Direct deposit fields have been added on page 1 of Form 1120-FSC (see lines 6c, 6d, and 6e). If there is an overpayment on line 5, enter the amount the corporation wants refunded on line 6b and complete the direct deposit information on lines 6c, 6d, and 6e. Instead of a direct deposit of the corporation's refund, it can still choose to have all or part of the overpayment credited to next year's estimated tax by completing line 6a. See [Line 5 Overpayment](#), later, for more information.

Making a payment. If there is a balance due on line 4, go to [IRS.gov/Payments](https://www.irs.gov/Payments) for information on how to make a payment. See [Line 4 Payment of Tax Due](#), later, for more details.

Reminders

Corporate alternative minimum tax (CAMT). For tax years beginning after 2022, certain corporations must determine whether they are subject to the new CAMT and calculate CAMT if applicable. See the instructions for Schedule J, line 4.

Photographs of Missing Children

The Internal Revenue Service is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](#). Photographs of missing children selected by the Center may appear on pages that would otherwise be blank. You can help bring these children home by looking

at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

The Taxpayer Advocate Service

The Taxpayer Advocate Service (TAS) is an **independent** organization within the IRS that helps taxpayers and protects taxpayer rights. TAS's job is to ensure that every taxpayer is treated fairly and knows and understands their rights under the Taxpayer Bill of Rights.

As a taxpayer, the corporation has rights that the IRS must abide by in its dealings with the corporation. TAS can help the corporation if:

- A problem is causing financial difficulty for the business;
- The business is facing an immediate threat of adverse action; or
- The corporation has tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

TAS has offices in every state, the District of Columbia, and Puerto Rico. Local advocates' numbers are in their local directories and at TaxpayerAdvocate.IRS.gov. The corporation can also call TAS at 877-777-4778.

TAS also works to resolve large-scale or systemic problems that affect many taxpayers. If the corporation knows of one of these broad issues, please report it to TAS through the Systemic Advocacy Management System at IRS.gov/SAMS.

For more information, go to IRS.gov/Advocate.

General Instructions

Purpose of Form

Use Form 1120-FSC to report the income, gains, losses, deductions, credits, and to figure the income tax liability for a FSC.

FSC Repeal and Extraterritorial Income Exclusion

In general, the FSC Repeal and Extraterritorial Income Exclusion Act of 2000:

- Repealed the FSC rules;
- Provided taxpayers with an exclusion, which is figured on Form 8873, Extraterritorial Income Exclusion, and;
- Provided transition rules for existing FSCs. These rules are included in *Rules for Existing FSCs*, below.

Note: The American Jobs Creation Act of 2004 repealed the extraterritorial income exclusion provisions generally

for transactions after 2004, subject to a transition rule. See the Instructions for Form 8873 for more information.

The Tax Increase Prevention and Reconciliation Act of 2005 repealed the FSC binding contract exception. See [Binding contract exception](#) below for details.

Rules for Existing FSCs

In general, a FSC that was in existence on September 30, 2000, and at all times thereafter may continue to use the FSC rules for any transaction in the ordinary course of business that is (a) before January 1, 2002, or (b) after December 31, 2001, if such transaction is pursuant to a binding contract that meets the requirements described in [Binding contract exception](#) below.

Binding contract exception. The binding contract exception has been repealed for tax years beginning after May 17, 2006.

For tax years beginning before May 18, 2006, the following rules apply: The transaction must be pursuant to a binding contract between the FSC (or a person related to the FSC) and a person other than a related person if that binding contract was in effect on September 30, 2000, and has remained in effect.

A binding contract includes a purchase, renewal, or replacement option that is enforceable against a lessor or seller (provided the option is part of a contract that is binding and in effect on September 30, 2000, and has remained in effect).

The mere entering into of a single transaction, such as a lease, would not, in and of itself, prevent the transaction from being in the ordinary course of business.

Election To Apply Exclusion Rules

Taxpayers may elect to apply the extraterritorial income exclusion rules instead of the FSC rules for transactions occurring during the transition period. The election is:

- Made by checking the box on line 2 of Form 8873,
- Made on a transaction-by-transaction basis,
- Effective for the tax year for which it is made and for all subsequent tax years, and
- Revocable only with the consent of the IRS.

Taxpayers use Form 8873 to determine their extraterritorial income exclusion.

Election To Be Treated as a Domestic Corporation

A FSC that was in existence on September 30, 2000, and at all times thereafter may elect to be treated as a domestic corporation if substantially all of its gross receipts are foreign trading gross receipts. A FSC that elects to be treated as a domestic corporation ceases to be a FSC for any tax year for which the election applies (and for any subsequent tax year).

The election is made by checking the box on line 3 of Form 8873. An electing corporation files Form 1120, U.S. Corporation Income Tax Return. Once made, the election applies to the tax year for which it is made and remains in effect for all subsequent years unless the election is revoked or terminated. If the election is revoked or

terminated, the corporation would be a foreign corporation that files Form 1120-F, U.S. Income Tax Return of a Foreign Corporation. Furthermore, the foreign corporation would not be eligible to reelect to be treated as a domestic corporation for 5 tax years beginning with the first tax year for which the original election is not in effect as a result of the revocation or termination.

Effect of election. For purposes of section 367, a foreign corporation that has elected to be a domestic corporation is generally treated as transferring, as of the first day of the first tax year to which the election applies, all of its assets to a domestic corporation in an exchange under section 354.

FSC Election

No corporation may elect to be a FSC or a small FSC (defined below) after September 30, 2000.

Termination of Inactive FSCs

If a FSC has no foreign trade income (see definition under [Tax Treatment of a FSC](#), later) for any 5 consecutive tax years beginning after December 31, 2001, the FSC will no longer be treated as a FSC for any tax year beginning after that 5-year period.

Additional Information

For additional information regarding the rules discussed above, see Rev. Proc. 2001-37, 2001-1 C.B. 1327.

Pre-Repeal FSC Rules

Definition of a Foreign Sales Corporation (FSC)

Under section 922(a), a FSC is defined as a corporation that has met all of the following rules:

1. It must be a corporation created or organized under the laws of a qualifying foreign country or any U.S. territory other than Puerto Rico.

Qualifying U.S. territories include Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands.

A qualifying foreign country is a foreign country that meets the exchange of information rules of section 927(e)(3)(A) or (B). All U.S. territories other than Puerto Rico are also certified to have met these rules.

The following countries are qualifying foreign countries that have met the exchange of information rules of section 927(e)(3)(A) or 927(e)(3)(B): Australia, Austria, Barbados, Belgium, Bermuda, Canada, Costa Rica, Cyprus, Denmark, Dominica, the Dominican Republic, Egypt, Finland, France, Germany, Grenada, Guyana, Honduras, Iceland, Ireland, Jamaica, Malta, the Marshall Islands, Mexico, Morocco, the Netherlands, New Zealand, Norway, Pakistan, Peru, the Philippines, St. Lucia, South Korea, Sweden, and Trinidad and Tobago.

2. It had no more than 25 shareholders at any time during the tax year.

3. It had no preferred stock outstanding at any time during the tax year.

4. During the tax year, the FSC must maintain:

- An office in one of the qualifying foreign countries or U.S. territories listed above;

- A set of permanent books of account (including invoices) at that office; and
- The books and records required under section 6001 at a U.S. location to sufficiently establish the amount of gross income, deductions, credits, or other matters required to be shown on its tax return.

5. It must have at least one director, at all times during the tax year, who is not a resident of the United States.
6. It must not be a member, at any time during the tax year, of a controlled group of which a DISC is a member.
7. It must have elected to be a FSC or small FSC, and the election must have been in effect for the tax year.

Small FSC. Section 922(b) defines a small FSC as a corporation that:

- Elected small FSC status and has kept the election in effect for the tax year; and
- Is not a member, at any time during the tax year, of a controlled group that includes a FSC (unless that other FSC is also a small FSC).

A small FSC is exempt from the foreign management and foreign economic process requirements outlined on this page.

\$5 million limit. Generally, any foreign trading gross receipts of a small FSC for the tax year that exceed \$5 million are not to be considered in determining its exempt foreign trade income. The \$5 million limit is reduced if the small FSC has a short tax year. It may also be reduced if the small FSC is a member of a controlled group that contains other small FSCs. See Regulations section 1.921-2(b) for more information.

Tax Treatment of a FSC

A FSC is not taxed on its exempt foreign trade income. Section 923 defines foreign trade income as the gross income of a FSC attributable to foreign trading gross receipts (defined below).

The percentage of foreign trade income exempt from tax is figured differently for income determined under the administrative pricing rules (for details, see the Instructions for Schedule P (Form 1120-FSC)) and income determined without regard to the administrative pricing rules. These percentages are computed on Schedule E, page 4, Form 1120-FSC, and carried over to lines 9a and 9b of Schedule B, page 3, Form 1120-FSC, to figure taxable income or (loss).

See section 923(a)(4) for a special rule for foreign trade income allocable to a cooperative. See section 923(a)(5) for a special rule for military property.

Tax treaty benefits. A FSC may not claim any benefits under any income tax treaty between the United States and any foreign country.

Foreign Trading Gross Receipts

A FSC is treated as having foreign trading gross receipts (defined in section 924) only if it has met certain foreign management and foreign economic process requirements.

- Foreign trading gross receipts do not include:
- Certain excluded receipts (defined in section 924(f)),

- Receipts attributable to property excluded from export property under section 927(a)(2),
- Investment income (defined in section 927(c)), and
- Carrying charges (defined in section 927(d)(1)).

Note: Computer software licensed for reproduction abroad is not excluded from export property under section 927(a)(2). Therefore, receipts attributable to the sale, lease, or rental of computer software and services related and subsidiary to such transactions qualify as foreign trading gross receipts.

Foreign Management Rules

A FSC (other than a small FSC) is treated as having foreign trading gross receipts for the tax year only if the management of the FSC during the year takes place outside the United States. These management activities include:

- Meetings of the board of directors and meetings of the shareholders;
- Disbursing cash, dividends, legal and accounting fees, salaries of officers, and salaries or fees of directors from the principal bank account (see below); and
- Maintaining the principal bank account at all times during the tax year.

Meetings of directors and meetings of the shareholders. All meetings of the board of directors of the FSC and all meetings of the shareholders of the FSC that take place during the tax year must take place outside the United States.

In addition, all such meetings must comply with the local laws of the foreign country or U.S. territory in which the FSC was created or organized. The local laws determine whether a meeting must be held, when and where it must be held (if it is held at all), who must be present, quorum requirements, use of proxies, etc.

Principal bank accounts. See Regulations section 1.924(c)-1(c) for information regarding principal bank accounts.

Foreign Economic Process Rules

A FSC (other than a small FSC) has foreign trading gross receipts from any transaction only if certain economic processes for the transaction take place outside the United States. Section 924(d) and Regulations section 1.924(d)-1 set forth the rules for determining whether a sufficient amount of the economic processes of a transaction takes place outside the United States.

Generally, a transaction will qualify if the FSC satisfies two requirements:

- Participation outside the United States in the sales portion of the transaction and
- Satisfaction of either the 50% or the 85% foreign direct cost test.

The activities comprising these economic processes may be performed by the FSC or by any other person acting under contract with the FSC.

Participation outside the United States in the sales portion of the transaction. Generally, the requirement of section 924(d)(1)(A) is met for the gross receipts of a FSC derived from any transaction if the FSC has participated outside the United States in the following sales activities relating to the transaction: (1) solicitation (other than advertising), (2) negotiation, and (3) making a contract.

1. Solicitation (other than advertising) is any communication (including, but not limited to, telephone, telegraph, mail, or in person) by the FSC, to a specific, targeted customer or potential customer.
2. Negotiation is any communication by the FSC to a customer or potential customer aimed at an agreement on one or more of the terms of a transaction, including, but not limited to, price, credit terms, quantity, or time or manner of delivery.
3. Making a contract refers to performance by the FSC of any of the elements necessary to complete a sale, such as making or accepting an offer.

Grouping transactions. Generally, the sales activities described above are to be applied on a transaction-by-transaction basis. However, a FSC may make an annual election to apply any of the sales activities on the basis of a group. To make the election, check the applicable box on line 10a, *Additional Information*, on page 2 of Form 1120-FSC. See Regulations section 1.924(d)-1(c)(5) for details.

Satisfaction of either the 50% or 85% foreign direct cost test. To qualify as foreign trading gross receipts, the foreign direct costs incurred by the FSC attributable to the transaction must equal or exceed 50% of the total direct costs incurred by the FSC attributable to the transaction.

Instead of satisfying the 50% foreign direct cost test, the FSC may incur foreign direct costs attributable to activities described in each of two of the section 924(e) categories. The costs must equal or exceed 85% of the total direct costs incurred by the FSC attributable to the activity described in each of the two categories. If no direct costs are incurred by the FSC in a particular category, that category is not taken into account for purposes of determining whether the FSC has met either the 50% or 85% foreign direct cost test.

Direct costs are costs that:

- Are incident to and necessary for the performance of any activity described in section 924(e);
- Include the cost of materials consumed in the performance of the activity and the cost of labor that can be identified or associated directly with the performance of the activity (but only to the extent of wages, salaries, fees for professional services, and other amounts paid for services actually rendered, such as bonuses or compensation paid for services on the basis of a percentage of profits); and
- Include the allowable depreciation deduction for equipment or facilities (or the rental cost for its use) that can be specifically identified or associated with the activity, as well as the contract price of an activity performed on behalf of the FSC by a contractor.

Total direct costs means all of the direct costs of any transaction attributable to activities described in any paragraph of section 924(e). For purposes of the 50% test of section 924(d)(1)(B), total direct costs are based on the direct costs of all activities described in all paragraphs of section 924(e). For purposes of the 85% test of section 924(d)(2), however, the total direct costs are determined separately for each paragraph of section 924(e).

Foreign direct costs means the portion of the total direct costs of any transaction attributable to activities performed outside the United States. For purposes of the 50% test, foreign direct costs are based on the direct costs of all activities described in all paragraphs of section 924(e). For purposes of the 85% test, however, foreign direct costs are determined separately for each paragraph of section 924(e).

For more details, see Regulations section 1.924(d)-1(d).

Check the applicable box(es) on line 10b, *Additional Information*, on page 2 of the form, to indicate how the FSC met the foreign direct costs requirement.

Grouping transactions. Generally, the foreign direct cost tests under Regulations section 1.924(d)-1(d) are applied on a transaction-by-transaction basis. However, the FSC may make an annual election (on line 10d, *Additional Information*, on page 2 of the form) to apply the foreign direct cost tests on a customer, contract, or product or product line grouping basis. Any grouping used must be supported by adequate documentation of performance of activities and costs of activities relating to the grouping used. See Regulations section 1.924(d)-1(e) for details.

Exception for foreign military property. The economic process rules do not apply to any activities performed in connection with foreign military sales except those activities described in section 924(e). See Regulations section 1.924(d)-1(f) for details.

Section 925(c) Rule

To use the administrative pricing rules to determine the FSC's (or small FSC's) profit on a transaction or group of transactions, the FSC must perform (or contract with another person to perform) all of the economic process activities relating to the transaction or group of transactions. All of the direct and indirect expenses relating to the performance of those activities must be reflected on the books of the FSC and on Form 1120-FSC.

Under Temporary Regulations section 1.925(a)-1T(b)(2)(ii), an election may be made to include on the FSC's books all expenses, other than cost of goods sold, that are necessary to figure combined taxable income for the transaction or group of transactions. The expenses must be identified on Schedule G on the applicable line.

Who Must File

File Form 1120-FSC if the corporation elected to be treated as a FSC or small FSC, and the election is still in effect.

Note: A FSC that elects to be treated as a domestic corporation under section 943(e)(1) does not file Form 1120-FSC. Instead, it files Form 1120.

When To File

Generally, a corporation must file Form 1120-FSC by the 15th day of the 4th month after the end of its tax year. A FSC that has dissolved must generally file by the 15th day of the 4th month after the date it dissolved.

However, a FSC with a fiscal tax year ending June 30 must file by the 15th day of the 3rd month after the end of its tax year. A FSC with a short tax year ending anytime in June will be treated as if the short year ended on June 30, and must file by the 15th day of the 3rd month after the end of its tax year.

If the due date falls on a Saturday, Sunday, or legal holiday, the corporation can file on the next business day.

Private delivery services. FSCs can use certain private delivery services (PDS) designated by the IRS to meet the “timely mailing as timely filing” rule for tax returns. Go to [IRS.gov/PDS](https://www.irs.gov/PDS). The PDS can tell you how to get written proof of the mailing date.

For the IRS mailing address to use if you’re using PDS, go to [IRS.gov/PDSStreetAddresses](https://www.irs.gov/PDSStreetAddresses).

Note: Private delivery services cannot deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.

Extension of time to file. A FSC must File Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns, by the return due date specified earlier, to request an extension of time to file. See the Instructions for Form 7004, and [Get an extension to file your tax return](#) for additional information.

Where To File

File Form 1120-FSC with the:

Internal Revenue Service Center
P.O. Box 409101
Ogden, UT 84409

Who Must Sign

The return must be signed and dated by:

- The president, vice president, treasurer, assistant treasurer, chief accounting officer; or
- Any other corporate officer (such as tax officer) authorized to sign.

If a return is filed on behalf of a FSC by a receiver, trustee, or assignee, the fiduciary must sign the return instead of the corporate officer. Returns and forms signed by a receiver or trustee in bankruptcy on behalf of a FSC must be accompanied by a copy of the order or instructions of the court authorizing signing of the return or form.

Paid Preparer Use Only section. If an employee of the FSC completes Form 1120-FSC, the paid preparer section should remain blank. Anyone who prepares Form 1120-FSC but does not charge the FSC should not complete that section. Generally, anyone who is paid to prepare the return must sign and complete the section.

The paid preparer must complete the required preparer information and:

- Sign the return in the space provided for the preparer's signature,
- Include their Preparer Tax Identification Number (PTIN), and
- Give a copy of the return to the taxpayer.

Note: A paid preparer may sign original or amended returns by rubber stamp, mechanical device, or computer software program.

Paid Preparer Authorization

If the FSC wants to allow the IRS to discuss its tax return with the paid preparer who signed it, check the “Yes” box in the signature area of the return. This authorization applies only to the individual whose signature appears in the “Paid Preparer Use Only” section of the return. It does not apply to the firm, if any, shown in that section.

If the “Yes” box is checked, the FSC is authorizing the IRS to call the paid preparer to answer any questions that may arise during the processing of its return. The FSC is also authorizing the paid preparer to:

- Give the IRS any information that is missing from the return,
- Call the IRS for information about the processing of the return or the status of any related refund or payment(s), and
- Respond to certain IRS notices about math errors, offsets, and return preparation.

The FSC is not authorizing the paid preparer to receive any refund check, bind the FSC to anything (including any additional tax liability), or otherwise represent the FSC before the IRS.

The authorization will automatically end no later than the due date (excluding extensions) for filing the FSC's tax return. If the FSC wants to expand the paid preparer's authorization or revoke the authorization before it ends, see Pub. 947, Practice Before the IRS and Power of Attorney.

Other Forms That May Be Required

The FSC may have to file some of the following forms.

Form 5471. Information Return of U.S. Persons With Respect to Certain Foreign Corporations, is filed by certain U.S. officers, directors, or shareholders of a FSC to report changes in ownership (see section 6046 and the related regulations).

If a Form 1120-FSC is filed, Form 5471 is not required to be filed to satisfy the requirements of section 6038 (see Temporary Regulations section 1.921-1T(b)(3)). However, certain U.S. shareholders may be required to file Form 5471 and the applicable schedules to report subpart F income.

See the Instructions for Form 5471 for more information.

Form 5472. Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business, is filed by or for a foreign corporation engaged in a U.S. trade or business that had reportable transactions with a related party. See the Instructions for Form 5472 for filing instructions and information about penalties.

Form 5713. International Boycott Report, is filed by FSCs that had operations in, or related to, certain “boycotting” countries.

Form 8275. Disclosure Statement, and **Form 8275-R**, Regulation Disclosure Statement, are used to disclose items or positions taken on a tax return that are not otherwise adequately disclosed on a tax return or that are contrary to Treasury regulations (to avoid parts of the accuracy-related penalty or certain preparer penalties).

Form 8300. Report of Cash Payments Over \$10,000 Received in a Trade or Business, is used to report the receipt of more than \$10,000 in cash or foreign currency in one transaction or a series of related transactions.

For a list of additional forms the FSC may need to file (most notably, forms pertaining to the reporting of various types of income, and any related withholding, to U.S. persons, foreign persons, and the IRS), see Pub. 542, Corporations.

Assembling the Return

To ensure that the FSC's tax return is correctly processed, attach all schedules and other forms after page 6 of Form 1120-FSC, in the following order:

1. Form 4136, Credit For Federal Tax Paid On Fuels.
2. Additional schedules in alphabetical order.
3. Additional forms in numerical order.
4. Supporting statements and attachments.

Complete every applicable entry space on Form 1120-FSC. Do not enter “See Attached” or “Available Upon Request” instead of completing the entry spaces. If more space is needed on the forms or schedules, attach separate sheets using the same size and format as the printed forms.

If there are supporting statements and attachments, arrange them in the same order as the schedules or forms they support and attach them last. Show the totals on the printed forms. Enter the FSC's name and EIN on each supporting statement or attachment.

Accounting Methods

In general, compute taxable income using the method of accounting used in keeping the FSC's books and records. In all cases, the method used must clearly show taxable income. Permissible overall methods of accounting include cash, accrual, or any other method authorized by the Internal Revenue Code.

Generally, the following rules apply. For more information, see Publication 538, Accounting Periods and Methods.

- A FSC cannot use the cash method of accounting unless it is a small business taxpayer (defined later). A tax shelter (defined in section 448(d)(3)) may never use the cash method. See sections 448(a)(1) through (a)(3). However, see [Nonaccrual experience method for service providers](#), later.
- Unless it is a small business taxpayer (defined below), a FSC must use an accrual method for sales and purchases of inventory items. See the instructions for Form 1125-A.

- A corporation engaged in farming must use an accrual method. For exceptions, see section 447 and Publication 225, Farmer's Tax Guide.
- Special rules apply to long-term contracts. See section 460.

Small business taxpayer. For tax years beginning in 2025, an FSC qualifies as a small business taxpayer if (a) it has average annual gross receipts of \$31 million or less for the 3 prior tax years, and (b) it is not a tax shelter as defined in section 448(d)(3). For subsequent tax years, see the section 448(c) gross receipts test amount in the applicable revenue procedure at [IRS.gov/InflationAdjustment](#).

A small business taxpayer can account for inventory by (a) treating the inventory as non- incidental materials and supplies, or (b) conforming to its treatment of inventory in an applicable financial statement (as defined in section 451(b)(3)). If it does not have an applicable financial statement, it can use the method of accounting used in its books and records prepared according to its accounting procedures.

Change in accounting method. Generally, a FSC must get IRS consent to change either an overall method of accounting or the accounting treatment of any material item for income tax purposes. To obtain consent, the corporation must generally file Form 3115, Application for Change in Accounting Method, during the tax year for which the change is requested. See the Instructions for Form 3115 and Pub. 538 for more information and exceptions. Also see the Instructions for Form 3115 for procedures that may apply for obtaining automatic consent to change certain methods of accounting, non-automatic change procedures, and reduced Form 3115 filing requirements.

Section 481(a) adjustment. If the FSC's taxable income for the current tax year is figured under a method of accounting different from the method used in the preceding tax year, the FSC may have to make an adjustment under section 481(a) to prevent amounts of income or expense from being duplicated or omitted. The section 481(a) adjustment period is generally 1 year for a net negative adjustment and 4 years for a net positive adjustment. See the Instructions for Form 3115.

Exceptions to the general section 481(a) adjustment period may apply. Also, in some cases, a corporation can elect to modify the section 481(a) adjustment period. The corporation may have to complete the appropriate lines of Form 3115 to make an election. See the Instructions for Form 3115 for more information and exceptions.

If the net section 481(a) adjustment is positive, report the ratable portion on Form 1120-FSC, page 4, Schedule F, line 16, as other income. If the net section 481(a) adjustment is negative, report the ratable portion on Form 1120-FSC, page 4, Schedule F, line 18, as a deduction.

Accounting Period

A FSC must figure its taxable income on the basis of a tax year. A tax year is the annual accounting period a FSC uses to keep its records and report its income and expenses. Generally, FSCs may use a calendar year or a

fiscal year. Personal service corporations, however, must generally use a calendar year.

Note: The tax year of a FSC must be the same as the tax year of the principal shareholder which, at the beginning of the FSC tax year, has the highest percentage of voting power. If two or more shareholders have the highest percentage of voting power, the FSC must have a tax year that conforms to the tax year of any such shareholder. See section 441(h).

Rounding Off to Whole Dollars

The FSC may enter decimal points and cents when completing its return. However, the corporation should round off cents to whole dollars on its return, forms, and schedules to make completing its return easier. The corporation must either round off all amounts on its return to whole dollars or use cents for all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$8.40 rounds to \$8 and \$8.50 rounds to \$9.

If two or more amounts must be added to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

Recordkeeping

Keep the FSC's records for as long as they may be needed for the administration of any provision of the Internal Revenue Code. Usually, records that support an item of income, deduction, or credit on the return must be kept for 3 years from the date the return is due or filed, whichever is later. Keep records that verify the FSC's basis in property for as long as they are needed to figure the basis of the original or replacement property.

The FSC should keep copies of all filed returns. They help in preparing future and amended returns and in the calculation of earnings and profits.

Tax Payments

The FSC must pay any tax due in full no later than the due date for filing Form 1120-FSC (not including extensions). See [When To File](#), earlier, for this due date. The method for payment of the tax due depends upon whether the FSC has an office or place of business in the United States.

FSCs that **do not** maintain an office or place of business in the United States can use the Electronic Federal Tax Payment System (EFTPS) to pay the tax due provided the FSC has a U.S. bank account. If the FSC does not have a U.S. bank account, it may arrange for a financial institution to initiate a same-day payment on its behalf or it can arrange for a qualified intermediary, tax professional, payroll service, or other trusted third party to make a deposit on its behalf using a master account. In addition, the FSC still has the option to pay by check or money order, payable to "United States Treasury." To help ensure proper crediting, write the FSC's EIN, "Form 1120-FSC," and the tax period to which the payment applies on the check or money order. Enclose the payment when Form 1120-FSC is filed.

FSCs that **do** maintain an office or place of business in the United States must pay the tax due by electronic funds

transfer. The FSC can pay the tax using EFTPS or it can arrange for its tax professional, financial institution, payroll service, or other trusted third party to make deposits on its behalf. In addition, the FSC also has the option to arrange for its financial institution to initiate a same-day payment.

Note: If the due date falls on a Saturday, Sunday, or legal holiday, the payment is due on the next day that isn't a Saturday, Sunday, or legal holiday.

Electronic Deposit Requirement

FSCs with an office or place of business in the United States must use electronic funds transfers to make all federal tax deposits (such as deposits of employment and corporate income tax). Generally, electronic funds transfers are made using EFTPS. However, if the corporation does not want to use EFTPS, it can arrange for its tax professional, financial institution, payroll service, or other trusted third party to make deposits on its behalf. Also, it can arrange for its financial institution to submit a same-day payment (discussed below) on its behalf. EFTPS is a free service provided by the Department of the Treasury. Services provided by a tax professional, financial institution, payroll service, or other third party may have a fee.

For more information about EFTPS or to enroll in EFTPS, visit EFTPS.gov, or call 1-800-555-4477 (TTY/TDD 1-800-733-4829).

Depositing on time. EFTPS accepts same day payments of \$1 million or less if the payment is submitted before 3:00 p.m. Eastern time on a business day. If the corporation's payment is more than \$1 million, the FSC must submit the deposit by 8 p.m. Eastern time the day before the date the deposit is due. If the FSC uses a third party to make deposits on its behalf, they may have different cutoff times.

Same-day wire payment option. If the FSC fails to submit a timely deposit transaction on EFTPS it can still make the deposit on time by using the Federal Tax Collection Service (FTCS). To use the same-day wire payment option, the FSC will need to make arrangements with its financial institution ahead of time regarding availability, deadlines, and costs. Financial institutions may charge a fee for payments made this way. To learn more about the information the FSC will need to provide to its financial institution to make a same-day wire payment, go to IRS.gov/SameDayWire.

Estimated Tax Payments

Generally, the following rules apply to the FSC's payments of estimated tax.

- The FSC must make installment payments of estimated tax if it expects its total tax for the year (less applicable credits) to be \$500 or more.
- The installments are due by the 15th day of the 4th, 6th, 9th, and 12th months of the tax year. If any date falls on a Saturday, Sunday, or legal holiday, the installment is due on the next regular business day.
- If the FSC maintains an office or place of business in the United States, it must use electronic funds transfer to make installment payments of estimated tax.

- If the FSC does not maintain an office or place of business in the United States, it can pay the estimated tax by EFTPS, providing it has a U.S. bank account. The FSC can also arrange for its financial institution to submit a same-day payment on its behalf or can arrange for its qualified intermediary, tax professional, payroll service, or other trusted third party to make a deposit on its behalf using a master account. In addition, the FSC still has the option to pay the estimated tax due by check or money order.
- Penalties may apply if the corporation does not make required estimated tax payment deposits. See *line 3, Estimated tax penalty*, later.
- If the FSC overpaid estimated tax, it may be able to get a quick refund by filing Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax.

See section 6655 for more information on how to figure estimated taxes.

Interest and Penalties

Interest. Interest is charged on taxes paid late even if an extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, negligence, fraud, substantial valuation misstatements, substantial understatements of tax, and reportable transaction understatements from the due date (including extensions) to the date of payment. The interest charge is figured at a rate determined under section 6621.

Penalty for late filing of return. A FSC that does not file its tax return by the due date, including extensions, may be penalized 5% of the unpaid tax for each month or part of a month the return is late, up to a maximum of 25% of the unpaid tax. The minimum penalty for a tax return required to be filed in 2026 that is more than 60 days late is the smaller of the tax due or \$525. For subsequent tax years, see the section 6651(a) penalty dollar amount in the applicable revenue procedure at [IRS.gov/](https://irs.gov/) *Inflation Adjustment*.

The penalty will not be imposed if the FSC can show that the failure to file on time was due to reasonable cause.

Note: If you believe that reasonable cause exists, **do not** attach an explanation when you file Form 1120-FSC. Instead, if the FSC receives a penalty notice after the return is filed, send the IRS an explanation at that time and the IRS will determine if the FSC meets reasonable-cause criteria.

Penalty for late payment of tax. A FSC that does not pay the tax when due may generally be penalized 1/2 of 1% of the unpaid tax for each month or part of a month the tax is not paid, up to a maximum of 25% of the unpaid tax. The penalty will not be imposed if the FSC can show that the failure to pay on time was due to reasonable cause. See *Note*, above.

Trust fund recovery penalty. This penalty may apply if certain income, social security, and Medicare taxes that must be collected or withheld are not collected or withheld, or these taxes are not paid. These taxes are generally reported on Form 941, Employer's QUARTERLY

Federal Tax Return, or Form 945, Annual Return of Withheld Federal Income Tax.

The trust fund recovery penalty may be imposed on all persons who are determined by the IRS to have been responsible for collecting, accounting for, or paying over these taxes, and who acted willfully in not doing so. The penalty is equal to the full amount of the unpaid trust fund tax. See Publication 15 (Circular E), Employer's Tax Guide, for details, including the definition of responsible persons.

Other penalties. Other penalties may be imposed for negligence, substantial understatement of tax, reportable transaction understatements, and fraud. See sections 6662, 6662A, and 6663.

A FSC may also be subject to a penalty (under section 6686) of:

- \$100 for each failure to supply information, up to \$25,000 during the calendar year, and
- \$1,000 for not filing a return.

The section 6686 penalties will not apply if the FSC can show that the failure was due to reasonable cause. See *Note*, above.

Specific Instructions

Entity Information

Period covered. Enter the FSC's tax year in the space provided at the top of the form. See [Accounting Period](#), earlier.

Name. Print or type the FSC's true name (as set forth in the charter or other legal document creating it).

Address. Enter the U.S. address where the FSC maintains the records required under section 6001. Include the suite, room, or other unit number after the street address. If the post office does not deliver mail to the street address and the FSC has a P.O. box, show the box number instead.

If the FSC receives its mail in care of a third party (such as an accountant or an attorney), enter "C/O" on the street address line followed by the third party's name and street address or P.O. box.

Item A. Foreign country or U.S. possession of incorporation. See [Definition of a Foreign Sales Corporation \(FSC\)](#), earlier.

Item E. Total assets. Enter the FSC's total assets (as determined by the accounting method regularly used in keeping the FSC's books and records) at the end of the tax year from Form 1120-FSC, page 6, Schedule L, column (d), line 15. If there are no assets at the end of the tax year, enter -0-.

Item F. Final return, name change, address change, or amended return.

- If this is the FSC's final return and it will no longer exist, check the "Final return" box.
- If the FSC changed its name since it last filed a return, check the box for "Name change." Generally, a FSC must also have amended its articles of incorporation and filed the amendment with the jurisdiction in which it was incorporated.

- If the FSC has changed its address since it last filed a return (including a change to an “in care of” address), check the box for “Address change.”

Note: If a change of address or responsible party occurs after the return is filed, use Form 8822-B, Change of Address or Responsible Party - Business, to notify the IRS. See the instructions for Form 8822-B for details.

- If the FSC is amending its return, check the box for “Amended return.”

FSC Information

Line 1. Principal shareholder. Complete lines 1a through 1h for the shareholder (individual, corporation, partnership, trust, or estate) that was the principal shareholder at the beginning of the FSC's tax year. See the *Note* under *Accounting Period*, earlier.

Foreign address. Enter the information in the following order: city or town, state or province, country, and foreign postal code. Follow the country's practice for entering the name of the state or province and postal code. Do not abbreviate the country name.

Line 2. Parent-subsidiary controlled group. If the FSC is a subsidiary in a parent-subsidiary controlled group and the principal shareholder is not the common parent of the group, complete lines 2a through 2g for the common parent. Enter the consolidated total assets on line 2d for a group that files a consolidated return; otherwise, enter only the common parent's total assets.

Note: Check the “Yes” box on line 2 if the FSC is a subsidiary in a parent-subsidiary controlled group. This applies even if the FSC is a subsidiary member of one group and the parent corporation of another.

A “parent-subsidiary controlled group” is one or more chains of corporations connected through stock ownership (sections 927(d)(4) and 1563(a)(1)). Both of the following requirements must be met:

1. More than 50% of the total combined voting power of all classes of stock entitled to vote or more than 50% of the total value of all classes of stock of each corporation in the group (except the parent) must be owned by one or more of the other corporations in the group.

2. The common parent must own more than 50% of the total combined voting power of all classes of stock entitled to vote or more than 50% of the total value of all classes of stock of at least one of the other corporations in the group.

Stock owned directly by other members of the group is not counted when computing the voting power or value.

See sections 927(d)(4) and 1563(d)(1) for the definition of “stock” for purposes of determining stock ownership above.

Tax and Payments

Line 2h. Backup withholding. If the FSC had income tax withheld from any payments it received due to backup withholding, include the amount withheld in the total for line 2h. Show the amount withheld in the blank space in the right-hand column between lines 1 and 2h, and write “backup withholding.”

Note: Do not include backup withholding amounts on line 2g. Include on line 2g only amounts withheld under Chapter 3 or 4 of the Code.

Line 3. Estimated tax penalty. A FSC that does not make estimated tax payments when due may be subject to an underpayment penalty for the period of underpayment. Generally, a FSC is subject to the penalty if its tax liability is \$500 or more and it did not timely pay at least the smaller of:

- Its tax liability for the current year, or
- Its prior year's tax.

Use Form 2220, Underpayment of Estimated Tax by Corporations, to see if the FSC owes a penalty and to figure the amount of the penalty. If Form 2220 is completed, enter the penalty on Form 1120-FSC, page 1, line 3, Estimated tax penalty.

Note: For tax years beginning in 2025, the IRS will continue to waive the penalty imposed under section 6655 for failure to make estimated tax payments attributable to a CAMT liability. Corporations seeking this relief (affected corporations) must still file the 2025 Form 2220, even if they owe no estimated tax penalty. However, affected corporations may exclude the CAMT tax liability when calculating the required annual payment on Form 2220. Affected corporations must also include an amount of estimated tax penalty on Form 1120-FSC, page 1, line 3, even if that amount is zero. Failure to follow these instructions could result in affected corporations receiving a penalty notice that will require an abatement request to apply the relief. See Notice 2025-27, 2025-26 I.R.B. 1611. Also, see the instructions for Form 2220, Part I, line 1.

Line 4. Tax Due. Generally, the FSC must pay any tax due in full no later than the due date for filing its tax return (excluding extensions). Payment of the tax due must be made electronically. See *Electronic Deposit Requirement*, earlier, for the payment options for the FSC. Also, go to [IRS.gov/Payments](https://www.irs.gov/payments) for more detailed information.

Line 5. Overpayment. If there is an overpayment on line 5, enter the amount the FSC wants refunded on line 6b. See the instructions for [Line 6b. Refunded](#), later. The FSC can also choose to have all or part of the overpayment credited to next year's estimated tax by completing line 6a. See the instructions for line 6a, next.

Line 6a. Credited to Estimated Tax. The FSC can elect to apply all or part of the FSC's overpayment to next year's estimated taxes.

Enter the amount of any overpayment from line 6a that should be applied to next year's estimated tax.

This election to apply some or all of the overpayment amount to the FSC's next year estimated tax cannot be changed at a later date.

Line 6b. Refunded. Enter the amount to be refunded to the FSC on line 6b. If the FSC has access to U.S. banking services, it should use direct deposit for any refunds, whenever possible.

The benefits of a direct deposit include a faster refund, the added security of a paperless payment, and the savings of tax dollars associated with the reduced processing costs.

Direct deposit of refund. If the FSC wants its refund directly deposited into its checking or savings account at any U.S. bank or other financial institution, complete lines 6c through 6e. See the instructions for lines 6c, 6d, and 6e, later.

The FSC is not eligible to request a direct deposit if:

- The receiving financial institution is a foreign bank or a foreign branch of a U.S. bank, or
- The FSC has applied for an EIN but is filing its tax return before receiving one.

Line 6c. Routing Number. The routing number must be nine digits. The first two digits must be between 01 and 12 or 21 through 32. Ask the FSC's financial institution for the correct routing number to enter on line 6c if:

- The routing number on a deposit slip is different from the routing number on the FSC's checks.
- The deposit is to a savings account that does not allow the FSC to write checks, or
- The FSC's checks state that they are payable through a financial institution different from the one at which the FSC has its checking account.

Line 6d. Type of Account. Check the appropriate box for the type of account. Do not check more than one box. The FSC must check the correct box to ensure the deposit is accepted.

Line 6e. Account Number The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. Don't include the check number.

If the direct deposit to the FSC's account is different from the amount it expected, the FSC will receive an explanation in the mail about 2 weeks after the refund is deposited.

Conditions Resulting in a Refund by Check. If the IRS is unable to process the request for a direct deposit, a refund by check will be generated instead. Reasons for not processing a request include:

- The name of the FSC on the tax return does not match the name on the account.
- The financial institution rejects the direct deposit because of an incorrect routing or account number.
- The FSC fails to indicate the type of account the deposit is to be made to (that is, checking or savings).

Note: The IRS isn't responsible for a lost refund if the FSC enters the wrong account information. Check with the FSC's financial institution to get the correct routing and account numbers and to make sure the direct deposit will be accepted.

Schedule A—Cost of Goods Sold Related to Foreign Trading Gross Receipts

Complete Schedule A only for the cost of goods sold deduction related to foreign trading gross receipts reported on lines 1 through 5 of Schedule B.

Complete column (a) to show the cost of goods sold for inventory acquired in transactions using the administrative pricing rules. Complete column (b) to show the cost of

goods sold for inventory acquired in transactions that did not use the administrative pricing rules. For details on the administrative pricing rules, see the Instructions for Schedule P (Form 1120-FSC).

If the FSC acts as another person's commission agent on a sale, do not enter any amount on Schedule A for the sale.

Small FSCs will have to make two separate computations for cost of goods sold if their foreign trading gross receipts exceed the limitation amount on line 6e of Schedule B. In this case, a deduction for cost of goods sold will be figured separately for the income on line 6h of Schedule B, and separately for the income on line 7 of Schedule F.

Inventories

Generally, unless you are a small business taxpayer, inventories are required at the beginning and end of each tax year if the purchase or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. Additionally, if inventories are required, you generally must use an overall accrual method of accounting.

If a FSC is a small business taxpayer (defined below), it may adopt or change its accounting method to account for inventories in the same manner as materials and supplies that are non- incidental, or conform to the FSC's treatment of inventories in an applicable financial statement (as defined in section 451(b)(3)), or if the FSC does not have an applicable financial statement, the method of accounting used in the FSC's books and records prepared in accordance with the FSC's accounting procedures. Changing an accounting method generally requires IRS consent. See the [Change in accounting method](#) section, earlier.

Small business taxpayer. See [Small business taxpayer](#), earlier, for the definition of a small business taxpayer.

All FSCs should see [Section 263A uniform capitalization rules](#) in the instructions for Schedule G, later. See those instructions before completing Schedule A.

If the FSC uses intercompany pricing rules (for purchases from a related supplier), use the transfer price figured in Part II of Schedule P (Form 1120-FSC).

Line 1. Inventory at beginning of year. If the FSC is changing its method of accounting for the current tax year, it must refigure last year's closing inventory using its new method of accounting and enter the result on line 1. If there is a difference between last year's closing inventory and the refigured amount, attach an explanation and take it into account when figuring the FSC's section 481(a) adjustment (explained earlier).

Line 4. Additional section 263A costs. If the FSC has elected a simplified method of accounting, enter on line 4 the balance of section 263A costs paid or incurred during the tax year not includable on lines 2, 3, and 5.

Line 5. Other costs. Enter on line 5 any costs paid or incurred during the tax year not entered on lines 2 through 4. Attach a statement listing details of the costs.

Line 7. Inventory at end of year. See Regulations sections 1.263A-1 through 1.263A-3 for details on determining the amount of additional section 263A costs to be included in ending inventory.

Lines 9a through 9f. Inventory valuation methods.

Inventories may be valued at:

- Cost,
- Cost or market value (whichever is lower), or
- Any other method approved by the IRS that conforms to the requirements of the applicable regulations.

FSCs that use erroneous valuation methods must change to a method permitted for federal income tax purposes. To make this change, use Form 3115. See the Instructions for Form 3115. Also see Pub. 538.

Line 9a. Method of valuing closing inventory. On line 9a, check the method(s) used for valuing inventories. Under lower of cost or market, the term "market" (for normal goods) means the current bid price prevailing on the inventory valuation date for the particular merchandise in the volume usually purchased by the taxpayer. If section 263A applies to the taxpayer, the basic elements of cost must reflect the current bid price of all direct costs and all indirect costs properly allocable to goods on hand at the inventory date.

Inventory may be valued below cost when the merchandise is unsalable at normal prices or unusable in the normal way because the goods are subnormal due to damage, imperfections, shop wear, etc. The goods may be valued at the bona fide selling price, minus direct cost of disposition (but not less than scrap value). Bona fide selling price means actual offering of goods during a period ending not later than 30 days after inventory date.

Lines 9c and 9d. LIFO method. If this is the first year the Last-in, First-out (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method provided in section 472, attach Form 970, Application To Use LIFO Inventory Method, or a statement with the information required by Form 970. Also check the LIFO box on line 9c. On line 9d, enter the amount of total closing inventories computed under section 472. Estimates are acceptable.

If the FSC changed or extended its inventory method to LIFO and had to write up the opening inventory to cost in the year of election, report the effect of the write-up as other income (as appropriate on Form 1120-FSC, Schedule F, line 16), proportionately over a 3-year period that begins with the year of the LIFO election.

For more information on inventory valuation methods, see Pub. 538. For more information on changes in the method of accounting for inventory, see Form 3115 and the Instructions for Form 3115.

Additional Information

Line 2. Tax exempt interest. Enter any **tax-exempt interest** received or accrued. Include any exempt-interest dividends received as a shareholder in a mutual fund or other regulated investment company. Also include this amount on Schedule M-1, line 7a.

Line 5. If the FSC owned at least a 10% interest, directly or indirectly, in any foreign partnership, attach a statement

listing the following information for each foreign partnership. For this purpose, a foreign partnership includes an entity treated as a foreign partnership under Regulations section 301.7701-2 or 301.7701-3.

1. Name and EIN (if any) of the foreign partnership;
2. Identify which, if any, of the following forms the foreign partnership filed for its tax year ending with or within the FSC's tax year: Form 1042, 1065, or 8804;
3. Name of the partnership representative (if any); and
4. Beginning and ending dates of the foreign partnership's tax year.

Line 6. Generally, if the FSC has a net operating loss (NOL) for the current tax year, it can elect to waive the entire carryback period for the NOL and instead carry the NOL forward to future tax years. To do so, check the box on line 6 and file Form 1120-FSC by its due date, including extensions. Do not attach the statement described in Temporary Regulations section 301.9100-12T. Generally once made, the election is irrevocable.

If the FSC timely filed its return for the loss year without making the election, it can make the election on an amended return filed within 6 months of the due date of the loss year return (excluding extensions). Attach the election to the amended return and write "Filed pursuant to section 301.9100-2" on the election statement. See the Instructions for Form 1139.

Line 7. Net operating loss (NOL) carryover. Enter the amount of the NOL carryover to the tax year from prior years, even if some of the loss is used to offset income on this return. The amount to enter is the total of all NOLs generated in prior years but not used to offset income (either as a carryback or carryover) to a tax year prior to the current tax year. Do not reduce the amount by any NOL deduction reported on line 19a, Part II, of Schedule B.

Lines 8c and 9b(2). See [Definition of a Foreign Sales Corporation \(FSC\)](#), earlier, for definitions of qualifying foreign country and U.S. possession.

Line 9. Foreign management rules. All FSCs (except small FSCs) must answer these questions. For more information, see [Foreign Management Rules](#), earlier.

Line 10. Foreign economic process rules. All FSCs (except small FSCs) must answer these questions. On line 10b, indicate how the FSC met the foreign direct costs requirement of section 924(d) for all transactions that generated foreign trading gross receipts reported on lines 1 through 5 of Schedule B. Also, complete line 10a and/or line 10d to make an election to use either of the annual grouping election(s) indicated. See [Foreign Economic Process Rules](#), earlier, for details.

Schedule B—Taxable Income or (Loss)

Use Schedule B to compute taxable income from all sources.

Part I—Net Income Attributable to Nonexempt Foreign Trade Income

Use Part I to compute net income attributable to nonexempt foreign trade income. Income and expenses on lines 1 through 15 are reported in column (a) if the administrative pricing rules were used in the transaction that produced the income.

Report in column (b) all foreign trade income from all transactions in which the administrative pricing rules were not used. Attach a statement that shows the computation of the taxable and nontaxable income included on line 15, column (b). Include only the taxable amount on line 16.

Nonaccrual experience method for service providers.

Accrual method FSCs are not required to accrue certain amounts to be received from the performance of services that, based on their experience, will not be collected, if:

- The services are in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting; or
- The FSC meets the section 448(c) gross receipts test for all prior years.

This provision does not apply to any amount if interest is required to be paid on the amount or if there is any penalty for failure to timely pay the amount. See Regulations section 1.448-3 for more information on the nonaccrual experience method, including information on safe harbor methods.

FSCs that qualify to use the nonaccrual experience method should attach a statement showing total gross receipts, the amount not accrued because of the application of section 448(d)(5), and the net amount accrued. Enter the net amount on the applicable line of Schedule B.

Lines 1 through 5. Enter the foreign trading gross receipts requested on lines 1 through 5. See section 924 and *Foreign Trading Gross Receipts*, earlier, for receipts that are excluded and other details. Report commission income on line 1 or line 2 based on the sale, lease, or rental of property on which that commission arose.

Line 5. Managerial services for an unrelated FSC or IC-DISC. If the 50% gross receipts test of section 924(a)(5) is not met, report the FSC's gross receipts that would have otherwise qualified under that section on line 16, Schedule F, instead of line 5, Schedule B.

Lines 6b through 6h. See section 924(b)(2)(B) for the rules regarding the limitation on the amount of foreign trading gross receipts that a small FSC can take into account in determining its exempt foreign trade income.

Line 6d. Temporary Regulations section 1.921-1T(b)(5) indicates that, in the case of a small FSC having a short tax year, the dollar limitation reported on line 6b or 6c is to be prorated on a daily basis. A small FSC having a short tax year must divide the number of days in its short tax year by the number of days that would have made up a full tax year and enter the resulting fraction on line 6d as a decimal less than 1.00000.

Example. For its 2025 calendar year tax year, a small FSC has a short tax year of 73 days. The FSC enters 0.20 (73/365) on line 6d.

Line 6f. If commission income is reported in the total for line 6a of Schedule B, total receipts for purposes of line 6f are figured as follows:

1. Enter total of columns (a) and (b), line 6a, Schedule B 1. _____
2. Enter total commission income reported on line 1 and line 2, Schedule B 2. _____
3. Subtract line 2 from line 1 3. _____
4. With respect to the commission income reported on line 2 above, enter total gross receipts on the sale, lease, or rental of property on which the commission income arose (section 927(b)(2)) 4. _____
5. Add lines 3 and 4. Enter here and on line 6f, Schedule B 5. _____

Line 6h. When making the line 6h allocation, allocate only the commission income from the gross receipts on line 4 above. If the small FSC's foreign trading gross receipts for the tax year (line 6f, Schedule B) exceed its allowable limitation (line 6e, Schedule B), the small FSC may select the gross receipts to which the limitation is allocated. In such a case, allocate the amount on line 6g between columns (a) and (b) on line 6h based on whether the administrative pricing rules were used for the gross receipts selected. See Regulations section 1.921-2(b), Q&A-4.

Part II—Taxable Income or (Loss)

Line 19a. Net operating loss deduction. A FSC may use the NOL incurred in one tax year to reduce its taxable income in another tax year. Enter on line 19a the total NOL carryovers from other tax years, but do not enter more than the FSC's taxable income (after the dividends-received deduction). Attach a statement showing the computation of the NOL deduction. Also complete line 7 in *Additional Information* on page 2 of the form.

For more details on the NOL deduction, see section 172 and the Instructions for Form 1139.

Line 19b. Dividends-received deduction. A FSC may be entitled to a deduction for dividends it receives from other corporations. Complete the worksheet, later, using the *Instructions for Dividends and Dividends-Received Deduction Worksheet*, later. Attach the completed worksheet to Form 1120-FSC.

Line 20. Taxable income or (loss). If line 20 is zero or less, the FSC may have an NOL that may be carried back or forward as a deduction to other tax years.

Only farming losses can be carried back. The carryback period for these losses is 2 years. For NOLs that can be carried back, the FSC can elect to waive the carryback period and instead carry the NOL forward to future tax years.

See the instructions for *Additional Information, line 6*, earlier, for information on making the election to waive the entire carryback period for farming losses. See the Instructions for Form 1139 for other special rules and elections.

See section 172 for additional information.

Schedule E—Exemption Percentages Used in Figuring Exempt Foreign Trade Income

For purposes of the *Note* at the top of Schedule E, a C corporation is a corporation other than an S corporation. Shareholders, other than C corporations, are individuals, partnerships, S corporations, trusts, and estates.

Use lines 2a through 2d to figure the exemption percentage for foreign trade income determined by not using the administrative pricing rules. See section 923(a)(2).

Use lines 3a through 3d to figure the exemption percentage for foreign trade income that was determined by using the administrative pricing rules (see section 923(a)(3)). If a qualified cooperative is a shareholder of the FSC, see section 923(a)(4).

Schedule F—Net Income From Nonexempt Foreign Trade Income and Taxable Nonforeign Trade Income

Part I—Net Income From Nonexempt Foreign Trade Income

Enter net income from nonexempt foreign trade income and related expenses in Part I.

Line 2. International boycott income. Enter FSC income that resulted from the FSC's cooperation with an international boycott. See section 927(e)(2) and Form 5713 and related schedules and instructions.

Line 3. Illegal bribes and other payments. Enter the amount, if any, of illegal payments, bribes, or kickbacks that the FSC paid, directly or indirectly, to government officials, employees, or agents. See section 927(e)(2).

Line 5. Cost of goods sold and other costs related to above income. See the instructions for [Schedule A](#) before completing this line.

Part II—Taxable Nonforeign Trade Income

Enter the taxable portion of gross income of the FSC that was not derived from foreign trading gross receipts. This type of income includes:

- Small FSCs only. Amounts specifically excluded from foreign trade income because of the small FSC limitation (the amount by which line 6f of Schedule B exceeds line 6e of Schedule B). (Enter the excess, if any, on line 7 of Schedule F.)
- Investment type income. (Enter on lines 8 through 12 of Schedule F.)
- Income from property that is subsidized, deemed in short supply, or destined for use in the United States. (Enter on lines 13 and 14 of Schedule F.)
- Amounts from transactions that did not meet the foreign economic process requirements. (Enter on line 15 of Schedule F.)
- Other nonforeign trade income. (Enter on line 16 of Schedule F.)

For more details, see sections 924(f) and 927(a)(2) and (3).

Line 9. Dividends. See the [Dividends and Dividends-Received Deduction Worksheet](#), later, to figure the total dividends to report on line 9. Attach the completed worksheet to Form 1120-FSC.

Instructions for Dividends and Dividends-Received Deduction Worksheet

For purposes of the 20% ownership test on lines 1 through 7, the percentage of stock owned by the FSC is based on voting power and value of the stock.

Line 1, Column (a). Enter dividends (except those received on certain debt-financed stock acquired after July 18, 1984—see section 246A) that:

- Are received from less-than-20%-owned domestic corporations subject to income tax, and
- Qualify for the 50% deduction under section 243(a)(1).

Also include on line 1 dividends (except those received on certain debt-financed stock acquired after July 18, 1984) from a regulated investment company (RIC). The amount of dividends eligible for the dividends-received deduction under section 243 is limited by section 854(b). The FSC should receive a notice from the RIC specifying the amount of dividends that qualify for the deduction.

Report so-called dividends or earnings received from mutual savings banks, etc., as interest. Do not treat them as dividends.

Line 2, Column (a). Enter dividends (except those received on certain debt-financed stock acquired after July 18, 1984) that are received from 20%-or-more-owned domestic corporations subject to income tax and that are subject to the 65% deduction under section 243(c).

Line 3, Column (a). Enter the following:

• Dividends received on certain debt-financed stock acquired after July 18, 1984, from domestic and foreign corporations subject to income tax that would otherwise be subject to the dividends-received deduction under section 243(a)(1), 243(c), or 245(a). Generally, debt-financed stock is stock that the FSC acquired by incurring a debt (for example, it borrowed money to buy the stock).

• Dividends received from a RIC on debt-financed stock. The amount of dividends eligible for the dividends-received deduction is limited by section 854(b). The FSC should receive a notice from the RIC specifying the amount of dividends that qualify for the deduction.

Line 3, Columns (b) and (c). Dividends received on certain debt-financed stock acquired after July 18, 1984, are not entitled to the full 50% or 65% dividends-received deduction under section 243 or 245(a). The 50% or 65% deduction is reduced by a percentage that is related to the amount of debt incurred to acquire the stock. See section 246A. Also, see section 245(a) before making this computation for an additional limitation that applies to certain dividends received from foreign corporations. Attach a statement to Form 1120-FSC showing how the amount on line 3, column (c), was computed.

Line 4, Column (a). Enter dividends received on the preferred stock of a less-than-20%-owned public utility that is subject to income tax and is allowed the 23.3% deduction provided in sections 244 and 247 (as affected

by P.L. 113-295, Div. A, section 221(a)(41)(A), Dec. 19, 2014, 128 Stat. 4043) for dividends paid.

Line 5, Column (a). Enter dividends received on preferred stock of a 20%-or-more-owned public utility that is subject to income tax and is allowed the 26.7% deduction provided in sections 244 and 247 (as affected by P.L. 113-295, Div. A, section 221(a)(41)(A), Dec. 19, 2014, 128 Stat. 4043) for dividends paid.

Line 6, Column (a). Enter the U.S.-source portion of dividends that:

- Are received from less-than-20%-owned foreign corporations, and
- Qualify for the 50% deduction under section 245(a). To qualify for the 50% deduction, the FSC must own at least 10% of the stock of the foreign corporation by vote and value.

Line 7, Column (a). Enter the U.S.-source portion of dividends that are received from 20%-or-more-owned foreign corporations and that qualify for the 65% deduction under sections 243 and 245(a).

Line 8, Column (c). *Limitation on dividends-received deduction.*

Generally, line 8, column (c), may not exceed the amount on line 10 of the worksheet below. However, in a year in which an NOL occurs, the limitation in section 246(b)(1) does not apply, even if the loss is created by the dividends-received deduction. See sections 172(c), 172(d), and 246(b).

1. Rerun line 18, Part II, Schedule B (page 3 of Form 1120-FSC) without any adjustment under section 1059 and without any capital loss carryback to the tax year under section 1212(a)(1)
2. Multiply line 1 by 65% (0.65)
3. Add lines 2, 5, and 7, column (c), and the part of the deduction on line 3, column (c), that is attributable to dividends from 20%-or-more-owned corporations
4. Enter the smaller of line 2 or line 3. If line 3 is greater than line 2, stop here; enter the amount from line 4 on line 8, column (c), and do not complete lines 5–10 below
5. Enter the total amount of dividends from 20%-or-more-owned corporations that are included on lines 2, 3, 5, and 7, column (a)
6. Subtract line 5 from line 1
7. Multiply line 6 by 50% (0.50)
8. Subtract line 3 above from line 8, column (c)
9. Enter the smaller of line 7 or line 8
10. **Dividends-received deduction after limitation (sec. 246(b)).** Add lines 4 and 9. Enter the result here and on line 8, column (c)

Line 10, Column (a). Include the following:

1. Dividends (other than capital gain distributions reported on Schedule D (Form 1120) and exempt-interest dividends) that are received from RICs and that are not subject to the 50% deduction.
2. Dividends from tax-exempt organizations.

3. Dividends (other than capital gain distributions) received from a real estate investment trust that, for the tax year of the trust in which the dividends are paid, qualifies under sections 856 through 860.

4. Dividends not eligible for a dividends-received deduction, which include the following.

a. Dividends received on any share of stock held for less than 46 days during the 91-day period beginning 45 days before the ex-dividend date. When counting the number of days the FSC held the stock, you may not count certain days during which the FSC's risk of loss was diminished. See section 246(c)(4) and Regulations section 1.246-5 for more details.

b. Dividends received on any share of preferred stock that are attributable to periods totaling more than 366 days if such stock was held for less than 91 days during the 181-day period that began 90 days before the ex-dividend date. When counting the number of days the FSC held the stock, you may not count certain days during which the FSC's risk of loss was diminished. See section 246(c)(4) and Regulations section 1.246-5 for more details. Preferred dividends attributable to periods totaling less than 367 days are subject to the 46-day holding period rule discussed above.

c. Dividends on any share of stock to the extent the FSC is under an obligation (including a short sale) to make related payments with respect to positions in substantially similar or related property.

5. Any other taxable dividend income not properly reported elsewhere on the Dividends and Dividends-Received Deduction Worksheet.

If patronage dividends or per-unit retain allocations are included on line 10, identify the total of these amounts in a statement attached to Form 1120-FSC.

Line 18. Deductions allocated or apportioned to line 17 income. Enter the deductions allocated or apportioned to line 17 income. Attach to Form 1120-FSC a statement listing each type of deduction. Show deductions related to cost of goods sold separately. See the instructions for *Schedule A*, earlier, before completing this line.

Passive activity limitations. Section 469 generally limits the deduction of passive activity losses for closely held FSCs and FSCs that are personal service corporations. See section 469 and the Instructions for Form 8810, Corporate Passive Activity Loss and Credit Limitations, for details.

Schedule G—Deductions Allocated or Apportioned to Foreign Trade Income Other Than Foreign Trade Income Reported on Schedule F

Limitations on Deductions

Section 263A uniform capitalization rules. The uniform capitalization rules of section 263A require FSCs to capitalize certain costs to inventory or other property.

In general, FSCs subject to the section 263A uniform capitalization rules are required to capitalize:

1. Direct costs of property produced or acquired for resale, and

2. Certain indirect costs (including taxes) that are properly allocable to property produced or property acquired for resale.

Indirect costs properly allocable to property acquired for resale are generally those costs in the following categories:

- Off-site storage or warehousing.
- Purchasing.
- Handling, such as processing, assembling, repackaging, and transporting.
- General and administrative costs (mixed service costs).

For details, see Regulations section 1.263A-3(d).

In general, the FSC cannot deduct the costs required to be capitalized under section 263A until it sells, uses, or otherwise disposes of the property (to which the costs relate). The FSC recovers these costs through depreciation, amortization, or costs of goods sold.

A *Small business taxpayer*, defined earlier, is not required to capitalize costs under section 263A. A small business taxpayer that wants to discontinue capitalizing costs under section 263A must change its method of accounting. See section 263A(i) and Regulations section 1.263A-1(j). Also, see the Instructions for Form 3115.

For more information on the uniform capitalization rules, see Pub. 538. Also, see Regulations sections 1.263A-1 through 1.263A-3.

Transactions between related taxpayers. Generally, an accrual basis taxpayer may only deduct business expenses and interest owed to a related party in the year the payment is included in the income of the related party. See sections 163(e)(3) and 267(a)(2) for limitations on deductions for unpaid interest and expenses.

Limitations on business interest expense. Business interest expense may be limited. See section 163(j) and Form 8990, Limitation on Business Interest Expense Under Section 163(j).

Line 1. Foreign direct costs described in section 924(e). Enter only foreign direct costs on lines 1a through 1e. See section 924(e) and Regulations sections

1.924(e)-1(a) through (e) for definitions and rules on direct activity costs related to foreign trade income.

Line 5. Salaries and wages. Enter the total salaries and wages paid for the tax year. Do not include salaries and wages deductible elsewhere on the return, such as amounts included in officers' compensation, cost of goods sold, elective contributions to a section 401(k) cash or deferred arrangement, or amounts contributed under a salary reduction SEP agreement or a SIMPLE IRA plan.

Line 10. Compensation of officers. Enter deductible officers' compensation on line 10. Do not include compensation deductible elsewhere on the return, such as amounts included in cost of goods sold, elective contributions to a section 401(k) cash or deferred arrangement, or amounts contributed under a salary reduction SEP agreement or a SIMPLE IRA plan. See the Instructions for Form 1125-E, Compensation of Officers, for more information on officers' compensation, including any special rules and limitations that may apply. You are **not** required to complete Form 1125-E or attach it to Form 1120-FSC.

Line 14. Other deductions. Attach a statement, listing by type and amount, all allowable deductions that are not deductible elsewhere on Form 1120-FSC. Enter the total on line 14.

Examples of other deductions include:

- Amortization. See Part VI of Form 4562.
- Insurance premiums.
- Legal and professional fees.
- Supplies used and consumed in the business.
- Utilities.

Do not deduct:

- Amounts paid or incurred to, or at the direction of, a government or governmental entity for the violation, or investigation or inquiry into the potential violation, of a law. However, see section 162(f) for exceptions to the general rule.
- Any amount that is allocable to a class of exempt income. See section 265(b) for exceptions.

See Pub. 542 and the Instructions for Form 1120 for details on other deductions that may apply to corporations.

Dividends and Dividends-Received Deduction Worksheet

Keep for Your Records 

(See *Instructions for Dividends and Dividends-Received Deduction Worksheet*, earlier.)

	(a) Dividends received	(b) %	(c) Dividends-received deduction: (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		50	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		65	
3 Dividends on certain debt-financed stock of domestic and foreign corporations (section 246A)		See Inst.	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		23.3	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		26.7	
6 Dividends from less-than-20%-owned foreign corporations		50	
7 Dividends from 20%-or-more-owned foreign corporations		65	
8 Total dividends-received deduction. Add lines 1 through 7. See instructions for limitation. Enter here and on Schedule B, line 19b			
9 Other dividends from foreign corporations not included on line 3, 6, or 7			
10 Other dividends			
11 Total dividends. Add lines 1 through 10. Enter here and on Schedule F, line 9			

Schedule J—Tax Computation

Line 1. If the FSC is a member of a controlled group, as defined in section 927(d)(4), it must check the box on line 1 and complete Schedule O (Form 1120), Consent Plan and Apportionment Schedule for a Controlled Group. See Schedule O and the Instructions for Schedule O for more information.

Line 2. Income tax. FSCs, including FSCs that are qualified personal service corporations (as defined in section 448(d)(2)), figure their tax by multiplying taxable income (Schedule B, line 20) by 21%. Enter this amount on line 2.

Line 3. Base erosion minimum tax amount. If the corporation had gross receipts of at least \$500 million in any 1 of the 3 tax years preceding the current tax year, complete and attach Form 8991. Enter on line 3 the base erosion minimum tax from Form 8991, Part IV, line 5e. See section 59A and the Instructions for Form 8991, Tax on Base Erosion Payments of Taxpayers with Substantial Gross Receipts.

Line 4. A FSC generally enters on line 4 the sum of Schedule J, lines 2 and 3. However, if the FSC is an applicable corporation under section 59(k) and is subject to the corporate alternative minimum tax (CAMT), complete Form 4626, Alternative Minimum Tax - Corporations, and attach it to Form 1120-FSC. Enter on line 4 the sum of (a) the amount from Form 1120-FSC, Schedule J, lines 2 and 3, and (b) the amount from Form 4626, Part II, line 13.

Line 5. Foreign tax credit. Generally, a FSC may not claim a foreign tax credit. It may, however, claim a foreign tax credit for any foreign taxes imposed on foreign source taxable nonforeign trade income (Schedule F, Part II) that

is treated as effectively connected with a U.S. trade or business. See Temporary Regulations section 1.921-3T(d)(2) for more details.

Schedule L—Balance Sheets per Books

The balance sheets should agree with the FSC's books and records. Include certificates of deposit as cash on line 1, Schedule L.

Line 5. Tax-exempt securities. Include on this line:

- State and local government obligations, the interest on which is excludible from gross income under section 103(a), and
- Stock in a mutual fund or other regulated investment company that distributed exempt-interest dividends during the tax year of the FSC.

Line 27. Adjustments to shareholders' equity. Some examples of adjustments to report on this line include:

- Foreign currency translation adjustments.
- The excess of additional pension liability over unrecognized prior service cost.

If the total adjustment to be entered on line 27 is a negative amount, enter the amount in parentheses.

Schedule M-1—Reconciliation of Income (Loss) per Books With Income per Return

Line 5c. Travel and entertainment. Include on line 5c any of the following.

- Entertainment expenses not deductible under section 274(a).
- Meal expenses not deductible under section 274(n).

- Qualified transportation fringes not deductible under section 274(a)(4).
- Expenses for the use of an entertainment facility.
- The part of business gifts over \$25.
- Expenses of an individual over \$2,000, that are allocable to conventions on cruise ships.
- Employee achievement awards of nontangible property or of tangible property if the value is over \$400 (\$1,600 if part of a qualified plan).
- The cost of skyboxes.
- Nondeductible club dues.
- The part of luxury water travel expenses not deductible under section 274(m).

- Expenses for travel as a form of education.
- Other nondeductible travel and entertainment expenses.

Line 7a. Tax-exempt interest. Report any tax-exempt interest received or accrued, including any exempt-interest dividends received as a shareholder in a mutual fund or other regulated investment company. Also report this same amount on line 2, *Additional Information*, on page 2 of the form.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.

The estimated burden for taxpayers filing this form is approved under OMB control number 1545-0123.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form and related schedule simpler, we would be happy to hear from you. You can send us comments through [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or you can write to the Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the tax form to this address. Instead, see [Where To File](#), earlier, near the beginning of the instructions.

Form 1120-FSC
Principal Business Activity Codes

This list of principal business activities and their associated codes is designed to classify an enterprise by the type of activity in which it is engaged to facilitate the administration of the Internal Revenue Code. These principal business activity codes are based on the North American Industry Classification System.

Using the list of activities and codes below, determine from which activity the FSC derives the largest percentage of its "total receipts." Total receipts is defined as the sum of the foreign trading gross receipts on Form 1120-FSC, page 3, Schedule B, line 6a, and the total income on page 4, Schedule F, lines 4 and 17. If the FSC's largest percentage of its total receipts is derived from the wholesale trading of durable goods, the FSC must use one of the corresponding codes from the list below (423100-423990).

Once the principal business activity is determined, entries must be made on Form 1120-FSC, page 2, Additional Information, lines 1a, 1b, and 1c. For the business activity code number, enter the six digit code selected from the list below. On line 1b, enter a brief description of the FSC's business activity. Finally, enter a description of the principal product or service of the FSC on line 1c.

Wholesale Trade	424400 Grocery & Related Products	Motion Picture and Sound Recording Industries	532281 Formal Wear & Costume Rental
Merchant Wholesalers, Durable Goods	424500 Farm Product Raw Materials	512100 Motion Picture & Video Industries (except video rental)	532282 Video Tape & Disc Rental
423100 Motor Vehicle & Motor Vehicle Parts & Supplies	424600 Chemical & Allied Products	512200 Sound Recording Industries	532283 Home Health Equipment Rental
423200 Furniture & Home Furnishings	424700 Petroleum & Petroleum Products	Broadcasting, Content Providers, and Telecommunications	532284 Recreational Goods Rental
423300 Lumber & Other Construction Materials	424800 Beer, Wine, & Distilled Alcoholic Beverages	516100 Radio & Television Broadcasting	532289 All Other Consumer Goods Rental
423400 Professional & Commercial Equipment & Supplies	424910 Farm Supplies	516210 Media Streaming, Social Networks, & Other Content Providers	532310 General Rental Centers
423500 Metal & Mineral (except Petroleum)	424920 Book, Periodical, & Newspapers	517000 Telecommunications (including Wired, Wireless, Satellite, Cable & Other Program Distribution, Resellers, Agents, Other Telecommunications, & Internet Service Providers)	532400 Commercial & Industrial Machinery & Equipment Rental & Leasing
423600 Household Appliances and Electrical & Electronic Goods	424930 Flowers, Nursery Stock, & Florists' Supplies		
423700 Hardware & Plumbing & Heating Equipment & Supplies	424940 Tobacco Products & Electronic Cigarettes	Data Processing Services	
423800 Machinery, Equipment, & Supplies	424950 Paint, Varnish, & Supplies	518210 Computing Infrastructure Providers, Data Processing, Web Hosting, & Related Services	
423910 Sporting & Recreational Goods & Supplies	424990 Other Miscellaneous Nondurable Goods	519200 Web Search, Rentals, Libraries, Archives, & Other Info. Services	
423920 Toy & Hobby Goods & Supplies		Rental and Leasing	
423930 Recyclable Materials		Rental and Leasing Services	
423940 Jewelry, Watch, Precious Stone, & Precious Metals		532100 Automotive Equipment Rental & Leasing	
423990 Other Miscellaneous Durable Goods		532210 Consumer Electronics & Appliances Rental	
Merchant Wholesalers, Nondurable Goods			
424100 Paper & Paper Products			
424210 Drugs & Druggists' Sundries			
424300 Apparel, Piece Goods, & Notions			