### Computation of Franchise Tax

**8. Franchise Tax Overpaid**
- If the sum of Line 6a plus 6b is more than Line 5, enter difference here and on Page 2, Line 31.

**7. Franchise Tax Due**
- If the sum of Line 6a plus 6b is less than Line 5, enter difference here and on Page 2, Line 31.

### Computation of Corporate Income Tax

**1. Capital Stock, Surplus, and Undivided Profits**
- (From Schedule C, Line 13)

**2. Investment in N.C. Tangible Property**
- (From Schedule D, Line 8)

**3. Appraised Value of N.C. Tangible Property**
- (From Schedule E, Line 2)

**4. Taxable Amount**
- Line 1, 2, or 3, whichever is greatest

**5. Total Franchise Tax Due**
- Multiply Line 4 by .0015 ($1.50 per $1,000.00 - minimum $35.00)

**6a. Payment with Application for Franchise Tax Extension**
- (From Form CD-419, Line 9)

**6b. Tax Credits**
- (From Form CD-425, Part 2, Line 10)

If a tax credit is claimed on Line 6b, Form CD-425 MUST be attached.

**7. Franchise Tax Due**
- If the sum of Line 6a plus 6b is less than Line 5, enter difference here and on Page 2, Line 31.

**8. Franchise Tax Overpaid**
- If the sum of Line 6a plus 6b is more than Line 5, enter difference here and on Page 2, Line 31.

### Computation of Corporate Income Tax

**9. Shareholders’ Shares of Corporation Income (Loss)**
- (From Schedule H, Line 11 or Federal Schedule K, Lines 1-10)

**10. Adjustments to Corporation Income (Loss)**
- (From Schedule I, Line 5)

**11. N.C. Taxable Income**
- Add (or subtract) Lines 9 and 10

**12. Nonapportionable Income**
- (From Schedule N, Line 1)

**13. Apportionable Income**
- Line 11 minus Line 12

**14. Apportionment Factor**
- Enter to four decimal places

**15. Income Apportioned to N.C.**
- Multiply Line 13 by factor on Line 14

**16. Nonapportionable Income Allocated to N.C.**
- (From Schedule N, Line 2)

**17. Income Subject to N.C. Tax**
- Add Lines 15 and 16

**18. Percentage Depletion over Cost Depletion on N.C. Property**
- (See Instructions)

**19. Total Net Taxable Income**
- Line 17 minus Line 18

**20. Amount of Line 19 Attributable to Nonresidents Filing Composite**

**21. Separately Stated Items of Income Attributable to Nonresidents Filing Composite**
- (See Instructions)

(Schedule B continued on Page 2.)
### Franchise Tax Due or Overpayment
22. North Carolina Income Tax - Add Lines 20 and 21; calculate the tax for each nonresident shareholder filing composite using the Income Tax Rate Schedule on Page 8. Total the amounts for all composite filers and enter sum.

#### Income Tax Due or Overpayment
23. Tax Credits Attributable to Nonresidents Filing Composite (From CD-425, Part 4, Line 29) If a tax credit is claimed on Line 23, Form CD-425 MUST be attached.

#### Net Tax Due for Nonresidents Filing Composite

#### Annual Report Fee
25. Include $20.00 ONLY if filing report with the Department of Revenue. (Pay online. Go to www.sosnc.com for an electronic filing option.)

26. Add Lines 24 and 25

#### Payments
27. a. Application for Income Tax Extension (From Form CD-419, Line 10)

b. 2005 Estimated Tax (When filing an amended return, enter previous payments)

c. Partnership (If a partnership payment is claimed on Line 27c, a copy of the NC K-1 MUST be attached.)

d. Nonresident Withholding (Include copy of 1099 or W-2)

28. Add Lines 27a through 27d

#### Income Tax Due
29. If Line 28 is less than Line 26, enter difference here and on Line 32

#### Income Tax Overpaid
30. If Line 28 is more than Line 26, enter difference here and on Line 32

### Total Due
31. Franchise Tax Due or Overpayment (From Schedule A, Line 7 or 8)
32. Income Tax Due or Overpayment (From Schedule B, Line 29 or 30)
33. Balance of Tax Due or Overpayment Add (or subtract) Lines 31 and 32

### Interest and Penalties
34. (See instructions)

### Overpayment
36. 

### Amount to be Refunded
38. Amount to be refunded to 2006 Estimated Income Tax Line 36 minus Line 37

### Signature and Title of Officer:
I certify that, to the best of my knowledge, this return is accurate and complete.

### Corporate Telephone Number:
Pay online. Go to www.dormc.com and click on Electronic Services.

### Signature of Paid Preparer:
Preparer’s FEIN, SSN, or PTIN: (Important: Include Area Code)

### MAIL TO:
N.C. Dept. of Revenue, P.O. Box 25000, Raleigh, N.C. 27640-0530. Returns are due by the 15th day of the 3rd month after the end of the income year.
### Capital Stock, Surplus, and Undivided Profits

- **1.** Total capital stock outstanding less cost of treasury stock
- **2.** Paid-in or capital surplus
- **3.** Retained earnings (earned surplus and undivided profits)
- **4.** Other surplus
- **5.** Deferred or unearned income
- **6.** Allowance for bad debts
- **7.** LIFO reserves
- **8.** Other reserves that do not represent definite and accrued legal liabilities
- **9.** Add Lines 1 through 8 and enter total
- **10.** Affiliated indebtedness (See instructions)

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- **11.** Line 9 plus (or minus) Line 10

- **12.** Apportionment factor (From Schedule O, Part 1; Part 2 - Line 15; Part 3; or Part 4)

- **13.** Capital Stock, Surplus, and Undivided Profits
  
  Multiply Line 11 by factor on Line 12 and enter result here and on Schedule A, Line 1. If amount on Line 13 is less than zero, enter zero on Schedule A, Line 1.

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### Investment in N.C. Tangible Property

- **1.** Total value of inventories located in N.C.
- **2.** Total value of furniture, fixtures, and machinery and equipment located in N.C.
- **3.** Total value of land and buildings located in N.C.
- **4.** Total value of leasehold improvements and other tangible property located in N.C.
- **5.** Add Lines 1 through 4 and enter total
- **6.** Accumulated depreciation, depletion, and amortization
- **7.** Debt existing for the purchase or improvement of N.C. real estate
- **8.** Investment in N.C. Tangible Property
  
  Line 5 minus Lines 6 and 7; enter amount here and on Schedule A, Line 2

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### Appraised Value of N.C. Tangible Property

- **1.** Total appraised value of all N.C. tangible property, including motor vehicles
  
  (If tax year ends December 31, 2005 through September 30, 2006, enter the appraised county tax value of all real and tangible property located in N.C. as of January 1, 2005, including any motor vehicles assessed during the tax year. Otherwise, enter value as of January 1, 2006.)

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- **2.** Appraised Value of N.C. Tangible Property
  
  Multiply Line 1 by 55%; enter here and on Schedule A, Line 3

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### Other Information - All Taxpayers Must Complete this Schedule

- **1.** State of incorporation ___________________________ Date incorporated________

- **2.** Date Certificate of Authority was obtained from N.C. Secretary of State ________

- **3.** Regular or principal trade or business in N.C. ___________________________ Everywhere

- **4.** Principal place from which business is directed or managed __________________

- **5.** What was the last year the IRS redetermined the corporation’s federal taxable income?
  
  Were the adjustments reported to N.C.?  Yes  No

- **6.** Is this corporation subject to franchise tax but not N.C. income tax because the corporation’s income tax activities are protected under P.L. 86-272?  Yes (Attach detailed explanation)  No
### Ordinary Income (Loss) from Trade or Business Activities

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

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

### Computation of Income (Loss)

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

### Adjustments to Income (Loss)

1. Additions to Income (Loss):
   a. Taxes based on net income |   | .00 |
   b. Interest on non-N.C. obligations |   | .00 |
   c. Capital loss carry-over |   | .00 |
   d. Royalty paid to related members (See instructions) |   | .00 |
   e. Expenses attributable to income not taxed (See instructions) |   | .00 |
   f. Other (Attach schedule) |   | .00 |
2. Total Additions Add Lines 1a through 1f |   | .00 |
3. Deductions from Income (Loss):
   a. U.S. obligation interest (net of expenses) |   | .00 |
   b. Deductible dividends (See instructions) |   | .00 |
   c. Capital loss not deducted on federal return |   | .00 |
   d. Royalty received from related members (See instructions) |   | .00 |
   e. Additional first-year depreciation (See instructions) |   | .00 |
   f. Other (Attach schedule) |   | .00 |
4. Total Deductions Add Lines 3a through 3f |   | .00 |
5. Adjustments to Income (Loss) Line 2 minus Line 4; enter result here and on Schedule B, Line 10 |   | .00 |

### Explanation of Changes for Amended Return

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

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<th>Shareholder 3</th>
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<tr>
<td><strong>3. Address</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>4. Percentage of ownership</strong></td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td><strong>5. Share of income (loss)</strong>&lt;br&gt; <em>(From Schedule H, Line 11)</em></td>
<td></td>
<td></td>
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<tr>
<td><strong>6. Additions to income (loss)</strong>&lt;br&gt; <em>(From Schedule I, Line 2)</em></td>
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<td></td>
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<tr>
<td><strong>7. Deductions from income (loss)</strong>&lt;br&gt; <em>(From Schedule I, Line 4)</em></td>
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<tr>
<td><strong>8. Income subject to N.C. tax</strong>&lt;br&gt; <em>Add (subtract) Lines 5, 6, and 7</em></td>
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<tr>
<td><strong>9. Share of tax credits</strong>&lt;br&gt; <em>(See instructions)</em></td>
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<tr>
<td><strong>10. Share of tax withheld from nonwage compensation</strong></td>
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<tr>
<td><strong>11. Amount of Line 8 apportioned or allocated to N.C. (nonresidents only)</strong></td>
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<tr>
<td><strong>12. Separately stated items of income (nonresidents only)</strong></td>
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<td><strong>13. Net tax paid for shareholder by corporation (nonresidents only)</strong></td>
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<table>
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<th>Shareholder 4</th>
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<th>Shareholders’ Total</th>
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<td><strong>3. Address</strong></td>
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<td><strong>4. Percentage of ownership</strong></td>
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<td>%</td>
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<tr>
<td><strong>5. Share of income (loss)</strong>&lt;br&gt; <em>(From Schedule H, Line 11)</em></td>
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<tr>
<td><strong>6. Additions to income (loss)</strong>&lt;br&gt; <em>(From Schedule I, Line 2)</em></td>
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<tr>
<td><strong>7. Deductions from income (loss)</strong>&lt;br&gt; <em>(From Schedule I, Line 4)</em></td>
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<tr>
<td><strong>8. Income subject to N.C. tax</strong>&lt;br&gt; <em>Add (subtract) Lines 5, 6, and 7</em></td>
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<tr>
<td><strong>9. Share of tax credits</strong>&lt;br&gt; <em>(See instructions)</em></td>
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<td><strong>10. Share of tax withheld from nonwage compensation</strong></td>
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<td><strong>11. Amount of Line 8 apportioned or allocated to N.C. (nonresidents only)</strong></td>
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<tr>
<td><strong>12. Separately stated items of income (nonresidents only)</strong></td>
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<tr>
<td><strong>13. Net tax paid for shareholder by corporation (nonresidents only)</strong></td>
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(Attach additional pages if needed.)
## Balance Sheet per Books

### Assets

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

### Liabilities and Shareholders’ Equity

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

### M-1 Federal Schedule

1. Net income (loss) per books
2. Income included on Federal Schedule K,
   Lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9 and 10 not recorded on books this year *(itemize):*

3. Expenses recorded on books this year
   not included on Federal Schedule K, Lines 1 through 12, and 14h or (14m) *(itemize):*
   a. Depreciation $ __________
   b. Travel and entertainment $ __________
4. Add Lines 1 through 3
5. Income recorded on books this year not included on Federal Schedule K, Lines 1 through 10 *(itemize):*
   a. Tax-exempt interest $ __________
6. Deductions included on Federal Schedule K, Lines 1 through 12, 14h or (14m) not charged against book income this year *(itemize):*
   a. Depreciation $ __________
7. Add Lines 5 and 6
8. Income (Loss) (Federal Schedule K,
   Line 17e) Line 4 minus Line 7

### M-2 Analysis of N.C. ADDA

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

### N.C. Accumulated Adjustments

### N.C. Other Adjustments

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

### Nonapportionable Income

<table>
<thead>
<tr>
<th>(A) Nonapportionable Income</th>
<th>(B) Gross Amounts</th>
<th>(C) Related Expenses*</th>
<th>(D) Net Amounts (Column B minus Column C)</th>
<th>(E) Net Amounts Allocated Directly to N.C.</th>
</tr>
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1. Nonapportionable Income (Enter the total of Column D here and on Schedule B, Line 12) .00

2. Nonapportionable Income Allocated to N.C. (Enter the total of Column E here and on Schedule B, Line 16) .00

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

(Attach additional sheets if necessary)

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

### Part 1. Domestic and Other Corporations Not Apportioning Franchise or Income Outside N.C.

Enter 100% here and on Schedule C, Line 12 and Schedule B, Line 14

### Part 2. Corporations Apportioning Franchise or Income to N.C. and to Other States

Note: Apportionment factors must be calculated 4 places to the right of the decimal.

#### 1. Within North Carolina

<table>
<thead>
<tr>
<th>(a) Beginning Period</th>
<th>(b) Ending Period</th>
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#### 2. Total Everywhere

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### Computation of Apportionment Factor

#### 1. Land

#### 2. Buildings

#### 3. Inventories

#### 4. Other property

#### 5. Total (Add Lines 1-4)

#### 6. Average value of property

Add amounts on Line 5 for (a) and (b); divide by 2

#### 7. Rented property (Multiply annual rents by 8)

#### 8. Property Factor

Add Lines 6 and 7; divide Column 1 by Column 2 and enter factor

#### 9. Gross payroll

#### 10. Compensation of general executive officers

#### 11. Payroll Factor

Line 9 minus Line 10; divide Column 1 by Column 2 and enter factor

#### 12. Sales Factor

Attach schedule

Divide Column 1 by Column 2 and enter factor

#### 13. Sales Factor

Enter the same factor as on Line 12

#### 14. Total of Factors

Add Lines 8, 11, 12, and 13

#### 15. N.C. Apportionment Factor

Divide Line 14 by the number of factors present; enter result here and on Schedule C, Line 12, and Schedule B, Line 14

### Part 3. Excluded Corporations and Public Utilities, Other Than Those Companies Listed in Part 4

Excluded corporations must use the sales factor alone. These corporations need not complete the property and payroll factor sections of this Schedule. (See instructions and G.S.105 -130.4 for definition of excluded corporation.) Enter the sales factor from Line 12 here and on Schedule C, Line 12 and Schedule B, Line 14

### Part 4. Telephone Companies and Motor Carriers

Enter the apportionment factor computed on the worksheet in the instructions here and on Schedule C, Line 12 and Schedule B, Line 14
**Income Tax Rate Schedule**

Nonresident shareholders electing to file a composite S Corporation Tax Return must use the following rates in computing the amount of income tax due:

- 6.00% of the first $12,750
- 7.00% of the amount over $12,750 but less than $60,000
- 7.75% of the amount over $60,000 but less than $120,000
- 8.25% of the amount over $120,000

**Explanation of Changes for Amended Return**

(Attach additional sheets if necessary.)

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