

## Tax Rate Schedule

If taxable income (line 30, Form 1120) on page 1 is:

Over—	But not over—	Tax is:	Of the amount over—
\$0	\$50,000	15%	\$0
50,000	75,000	\$ 7,500 + 25%	50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000	10,000,000	113,900 + 34%	335,000
10,000,000	15,000,000	3,400,000 + 35%	10,000,000
15,000,000	18,333,333	5,150,000 + 38%	15,000,000
18,333,333	-----	35%	0

### Qualified personal service corporation.

A qualified personal service corporation is taxed at a flat rate of 35% on taxable income. If the corporation is a qualified personal service corporation, check the box on line 2 even if the corporation has no tax liability.

A corporation is a qualified personal service corporation if it meets both of the following tests.

1. Substantially all of the corporation's activities involve the performance of services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting.

2. At least 95% of the corporation's stock, by value, is directly or indirectly owned by

- Employees performing the services,
- Retired employees who had performed the services listed above,
- Any estate of an employee or retiree described above, or
- Any person who acquired the stock of the corporation as a result of the death of an employee or retiree (but only for the 2-year period beginning on the date of the employee's or retiree's death).

**Alternative tax on qualified timber gain.** If the corporation is a partner in a partnership and had net capital gain and a distributive share of a qualified timber gain (as defined in section 1201(b)(2)) from the partnership for the period that began before May 23, 2009, the corporation may be eligible for an alternative tax under section 1201(b)(1) on the portion of its taxable income attributable to the qualified timber gain. Enter the alternative tax, if any, on Schedule J, line 2. Attach a statement showing the computation of the tax. You may use Part IV of the 2009 Schedule D (Form 1120) as a guide. See section 1201(b).

**Mutual savings bank conducting life insurance business.** The tax under section 594 consists of the sum of (a) a partial tax computed on Form 1120 on the taxable income of the bank determined without regard to income or deductions allocable to the life insurance department, and (b) a partial tax on the taxable income computed on Form 1120-L of the life insurance department. Enter the

combined tax on line 2. Attach Form 1120-L as a schedule (and identify it as such), together with the annual statements and schedules required to be filed with Form 1120-L. See Regulations section 1.6012-2(c)(1)(ii).

**Exception for insurance companies filing their Federal income tax returns electronically.** If an insurance company files its income tax return electronically, it should not include the annual statements and schedules required to be filed with Form 1120-L. However, such statements must be available at all times for inspection by the IRS and retained for so long as such statements may be material in the administration of any internal revenue law.

**Deferred tax under section 1291.** If the corporation was a shareholder in a passive foreign investment company (PFIC) and received an excess distribution or disposed of its investment in the PFIC during the year, it must include the increase in taxes due under section 1291(c)(2) in the total for line 2. On the dotted line next to line 2, enter "Section 1291" and the amount.

Do not include on line 2 any interest due under section 1291(c)(3). Instead, show the amount of interest owed in the bottom margin of page 1, Form 1120, and enter "Section 1291 interest." For details, see Form 8621.

**Additional tax under section 197(f).** A corporation that elects to pay tax on the gain from the sale of an intangible under the related person exception to the anti-churning rules should include any additional tax due under section 197(f)(9)(B) in the total for line 2. On the dotted line next to line 2, enter "Section 197" and the amount.

### Line 3



*A corporation that is not a small corporation exempt from the AMT may be required to file Form 4626, Alternative Minimum Tax—Corporations, if it claims certain credits, even though it does not owe any AMT. See Form 4626 for details.*

Unless the corporation is treated as a small corporation exempt from the AMT, it may owe the AMT if it has any of the adjustments and tax preference items listed on Form 4626. The corporation must file Form 4626 if its taxable income (or loss) before the NOL deduction, combined with these adjustments and tax preference items is more than the smaller of \$40,000 or the corporation's allowable exemption amount (from Form 4626). For this purpose, taxable income does not include the NOL deduction.

See Form 4626 for definitions and details on how to figure the tax.

### Line 5a

To find out when a corporation can take the credit for payment of income tax to a foreign country or U.S. possession, see

Form 1118, Foreign Tax Credit — Corporations.

### Line 5b

Enter any qualified electric vehicle passive activity credits from prior years allowed for the current tax year from Form 8834, Qualified Plug-in Electric and Electric Vehicle Credit, line 29. Also include on line 5b any credits from Form 5735, American Samoa Economic Development Credit. See the Instructions for Form 5735.

### Line 5c

Enter on line 5c the allowable credit from Form 3800, Part II, line 32.

The corporation is required to file Form 3800, General Business Credit, to claim most business credits. See the Instructions for Form 3800 for exceptions. For a list of allowable credits, see Form 3800. Also, see the applicable credit form and its instructions.

### Line 5d

To figure the minimum tax credit and any carryforward of that credit, use Form 8827, Credit for Prior Year Minimum Tax—Corporations.

### Line 5e

Enter the allowable credits from Form 8912, Credit to Holders of Tax Credit Bonds, line 18.

### Line 8

A corporation is taxed as a personal holding company under section 542 if:

- At least 60% of its adjusted ordinary gross income for the tax year is personal holding company income, and
- At any time during the last half of the tax year more than 50% in value of its outstanding stock is directly or indirectly owned by five or fewer individuals.

See Schedule PH (Form 1120) for definitions and details on how to figure the tax.

### Line 9

Include any of the following taxes and interest in the total on line 9. Check the appropriate box(es) for the form, if any, used to compute the total.

**Recapture of investment credit.** If the corporation disposed of investment credit property or changed its use before the end of its useful life or recovery period, or is required to recapture a qualifying therapeutic discovery project grant, enter the increase in tax from Form 4255, Recapture of Investment Credit.

**Recapture of low-income housing credit.** If the corporation disposed of property (or there was a reduction in the qualified basis of the property) for which it took the low-income housing credit, it may owe a tax. See Form 8611, Recapture of Low-Income Housing Credit.

**Interest due under the look-back methods.** If the corporation used the look-back method for certain long-term contracts, see Form 8697, Interest Computation Under the Look-Back