Extraterritorial Income Exclusion

Department of the Treasury Internal Revenue Service

► Attach to your tax return.

► See separate instructions.

2007	
Attachment Sequence No. 126	

OMB No. 1545-1722

formerly leased or rented for use by the lessee outside the United States Services related and subsidiary to the lease of qualifying foreign trade property for use by the lessee outside the United States. Enter the same amount in both columns. Engineering or architectural services for construction projects outside the United States Managerial services provided to unrelated persons (see instructions) Hence the sum of the amounts from lines 6, 9, 12, and 13 of column (a) attributable to foreign economic processes. Do not include any amounts already included on lines 7, 8, 10, or 11 in column (b) Foreign trading gross receipts. Add lines 6 through 13 in column (a) Inventory at beginning of year Purchases Cost of goods sold: Inventory at beginning of year Additional section 263A costs (attach schedule) Other costs (attach schedule) Total. Add lines 17a through 17e Inventory at end of year Subtract line 17g from line 17f In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16. Poreign trade income. In column (a), subtract line 19 from line 18. If -0- or	Name(s) as shown on return			Identify	Identifying number			
cecipts on line 15. Attach a schedule indicating which receipts are being excluded. Check the box if you are electing to apply the extraterritorial income exclusions provisions to certain transactions involving a FSC (see instructions). Attach a schedule listing the affected transactions Check the box if the taxpayer is a foreign corporation electing to be treated as a domestic corporation (see instructions). Are you excepted from the foreign economic process requirements because your foreign trading gross receipts are \$5 million or less? Are you excepted from the foreign economic process requirements because your foreign trading gross receipts are \$5 million or less? Are you excepted from the foreign economic process requirements: (1) You met the 50% foreign direct cost test (see instructions). (2) You met the 50% foreign direct cost test (see instructions). (3) Our met the affermative 85% foreign direct cost test (see instructions). 5 See instructions before completing lines 5a through 5c. Note: For transactions for which the exclusion is determined using the foreign sale and leasing income method (i.e., line 44 equals fine 45), complete only lines 5a and 5c(1). a Business activity code Check the applicable box to indicate the basis of your reporting: (1) Transaction-by-transaction: (a) Aggregate on Form 8873 (b) Aggregate on tabular schedule (c) Tabular schedule of transactions Part III Foreign Trade Income and Foreign Sale and Leasing Income Caution: If a related person is also eligible for an extraterritorial income exclusion, see Excluded property in the instructions. Sale, exchaleg, or other disposition of qualifying foreign trade property formerly leased or rented for use by the lessee outside the United States. Lease or rental of qualifying foreign trade property for use by the lessee outside the United States. Enter the amount from line 6, column (a), attributable to the sale of property formerly leased or rented for use by the lessee outside the United States. Service	Pai	t I Elections and Other Information						
See instructions Attach a schedule listing the affected transactions	1							
4a Are you excepted from the foreign economic process requirements because your foreign trading gross receipts are \$5 million or less? b f No,* check the applicable box to indicate how you met the foreign economic process requirements: (1)	2							
receipts are \$\$ million or less?	3	Check the box if the taxpayer is a foreign corporation electing to be treated as	a dom	estic corporation	(see instructions)	-		
(1) ☐ You met the 50% foreign direct cost test (see instructions). 22 ☐ You met the alternative 85% foreign direct cost test (see instructions). 5 See instructions before completing lines 5a through 5c. Note: For transactions for which the exclusion is determined using the foreign sale and leasing income method (i.e., line 44 equals line 45), complete only lines 5a and 5c(1). a Business activity code	4a							
the foreign sale and leasing income method (i.e., line 44 equals line 45), complete only lines 5a and 5c(1). a Business activity code c Check the applicable box to indicate the basis of your reporting: (1) Transaction-by-transaction: (a) Aggregate on Form 8873 (b) Aggregate on tabular schedule Caution: If a related person is also eligible for an extraterritorial income exclusion, see Excluded property in the instructions. Caution: If a related person is also eligible for an extraterritorial income exclusion, see Excluded property in the instructions. Caution: If a related person is also eligible for an extraterritorial income exclusion, see Excluded property in the instructions. Caution: If a related person is also eligible for an extraterritorial income exclusion, see Excluded property in the instructions. Caution: If a related person is also eligible for an extraterritorial income exclusion, see Excluded property in the instructions. Caution: If a related person is also eligible for an extraterritorial income exclusion, see Excluded property in the instructions. Caution: If a related person is also eligible for an extraterritorial income exclusion, see Excluded property in the instructions. Caution: If a related person is also eligible for an extraterritorial income exclusion, see Excluded property in the instructions. Enter the amount from line 6, column (a), attributable to the sale of property formerly leased or rented for use by the lessee outside the United States. 10	b	(1) \square You met the 50% foreign direct cost test (see instructions).						
c Check the applicable box to indicate the basis of your reporting: (1) Transaction-by-transaction: (a) Aggregate on Form 8873 (b) Aggregate on tabular schedule (c) Tabular schedule of transactions Part II Foreign Trade Income and Foreign Sale and Leasing Income Caution: If a related person is also eligible for an extraterritorial income exclusion, see Excluded property in the instructions. 6 Sale, exchange, or other disposition of qualifying foreign trade property formerly leased or rented for use by the lessee outside the United States. 8 Lease or rental of qualifying foreign trade property for use by the lessee outside the United States. Enter the same amount in both columns. 9 Services related and subsidiary to the sale, exchange, or other disposition of qualifying foreign trade property formerly leased or rented for use by the lessee outside the United States. 10 Enter the amount from line 9, column (a), attributable to the sale of property formerly leased or rented for use by the lessee outside the United States. 11 Services related and subsidiary to the lease of qualifying foreign trade property for merly leased or rented for use by the lessee outside the United States. 12 Engineering or architectural services for construction projects outside the United States. 13 Managerial services provided to unrelated persons (see instructions). 14 Enter the sum of the amounts from lines 6, 9, 12, and 13 of column (a) attributable to foreign economic processes. Do not include any amounts already included on lines 7, 8, 10, or 11 in column (b). 15 Foreign trading gross receipts. Add lines 6 through 13 in column (a). 16 Add lines 7 through 14 in column (b). 17 Cost of goods sold: 18 In column (a), subtract line 17 from line 15. In column (b), subtract line 17 from line 16. 19 Other expenses and deductions (see instructions) (attach schedule). 19 Other expenses and deductions (see instructions) (attach schedule). 19 Other expenses and deductions (see instructions) (attach schedule).	5		ransactions for which the exclusion is determined using					
(a)		· · · · · · · · · · · · · · · · · · ·	ct or p	roduct line				
Caution: If a related person is also eligible for an extraterritorial income exclusion, see Excluded property in the instructions. 6 Sale, exchange, or other disposition of qualifying foreign trade property formerly leased or rented for use by the lessee outside the United States. 8 Lease or rental of qualifying foreign trade property formerly leased or rented for use by the lessee outside the United States. Enter the same amount in both columns. 9 Services related and subsidiary to the sale, exchange, or other disposition of qualifying foreign trade property formerly leased or rented for use by the lessee outside the United States. Enter the same amount in both columns. 10 Enter the amount from line 9, column (a), attributable to the sale of property formerly leased or rented for use by the lessee outside the United States. 11 Services related and subsidiary to the lease of qualifying foreign trade property for use by the lessee outside the United States. 12 Engineering or architectural services for construction projects outside the United States. 13 Managerial services provided to unrelated persons (see instructions). 14 Enter the sum of the amounts from lines 6, 9, 12, and 13 of column (a) attributable to foreign economic processes. Do not include any amounts already included on lines 7, 8, 10, or 11 in column (b). 15 Foreign trading gross receipts. Add lines 6 through 13 in column (a). 15 In Cost of goods sold: a Inventory at beginning of year b Purchases. 17b Urchases. 17c Cost of labor 4 Additional section 263A costs (attach schedule) 17d Cost of labor 17d Cos	С	(1) Transaction-by-transaction: (a) ☐ Aggregate on Form 8873 (b) ☐ Aggregate on tabular schedule (c) ☐ Tabular schedule of transactions						
Caution: If a related person is also eligible for an extraterritorial income exclusion, see Excluded property in the instructions. 6 Sale, exchange, or other disposition of qualifying foreign trade property formerly leased or rented for use by the lessee outside the United States. 8 Lease or rental of qualifying foreign trade property formerly leased or rented for use by the lessee outside the United States. Enter the same amount in both columns. 9 Services related and subsidiary to the sale, exchange, or other disposition of qualifying foreign trade property formerly leased or rented for use by the lessee outside the United States. Enter the same amount in both columns. 11 Services related and subsidiary to the lease of qualifying foreign trade property formerly leased or rented for use by the lessee outside the United States. 12 Engineering or architectural services for construction projects outside the United States. 13 Managerial services provided to unrelated persons (see instructions). 14 Enter the sum of the amounts from lines 6, 9, 12, and 13 of column (a) attributable to foreign economic processes. Do not include any amounts already included on lines 7, 8, 10, or 11 in column (b). 15 Foreign trading gross receipts. Add lines 6 through 13 in column (a). 16 Add lines 7 through 14 in column (b). 17 Cost of goods sold: a Inventory at beginning of year b Purchases c Cost of labor d Additional section 263A costs (attach schedule) 7 Ottal. Add lines 17a through 17e g Inventory at end of year h Subtract line 17g from line 17f 18 In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 18. If -0- or	Par		me					
6 Sale, exchange, or other disposition of qualifying foreign trade property 7 Enter the amount from line 6, column (a), attributable to the sale of property formerly leased or rented for use by the lessee outside the United States. 8 Lease or rental of qualifying foreign trade property for use by the lessee outside the United States. Enter the same amount in both columns. 9 Services related and subsidiary to the sale, exchange, or other disposition of qualifying foreign trade property. 10 Enter the amount from line 9, column (a), attributable to the sale of property formerly leased or rented for use by the lessee outside the United States. 11 Services related and subsidiary to the lease of qualifying foreign trade property or use by the lessee outside the United States. 12 Services related and subsidiary to the lease of qualifying foreign trade property formerly leased or rented for use by the lessee outside the United States. 12 Services related and subsidiary to the lease of qualifying foreign trade property formerly leased or rented for use by the lessee outside the United States. 13 Managerial services provided to unrelated persons (see instructions). 14 Enter the sum of the amounts from lines 6, 9, 12, and 13 of column (a) attributable to foreign economic processes. Do not include any amounts already included on lines 7, 8, 10, or 11 in column (b). 15 Foreign trading gross receipts. Add lines 6 through 13 in column (a). 16 Add lines 7 through 14 in column (b). 17 Cost of goods sold: 18 Inventory at beginning of year 19 Purchases 10 Cost of goods sold: 10 Additional section 263A costs (attach schedule) 11 Total. Add lines 17a through 17e 11 In column (a), subtract line 17f from line 15. In column (b), subtract line 17f 18 In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 18. 19 Other expenses and deductions (see instructions) (attach schedule) 19 Foreign trade income. In column (a), subtract line 19 from line 18.		Caution: If a related person is also eligible for an extraterritorial income			(b) Foreign Sale and Leasing Income	d		
7 Enter the amount from line 6, column (a), attributable to the sale of property formerly leased or rented for use by the lessee outside the United States. 8 Lease or rental of qualifying foreign trade property for use by the lessee outside the United States. Enter the same amount in both columns. 9 Services related and subsidiary to the sale, exchange, or other disposition of qualifying foreign trade property formerly leased or rented for use by the lessee outside the United States. 10 Enter the amount from line 9, column (a), attributable to the sale of property formerly leased or rented for use by the lessee outside the United States. 11 Services related and subsidiary to the lease of qualifying foreign trade property for use by the lessee outside the United States. Enter the same amount in both columns. 12 Engineering or architectural services for construction projects outside the United States. 13 Managerial services provided to unrelated persons (see instructions) 14 Enter the sum of the amounts from lines 6, 9, 12, and 13 of column (a) attributable to foreign economic processes. Do not include any amounts already included on lines 7, 8, 10, or 11 in column (b) 15 Foreign trading gross receipts. Add lines 6 through 13 in column (a) 16 Add lines 7 through 14 in column (b) 17 Cost of goods sold: 18 Inventory at beginning of year 19 Purchases 10 Cost of goods sold: 17a Inc diditional section 263A costs (attach schedule) 17b Inc olumn (a), subtract line 17d from line 17f 17d Inc olumn (a), subtract line 17f from line 16. 18 In column (a), subtract line 17f from line 15. In column (b), subtract line 17h from line 16. 19 Other expenses and deductions (see instructions) (attach schedule) 19 Other expenses and leductions (see instructions) (attach schedule) 19 Other expenses and leductions (see instructions) (attach schedule)	6		6					
formerly leased or rented for use by the lessee outside the United States. 8 Lease or rental of qualifying foreign trade property for use by the lessee outside the United States. Enter the same amount in both columns. 9 Services related and subsidiary to the sale, exchange, or other disposition of qualifying foreign trade property. 10 Enter the amount from line 9, column (a), attributable to the sale of property formerly leased or rented for use by the lessee outside the United States. 11 Services related and subsidiary to the lease of qualifying foreign trade property for use by the lessee outside the United States. 12 Engineering or architectural services for construction projects outside the United States. 13 Managerial services provided to unrelated persons (see instructions). 14 Enter the sum of the amounts from lines 6, 9, 12, and 13 of column (a) attributable to foreign economic processes. Do not include any amounts already included on lines 7, 8, 10, or 11 in column (b). 15 Foreign trading gross receipts. Add lines 6 through 13 in column (a). 16 Add lines 7 through 14 in column (b). 17 Cost of goods sold: a Inventory at beginning of year. b Purchases. c Cost of labor. d Additional section 263A costs (attach schedule). e Other costs (attach schedule). f Total. Add lines 17a through 17e g Inventory at end of year. h Subtract line 17g from line 17f 18 In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16. 19 Other expenses and deductions (see instructions) (attach schedule). 19 Other expenses and deductions (see instructions) (attach schedule). 19 Foreign trade income. In column (a), subtract line 19 from line 18. If -0- or								
outside the United States. Enter the same amount in both columns. 9 Services related and subsidiary to the sale, exchange, or other disposition of qualifying foreign trade property formerly leased or rented for use by the lessee outside the United States. 10 Services related and subsidiary to the lease of qualifying foreign trade property formerly leased or rented for use by the lessee outside the United States. 11 Services related and subsidiary to the lease of qualifying foreign trade property for use by the lessee outside the United States. 12 Engineering or architectural services for construction projects outside the United States. 13 Managerial services provided to unrelated persons (see instructions). 14 Enter the sum of the amounts from lines 6, 9, 12, and 13 of column (a) attributable to foreign economic processes. Do not include any amounts already included on lines 7, 8, 10, or 11 in column (b). 15 Foreign trading gross receipts. Add lines 6 through 13 in column (a). 16 Add lines 7 through 14 in column (b). 17 Cost of goods sold: 18 Inventory at beginning of year 19 Purchases. 10 Cost of goods sold: 11 Inventory at beginning of year 11 Inventory at end of year 11 Inventory at end of year 12 Inventory at end of year 13 In column (a), subtract line 17p from line 15. In column (b), subtract line 17h from line 16. 19 Other expenses and deductions (see instructions) (attach schedule) 19 Foreign trade income. In column (a), subtract line 19 from line 18. If -0- or		formerly leased or rented for use by the lessee outside the United States .	7					
qualifying foreign trade property Enter the amount from line 9, column (a), attributable to the sale of property formerly leased or rented for use by the lessee outside the United States by the lessee outside the United States by the lessee outside the United States. Enter the same amount in both columns. Engineering or architectural services for construction projects outside the United States Managerial services provided to unrelated persons (see instructions) Lenter the sum of the amounts from lines 6, 9, 12, and 13 of column (a) attributable to foreign economic processes. Do not include any amounts already included on lines 7, 8, 10, or 11 in column (b) Foreign trading gross receipts. Add lines 6 through 13 in column (a) Add lines 7 through 14 in column (b) Cost of goods sold: Inventory at beginning of year Purchases Cost of labor Additional section 263A costs (attach schedule) Other costs (attach schedule) Total. Add lines 17a through 17e Inventory at end of year Subtract line 17g from line 17f In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16. Poreign trade income. In column (a), subtract line 18 lf -0- or		outside the United States. Enter the same amount in both columns	8					
formerly leased or rented for use by the lessee outside the United States Services related and subsidiary to the lease of qualifying foreign trade property for use by the lessee outside the United States. Enter the same amount in both columns. Engineering or architectural services for construction projects outside the United States Managerial services provided to unrelated persons (see instructions) Enter the sum of the amounts from lines 6, 9, 12, and 13 of column (a) attributable to foreign economic processes. Do not include any amounts already included on lines 7, 8, 10, or 11 in column (b) Foreign trading gross receipts. Add lines 6 through 13 in column (a) Inventory at beginning of year Deurchases Cost of labor Additional section 263A costs (attach schedule) Other costs (attach schedule) Total. Add lines 17a through 17e Inventory at end of year Subtract line 17g from line 17f In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16. Poreign trade income. In column (a), subtract line 19 from line 18. If -0- or	9		9					
by the lessee outside the United States. Enter the same amount in both columns. Engineering or architectural services for construction projects outside the United States. Managerial services provided to unrelated persons (see instructions) Enter the sum of the amounts from lines 6, 9, 12, and 13 of column (a) attributable to foreign economic processes. Do not include any amounts already included on lines 7, 8, 10, or 11 in column (b) Foreign trading gross receipts. Add lines 6 through 13 in column (a). Add lines 7 through 14 in column (b) Cost of goods sold: Inventory at beginning of year Purchases Cost of labor Additional section 263A costs (attach schedule) Other costs (attach schedule) Total. Add lines 17a through 17e Inventory at end of year Subtract line 17g from line 17f In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16. Totel column (a), subtract line 17h from line 18. If -0- or	10		10					
12 Engineering or architectural services for construction projects outside the United States 13 Managerial services provided to unrelated persons (see instructions) 14 Enter the sum of the amounts from lines 6, 9, 12, and 13 of column (a) attributable to foreign economic processes. Do not include any amounts already included on lines 7, 8, 10, or 11 in column (b) 15 Foreign trading gross receipts. Add lines 6 through 13 in column (a) 16 Add lines 7 through 14 in column (b) 17 Cost of goods sold: 18 In ventory at beginning of year 19 Purchases 10 Cost of labor 10 Additional section 263A costs (attach schedule) 10 Cher costs (attach schedule) 11 Total. Add lines 17a through 17e 11 In column (a), subtract line 17f 18 In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16. 10 Other expenses and deductions (see instructions) (attach schedule) 10 Foreign trade income. In column (a), subtract line 19 from line 18. If -0- or	11	, , , , , , , , , , , , , , , , , , , ,	11					
Managerial services provided to unrelated persons (see instructions) 14 Enter the sum of the amounts from lines 6, 9, 12, and 13 of column (a) attributable to foreign economic processes. Do not include any amounts already included on lines 7, 8, 10, or 11 in column (b) 15 Foreign trading gross receipts. Add lines 6 through 13 in column (a) 16 Add lines 7 through 14 in column (b) 17 Cost of goods sold: a Inventory at beginning of year b Purchases C Cost of labor d Additional section 263A costs (attach schedule) 17c d Additional section 263A costs (attach schedule) 17d Other costs (attach schedule) 17e 17f 18 In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16. 19 Other expenses and deductions (see instructions) (attach schedule) 19 Foreign trade income. In column (a), subtract line 18. If -0- or	10	•						
14 Enter the sum of the amounts from lines 6, 9, 12, and 13 of column (a) attributable to foreign economic processes. Do not include any amounts already included on lines 7, 8, 10, or 11 in column (b) 15 Foreign trading gross receipts. Add lines 6 through 13 in column (a) 16 Add lines 7 through 14 in column (b) 17 Cost of goods sold: a Inventory at beginning of year b Purchases Cost of labor d Additional section 263A costs (attach schedule) 17c d Additional section 263A costs (attach schedule) 17d 17d 17e 17d 17e 17f 17e 17f 17f 17g 17g 17h 18 In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16. 19 Other expenses and deductions (see instructions) (attach schedule) 19								
attributable to foreign economic processes. Do not include any amounts already included on lines 7, 8, 10, or 11 in column (b)								
15 Foreign trading gross receipts. Add lines 6 through 13 in column (a). 16 Add lines 7 through 14 in column (b). 17 Cost of goods sold: a Inventory at beginning of year. b Purchases. c Cost of labor d Additional section 263A costs (attach schedule). 17c c Other costs (attach schedule). f Total. Add lines 17a through 17e g Inventory at end of year. h Subtract line 17g from line 17f 18 In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16. 19 Other expenses and deductions (see instructions) (attach schedule). 20 Foreign trade income. In column (a), subtract line 19 from line 18. If -0- or	17	attributable to foreign economic processes. Do not include any amounts	14					
16 Add lines 7 through 14 in column (b) 17 Cost of goods sold: a Inventory at beginning of year b Purchases c Cost of labor d Additional section 263A costs (attach schedule) e Other costs (attach schedule) f Total. Add lines 17a through 17e g Inventory at end of year h Subtract line 17g from line 17f 18 In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16. 19 Other expenses and deductions (see instructions) (attach schedule) 20 Foreign trade income. In column (a), subtract line 19 from line 18. If -0- or	15							
a Inventory at beginning of year b Purchases Cost of labor d Additional section 263A costs (attach schedule) e Other costs (attach schedule) f Total. Add lines 17a through 17e g Inventory at end of year h Subtract line 17g from line 17f In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16. 17a 17b 17c 17c 17d 17d 17e 17e 17f 17e 17f 17g 17h 17g 17h 18 19 Other expenses and deductions (see instructions) (attach schedule) 19 Foreign trade income. In column (a), subtract line 19 from line 18. If -0- or	16		16					
b Purchases	17							
c Cost of labor d Additional section 263A costs (attach schedule) e Other costs (attach schedule) f Total. Add lines 17a through 17e g Inventory at end of year h Subtract line 17g from line 17f 18 In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16. 19 Other expenses and deductions (see instructions) (attach schedule) 20 Foreign trade income. In column (a), subtract line 19 from line 18. If -0- or	а	Inventory at beginning of year						
d Additional section 263A costs (attach schedule) e Other costs (attach schedule) f Total. Add lines 17a through 17e g Inventory at end of year h Subtract line 17g from line 17f 18 In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16. 19 Other expenses and deductions (see instructions) (attach schedule) 20 Foreign trade income. In column (a), subtract line 19 from line 18. If -0- or	b							
e Other costs (attach schedule) f Total. Add lines 17a through 17e g Inventory at end of year h Subtract line 17g from line 17f 18 In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16. 19 Other expenses and deductions (see instructions) (attach schedule) 17e 17f 17g 17h 17h 18 18 19 19 19 10 17e 17f 17g 17h 17h 17h 18 18 19 19 10 10 11 12 11 12 13 14 15 16 17 17 18 18 18 19 19 10 11 12 13 14 15 15 16 17 18 18 18 19 19 10 10 11 11 12 12 13 14 15 15 16 17 17 18 18 18 18 19 19 10 10 10 10 10 10 10 10 10 10 10 10 10	-							
f Total. Add lines 17a through 17e g Inventory at end of year h Subtract line 17g from line 17f In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16. Other expenses and deductions (see instructions) (attach schedule) Total. Add lines 17a through 17e 17g 17h 18 18 19 Total. Add lines 17a through 17e 17g 17h 18 19 19								
g Inventory at end of year								
h Subtract line 17g from line 17f	_							
In column (a), subtract line 17h from line 15. In column (b), subtract line 17h from line 16	_							
from line 16								
19 Other expenses and deductions (see instructions) (attach schedule)			18					
	19		19					
1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	20							
isse, step here i carac not quanty for the exclusion	21	less, stop here. You do not qualify for the exclusion	20					

Pai	t III Marginal Costing (Note: If you are not using Marginal Costing, skip Part III and	nd go to	Part IV.)					
Sec	Section A — Foreign Trade Income Using Marginal Costing Method							
22	Foreign trading gross receipts. Enter the amount from line 15	22						
23	Costs and expenses allocable to the amount reported on line 22:							
а	Cost of direct material attributable to property sold 23a							
b	Cost of direct labor attributable to property sold							
С	Add lines 23a and 23b	23c						
24	Subtract line 23c from line 22	24						
25	Worldwide gross receipts from sales of the product or product line	25						
26	Costs and expenses allocable to the amount reported on line 25:							
а	Cost of goods sold attributable to property sold							
b	Other expenses and deductions attributable to gross income 26b							
С	Add lines 26a and 26b	26c						
27	Subtract line 26c from line 25. (Note: If -0- or less, stop here. You may not use Part III to determine							
	your qualifying foreign trade income. Go to line 37.)	27						
28	Overall profit percentage. Divide line 27 by line 25. Carry the result to at least three decimal							
	places	28						
29	Overall profit percentage limitation. Multiply line 22 by line 28	29						
30	Foreign trade income using marginal costing. Enter the smaller of line 24 or line 29	30						
Sec	tion B — 15% of Foreign Trade Income Method							
31	Multiply line 30 by 15% (.15)	31						
32	Foreign trade income using full costing. Enter the amount from line 20	32						
33	Enter the smaller of line 31 or line 32	33						
Sec	tion C — 1.2% of Foreign Trading Gross Receipts Method							
34	Multiply line 22 by 1.2% (.012)	34						
35 36	Multiply line 30 by 30% (.30)	35 36						
	Enter the smallest of lines 32, 34, or 35	30						
	` '	37						
37	Enter your foreign trade income from line 20	38						
38 39	Multiply line 37 by 15% (.15)	00						
39 40	Multiply line 39 by 1.2% (.012)							
40	Multiply line 38 by 2.0							
42	Enter the smaller of line 40 or line 41	42						
43	Enter your foreign sale and leasing income from line 21	43						
44	Multiply line 43 by 30% (.30)	44						
45	Enter the greatest of lines 33, 36, 38, 42, or 44. If you are using the alternative computation,							
40	see instructions for the amount to enter	45						
	Note: If you do not have a reduction for international boycott operations, illegal bribes, kickbacks, etc. (see the instructions for line 50), skip lines 46 through 51 and enter on line 52 the amount from line 45.							
46	If line 44 equals line 45, divide the amount on line 45 by the amount on line 43. Otherwise, divide the amount on line 45 by the amount on line 37. Carry the result to at least three decimal places							
47	If line 44 equals line 45, enter the amount from line 19, column (b).							
	Otherwise, enter the amount from line 19, column (a) 47							
48	Multiply line 46 by line 47	48						
49	Add lines 45 and 48	49						
50	Reduction for international boycott operations, illegal bribes, kickbacks, etc. (see instructions).	50						
51	Qualifying foreign trade income. Subtract line 50 from line 49. If -0- or less, stop here. You do							
	not qualify for the exclusion	51						
52	Extraterritorial income exclusion (net of disallowed deductions). Subtract line 48 from line 51. Enter the result here and include it on the "other deductions" line of your tax return or schedule							
	(see instructions)	52						