
TABLE OF CONTENTS

CORPORATION PRACTICE SET—No More Ice, Inc.

Solution	1
Information for Instructors	23

S CORPORATION PRACTICE SET—The Eerie Ensembles Corp.

Solution	29
Information for Instructors	55

PARTNERSHIP PRACTICE SET—Walk Upright Company

Solution	61
Information for Instructors	85

SOLUTION TO CORPORATION PRACTICE SET

No More Ice, Inc.

Form 1120 Department of the Treasury Internal Revenue Service	U.S. Corporation Income Tax Return For calendar year 2012 or tax year beginning _____, ending _____ Information about Form 1120 and its separate instructions is at www.irs.gov/form1120 .	OMB No. 1545-0123 <div style="font-size: 2em; font-weight: bold;">2012</div>
A Check if: 1a Consolidated return (attach Form 851) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/>		
NAME No More Ice, Inc. Number, street, and room or suite no. If a P.O. box, see instructions. 200 Snowcap Way City or town State ZIP code Denali AK 99502		B Employer identification number 98-7654321 C Date incorporated 3/14/2007 D Total assets (see instructions) \$ 2,449,290
E Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change		
Income	1a Gross receipts or sales 1a 6,173,837 b Returns and allowance 1b c Balance. Subtract line 1b from line 1a 1c 6,173,837 2 Cost of goods sold (attach Form 1125-A) 2 5,143,732 3 Gross profit. Subtract line 2 from line 1c 3 1,030,105 4 Dividends (Schedule C, line 19) 4 102,735 5 Interest 5 981 6 Gross rents 6 7 Gross royalties 7 8 Capital gain net income (attach Schedule D (Form 1120)) 8 9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) 9 10 Other income (see instructions—attach statement) 10 653 11 Total income. Add lines 3 through 10 11 1,134,474	
Deductions (See instructions for limitations on deductions.)	12 Compensation of officers (see instructions—attach Form 1125-E) 12 215,174 13 Salaries and wages (less employment credits) 13 473,329 14 Repairs and maintenance 14 6,926 15 Bad debts 15 1,076 16 Rents 16 32,430 17 Taxes and licenses 17 74,543 18 Interest 18 82,049 19 Charitable contributions 19 9,570 20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562) 20 125,537 21 Depletion 21 22 Advertising 22 8,268 23 Pension, profit-sharing, etc., plans 23 24 Employee benefit programs 24 25 Domestic production activities deduction (attach Form 8903) 25 26 Other deductions (attach statement) 26 19,446 27 Total deductions. Add lines 12 through 26 27 1,048,348 28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 28 86,126 29a Net operating loss deduction (see instructions) 29a b Special deductions (Schedule C, line 20) 29b 66,052 c Add lines 29a and 29b 29c 66,052	
Tax, Refundable Credits, and Payments	30 Taxable income. Subtract line 29c from line 28 (see instructions) 30 20,074 31 Total tax (Schedule J, Part I, line 11) 31 3,011 32 Total payments and refundable credits (Schedule J, Part II, line 21) 32 5,027 33 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/> 33 34 Amount owed. If line 32 is smaller than the total of lines 31 and 33, enter amount owed 34 0 35 Overpayment. If line 32 is larger than the total of lines 31 and 33, enter amount overpaid 35 2,016 36 Enter amount from line 35 you want: Credited to 2013 estimated tax 36 2,016	Refunded
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Sign Here	Signature of officer _____ Date _____ Title _____	May the IRS discuss this return with the preparer shown below (see instructions)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Paid Preparer Use Only	Print/Type preparer's name _____ Preparer's signature _____ Date _____ Firm's name _____ Firm's EIN _____ Firm's address _____ Phone no. _____ City _____ State _____ ZIP code _____	Check <input type="checkbox"/> if self-employed PTIN _____

For Paperwork Reduction Act Notice, see separate instructions.
HTA

Form **1120** (2012)

Schedule C Dividends and Special Deductions (see instructions)		(a) Dividends received	(b) %	(c) Special deductions (a) × (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	83,524	70	58,467
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	0
3	Dividends on debt-financed stock of domestic and foreign corporations		see instructions	0
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		42	0
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	0
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	0
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	0
8	Dividends from wholly owned foreign subsidiaries		100	0
9	Total. Add lines 1 through 8. See instructions for limitation			46,841
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	0
11	Dividends from affiliated group members	19,211	100	19,211
12	Dividends from certain FSCs		100	0
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15	Foreign dividend gross-up			
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17	Other dividends			
18	Deduction for dividends paid on certain preferred stock of public utilities			
19	Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4 ▶	102,735		
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ▶			66,052

Schedule J Tax Computation and Payment (see instructions)**Part I—Tax Computation**

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input checked="" type="checkbox"/>		
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	2	3,011
3	Alternative minimum tax (attach Form 4626)		3	
4	Add lines 2 and 3		4	3,011
5a	Foreign tax credit (attach Form 1118)		5a	
b	Credit from Form 8834, line 30 (attach Form 8834)		5b	
c	General business credit (attach Form 3800)		5c	
d	Credit for prior year minimum tax (attach Form 8827)		5d	
e	Bond credits from Form 8912		5e	
6	Total credits. Add lines 5a through 5e		6	0
7	Subtract line 6 from line 4		7	3,011
8	Personal holding company tax (attach Schedule PH (Form 1120))		8	
9a	Recapture of investment credit (attach Form 4255)		9a	
b	Recapture of low-income housing credit (attach Form 8611)		9b	
c	Interest due under the look-back method—completed long-term contracts (attach Form 8697)		9c	
d	Interest due under the look-back method—income forecast method (attach Form 8866)		9d	
e	Alternative tax on qualifying shipping activities (attach Form 8902)		9e	
f	Other (see instructions—attach statement)		9f	
10	Total. Add lines 9a through 9f		10	0
11	Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31		11	3,011

Part II—Payments and Refundable Credits

12	2011 overpayment credited to 2012		12	416
13	2012 estimated tax payments		13	4,611
14	2012 refund applied for on Form 4466		14	()
15	Combine lines 12, 13, and 14		15	5,027
16	Tax deposited with Form 7004		16	
17	Withholding (see instructions)		17	
18	Total payments. Add lines 15, 16, and 17		18	5,027
19	Refundable credits from:			
a	Form 2439		19a	
b	Form 4136		19b	
c	Form 8827, line 8c		19c	
d	Other (attach statement—see instructions)		19d	
20	Total credits. Add lines 19a through 19d		20	0
21	Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32		21	5,027

Schedule K Other Information (see instructions)

1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____	Yes	No
2	See the instructions and enter the:		
a	Business activity code no. <u>339900</u>		
b	Business activity <u>Manufacturing</u>		
c	Product or service <u>Heated Blower</u>		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidary controlled group? If "Yes," enter name and EIN of the parent corporation _____		X
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)		X
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)	X	

Schedule K Other Information *continued* (see instructions)

				Yes	No
5 At the end of the tax year, did the corporation:					
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851 , Affiliations Schedule? For rules of constructive ownership, see instructions.				X	
If "Yes," complete (i) through (iv) below.					
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock		
Voltage, Inc.	12-3456789	United States	85.000%		
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions.					
If "Yes," complete (i) through (iv) below.				X	
(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital		
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)				X	
If "Yes," file Form 5452 , Corporate Report of Nondividend Distributions.					
If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.					
7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock?				X	
For rules of attribution, see section 318. If "Yes," enter:					
(i) Percentage owned ▶ and (ii) Owner's country ▶ _____					
(c) The corporation may have to file Form 5472 , Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____					
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ <input type="checkbox"/>					
If checked, the corporation may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments.					
9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ 1,269.					
10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 2.					
11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ <input type="checkbox"/>					
If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.					
12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ \$ _____					
13 Are the corporation's total receipts (line 1c plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?				X	
If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$ _____					
14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)?				X	
If "Yes," complete and attach Schedule UTP.					
15a Did the corporation make any payments in 2012 that would require it to file Form(s) 1099?				X	
b If "Yes," did or will the corporation file required Forms 1099?				X	
16 During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock?					X
17 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction?					X
18 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than \$1 million?					X