**Assignment Choice #1: Corporate Taxation**

Part I: During 2013, Gain Corporation has net short-term capital gains of $15,000, net long-term capital losses of $105,000, and taxable income from other sources of $460,000.

Prior years’ transactions included the following:

2009 net short-term capital gains              $40,000

2010 net long-term capital gains                  18,000

2011 net short-term capital gains                25,000

2012 net long-term capital gains                  20,000

1. How are the capital gains and losses treated on Gorilla’s 2013 tax return?
2. Determine the amount of the 2013 capital loss that is carried back to each of the previous years.
3. Compute the amount of capital loss carry forward, if any, and indicate the years to which the loss may be carried.

Part II: Review the following potential investments by Gain Corporation

|  |  |  |  |
| --- | --- | --- | --- |
| Corporate Investment | **Scenario 1** | **Scenario 2** | **Scenario 3** |
| Income from operations | $700,000 | $800,000 | $900,000 |
| Expenses from operations | ($600,000) | ($850,000) | ($910,000) |
| Qualifying dividends | $100,000 | $100,000 | $100,000 |

Calculate the dividends received deductions for each independent investment scenario assuming:

1. 10% ownership of the investment
2. 25% ownership of the investment
3. 90% ownership of the investment

**Requirements**:

Clearly identify the requirements being addressed. Show all calculations within the cells of an Excel spreadsheet. This means that you must use formulas and links so that your thought process can be examined. Make good use of comments to convey your thought process as well. No hard coding of solutions is permitted. Submit a single MS Excel file for grading.