

(2) A plan for the elimination of the stock ownership of the parent corporation or of the common owner will satisfy the requirements of paragraph (a)(3) of this section and subparagraph (1) of this paragraph even though it does not require that the stock of the member be sold to an employee (or employees) if it provides for the redemption of the stock of the member held by the parent or common owner and under the plan the amount of such stock to be redeemed during any period is calculated by reference to the profits of such member during such period.

[T.D. 6845, 30 FR 9757, Aug. 5, 1965]

PROCEDURE AND ADMINISTRATION

INFORMATION AND RETURNS

Returns and Records

SOURCE: Sections 1.6001-1 through 1.6091-4 contained in T.D. 6500, 25 FR 12108, Nov. 26, 1960, unless otherwise noted.

RECORDS, STATEMENTS, AND SPECIAL RETURNS

§ 1.6001-1 Records.

(a) *In general.* Except as provided in paragraph (b) of this section, any person subject to tax under subtitle A of the Code (including a qualified State individual income tax which is treated pursuant to section 6361(a) as if it were imposed by chapter 1 of subtitle A), or any person required to file a return of information with respect to income, shall keep such permanent books of account or records, including inventories, as are sufficient to establish the amount of gross income, deductions, credits, or other matters required to be shown by such person in any return of such tax or information.

(b) *Farmers and wage-earners.* Individuals deriving gross income from the business of farming, and individuals whose gross income includes salaries, wages, or similar compensation for personal services rendered, are required with respect to such income to keep such records as will enable the district director to determine the correct amount of income subject to the tax. It is not necessary, however, that with re-

spect to such income individuals keep the books of account or records required by paragraph (a) of this section. For rules with respect to the records to be kept in substantiation of traveling and other business expenses of employees, see § 1.162-17.

(c) *Exempt organizations.* In addition to such permanent books and records as are required by paragraph (a) of this section with respect to the tax imposed by section 511 on unrelated business income of certain exempt organizations, every organization exempt from tax under section 501(a) shall keep such permanent books of account or records, including inventories, as are sufficient to show specifically the items of gross income, receipts and disbursements. Such organizations shall also keep such books and records as are required to substantiate the information required by section 6033. See section 6033 and §§ 1.6033-1 through 1.6033-3.

(d) *Notice by district director requiring returns statements, or the keeping of records.* The district director may require any person, by notice served upon him, to make such returns, render such statements, or keep such specific records as will enable the district director to determine whether or not such person is liable for tax under subtitle A of the Code, including qualified State individual income taxes, which are treated pursuant to section 6361(a) as if they were imposed by chapter 1 of subtitle A.

(e) *Retention of records.* The books or records required by this section shall be kept at all times available for inspection by authorized internal revenue officers or employees, and shall be retained so long as the contents thereof may become material in the administration of any internal revenue law.

[T.D. 6500, 25 FR 12108, Nov. 26, 1960, as amended by T.D. 7122, 36 FR 11025, June 8, 1971; T.D. 7577, 43 FR 59357, Dec. 20, 1978; T.D. 8308, 55 FR 35593, Aug. 31, 1990]

§ 1.6001-2 Returns.

For rules relating to returns required to be made by every individual, estate, or trust which is liable for one or more qualified State individual income taxes, as defined in section 6362, for a taxable year, see paragraph (b) of

§ 1.6011-1

§ 301.6361-1 of this chapter (Regulations on procedure and Administration).

[T.D. 7577, 43 FR 59357, Dec. 20, 1978]

TAX RETURNS OR STATEMENTS

§ 1.6011-1 General requirement of return, statement, or list.

(a) *General rule.* Every person subject to any tax, or required to collect any tax, under Subtitle A of the Code, shall make such returns or statements as are required by the regulations in this chapter. The return or statement shall include therein the information required by the applicable regulations or forms.

(b) *Use of prescribed forms.* Copies of the prescribed return forms will so far as possible be furnished taxpayers by district directors. A taxpayer will not be excused from making a return, however, by the fact that no return form has been furnished to him. Taxpayers not supplied with the proper forms should make application therefor to the district director in ample time to have their returns prepared, verified, and filed on or before the due date with the internal revenue office where such returns are required to be filed. Each taxpayer should carefully prepare his return and set forth fully and clearly the information required to be included therein. Returns which have not been so prepared will not be accepted as meeting the requirements of the Code. In the absence of a prescribed form, a statement made by a taxpayer disclosing his gross income and the deductions therefrom may be accepted as a tentative return, and, if filed within the prescribed time, the statement so made will relieve the taxpayer from liability for the addition to tax imposed for the delinquent filing of the return, provided that without unnecessary delay such a tentative return is supplemented by a return made on the proper form.

(c) *Tax withheld on nonresident aliens and foreign corporations.* For requirements respecting the return of the tax required to be withheld under chapter 3 of the Code on nonresident aliens and

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foreign corporations and tax-free covenant bonds, see § 1.1461-2.

[T.D. 6500, 25 FR 12108, Nov. 26, 1960, as amended by T.D. 6922, 32 FR 8713, June 17, 1967]

§ 1.6011-2 Returns, etc., of DISC's and former DISC's.

(a) *Records and information.* Every DISC and former DISC (as defined in section 992(a)) must comply with section 6001 and the regulations thereunder, relating to required records, statements, and special returns. Thus, for example, a DISC is required to maintain the books of account or records described in § 1.6001-1(a). In addition, every DISC must furnish to each of its shareholders on or before the last day of the second month following the close of the taxable year of the DISC a copy of Schedule K (Form 1120-DISC) disclosing the amounts of actual distributions and deemed distributions from the DISC to such shareholder for the taxable year of the DISC. In the case of a deficiency distribution to meet qualification requirements, see § 1.992-3(a)(4) for requirements that distribution be designated in the form of a communication sent to a shareholder and service center at the time of distribution.

(b) *Returns—(1) Requirement of return.* Every DISC (as defined in section 992(a)(1)) shall make a return of income. A former DISC (as defined in section 992(a)(3)) shall also make a return of income in addition to any other return required. The return required of a DISC or former DISC under this section shall be made on Form 1120-DISC. The provisions of § 1.6011-1 shall apply with respect to a DISC and former DISC. A former DISC should indicate clearly on Form 1120-DISC that it is making a return of income as a former DISC (for example, by labeling at the top of the Form 1120-DISC "Former DISC"). In the case of a former DISC, those items on the form which pertain to the computation of taxable income shall not be completed, but Schedules J, K, L, and M must be completed. Except as otherwise specifically provided in the Code or regulations, the return of a DISC or former DISC is considered to be an income tax return.