


Internal Revenue Code Section 1363(b)

Effect of election on corporation.

(a) General rule. Except as otherwise provided in this subchapter, an S corporation shall not be subject to the taxes imposed by this chapter.

 (b) Computation of corporation's taxable income. The taxable income of an S corporation shall be computed in the same manner as in the case of an individual, except that—

(1) the items described in section 1366(a)(1)(A) shall be separately stated,

(2) the deductions referred to in section 703(a)(2) shall not be allowed to the corporation,

(3) section 248 shall apply, and

(4) section 291 shall apply if the S corporation (or any predecessor) was a C corporation for any of the 3 immediately preceding taxable years.

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