C3-59

***Reconciling Book Income and Taxable Income.*** Zero Corporation reports the following results for the current year:

Net income per books (after taxes) $33,000

Federal income tax per books 12,000

Tax-exempt interest income 6,000

Interest on loan to purchase tax-exempt bonds 8,000

MACRS depreciation exceeding book depreciation 3,000

Net capital loss 5,000

Insurance premium on life of corporate officer where Zero is the beneficiary 10,000

Excess charitable contributions carried over to next year 2,500

U.S. production activities deduction 1,000

Prepare a reconciliation of Zero’s taxable income before special deductions with its book

income.