



Explanation of Cost of Goods Sold

This schedule must be enclosed with Form IT-20S.

Use this schedule to detail the cost of goods sold you entered on Line 2 of the federal 1120S.

	(a) Taxpayer	(b) Disregarded Entity	(c) Disregarded Entity	(d) Disregarded Entity	(e) Disregarded Entity	(f) Disregarded Entity	Total
1. Federal Employer Identification Number (FEIN)							
2. Business Name							
3. Inventory at beginning of year							
4. Purchases							
5. Cost of labor							
6. Additional Section 263A Costs							
7. Other costs (enclose statement)							
8. Inventory at end of year							
9. COGS (add Lines 3 – 7 and then subtract Line 8). Enter this amount on Line 6.							



Instructions for RECAP Schedule A

If you entered an amount on Line 2 of the federal 1120S, you must complete this schedule and submit it with Form IT-20S.

Line 3 – Inventory at Beginning of Year

If you are changing your method of accounting for the current tax year, you must refigure last year's closing inventory using the new method of accounting and enter the result here.

Line 4 – Purchases

If you account for inventorable items in the same manner as materials and supplies that are not incidental, enter amounts paid for all raw materials and merchandise during the tax year here.

Line 5 – Cost of Labor

Enter the cost of labor here.

Line 6 – Additional Section 263A Costs

If you elected a simplified method of accounting, enter on Line 6 the balance of section 263A costs paid or incurred during the tax year not includible on Lines 4, 5, and 7.

Line 7 – Other Costs

Enter any costs paid or incurred during the tax year not entered on Lines 4 – 6. Enclose a statement listing details of the costs.

Line 8 – Inventory at End of Year

See Regulations sections 1.263A-1 through 1.263A-3 for details on figuring the amount of additional section 263A costs to be included in ending inventory. If you account for inventorable items in the same manner as materials and supplies that are not incidental, enter the portion of your raw materials and merchandise purchased for resale that was included on Lines 3 – 7 but was not sold during the year.

Line 9 – Cost of Goods Sold

Add Lines 3 – 7 and then subtract Line 8. Enter the result on this line, and then enter this amount on Line 6 of Schedule IT-20S RECAP.



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