On January 1, 1955, W, a corporation owned all of the stock of Corporation M with an adjusted basis of $2,000. During 1955, W received distributions from M totaling $25,000, consisting of $10,000 in cash and listed securities having a basis in the hands of M and a fair market value on the date distributed of $15,000. M's taxable year is the calendar year. As of December 31, 1954, M had earnings and profits accumulated after February 28, 1913, in the amount of $26,000, and it had no earnings and profits and no deficit for 1955. The total $25,000 will be treated as a dividend to W since the earnings and profits of M ($26,000) are in excess of the amount of the distribution.