Taxpayer proposed to organize a corporation as a DISC. Taxpayer planned to retain control of the DISC while selling shares to a number of unrelated small or medium size exporters who would channel their qualifying exports through the DISC. Each exporter wishing to become a shareholder of the DISC would purchase at least one share at par value, in cash. Each share would entitle its holder to a proportion of receipts, assets, property, income, and all other items described under section 993 based upon the ratio of that shareholder's transactions with and/or through the DISC to the total transactions of the DISC in all such categories.

The essence of the taxpayer's plan was to allow each exporter the use of the DISC as if the exporter were the sole shareholder of such DISC. The specific question asked was whether the corporation would qualify as a DISC for Federal income tax purposes where each shareholder's proportion of the receipts, assets, property, and income of the DISC is based not on the number of shares he owns but upon his ratable share of the DISC's total distributions, determined by using a formula which allocates to each shareholder the amount of a shareholder's transactions with and/or through the DISC as a percentage of the DISC's total transactions. Section 992 sets out the requirements that must be met in order for a corporation to qualify as a DISC. Section 992(a)(1)(C) provides, in part, that such a corporation may not have more than one class of stock. In this case, since the shares of stock are not identical with respect to the rights and interest they convey in the profits and assets of the corporation, there is more than one class of stock. Accordingly, the corporation will not qualify as a DISC under section 992(a)(1)(C).