

Publication 925

Passive Activity and At-Risk Rules

For use in preparing
2022 Returns

Volume 2 of 2



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- The amount of deductions and credits disallowed in prior years under the passive activity rules that's allocable to the part of the activity disposed of, and
- The amount of gross income and any other deductions and credits for the current tax year that are allocable to the part of the activity disposed of.

Regrouping Due to Net Investment Income Tax

You may be able to regroup your activities, as described below, if you're subject to the Net Investment Income Tax (NIIT) for the first time. For detailed information, see Regulations section 1.469-11(b)(3)(iv).

Regrouping on an original return. Under the NIIT "fresh start" election, you may regroup for the first tax year you are subject to the NIIT (without regard to the effect of regrouping). You may regroup only once

under this election and that regrouping will apply to the tax year for which you regroup and all future tax years. You are eligible to regroup if:

1. You were not previously subject to the NIIT;
2. The amount you would have entered on Form 8960, line 12, without the regrouping, would have been greater than zero; and
3. The amount you would have entered on Form 8960, line 13, without the regrouping, would have been greater than the amount you would have entered on Form 8960, line 14, without the regrouping.

Regrouping on an amended return. You may regroup your activities on an amended tax return, but only if you were not subject to the NIIT on your original return (or previously amended return). You are eligible if:

1. You were not previously subject to the NIIT for the tax year for which you are filing an amended return or any prior tax year;
2. The changes on the amended return cause you to be subject to the NIIT for the first time beginning in the taxable year for which you are amending the return;
3. The limitation period for assessments under Code section 6501 hasn't ended;
4. The changes on your amended return cause the amount on Form 8960, line 12, of your amended return to be greater than zero; and
5. The changes on your amended return cause the amount on Form 8960, line 13, of your amended return to be greater than the amount entered on Form 8960, line 14.

This rule applies equally to changes to modified adjusted gross income or net investment income upon an IRS examination.

Manner of regrouping. If you regroup your activities under this rule, you must attach to your original or amended return, as applicable, a statement that satisfies the requirements described in *Regrouping* under *Disclosure Requirement*, later.

Disclosure Requirement

For tax years beginning after January 24, 2010, the following disclosure requirements for groupings apply. You're required to report certain changes to your groupings that occur during the tax year to the IRS. If you fail to report these changes, each trade or business activity or rental activity will be treated as a separate activity. You will be considered to have made a timely disclosure if you filed all affected income tax returns consistent with the claimed grouping and make the required

disclosure on the income tax return for the year in which you first discovered the failure to disclose. If the IRS discovered the failure to disclose, you must have reasonable cause for not making the required disclosure.

New grouping. You must file a written statement with your original income tax return for the first tax year in which two or more activities are originally grouped into a single activity. The statement must provide the names, addresses, and employer identification numbers (EINs), if applicable, for the activities being grouped as a single activity. In addition, the statement must contain a declaration that the grouped activities make up an appropriate economic unit for the measurement of gain or loss under the passive activity rules.

Addition to an existing grouping. You must file a written statement with your original income tax return for the tax year in which you add a new activity to an existing

group. The statement must provide the name, address, and EIN, if applicable, for the activity that's being added and for the activities in the existing group. In addition, the statement must contain a declaration that the activities make up an appropriate economic unit for the measurement of gain or loss under the passive activity rules.

Regrouping. You must file a written statement with your original income tax return for the tax year in which you regroup the activities. The statement must provide the names, addresses, and EINs, if applicable, for the activities that are being regrouped. If two or more activities are being regrouped into a single activity, the statement must contain a declaration that the regrouped activities make up an appropriate economic unit for the measurement of gain or loss under the passive activity rules. In addition, the statement must contain an explanation of the material change in the facts and

circumstances that made the original grouping clearly inappropriate.

Groupings by partnerships and S corporations. Partnerships and S corporations aren't subject to the rules for new grouping, addition to an existing grouping, or regrouping. Instead, they must comply with the disclosure instructions for grouping activities provided in their Form 1065, U.S. Return of Partnership Income, or Form 1120-S, U.S. Income Tax Return for an S Corporation, whichever is applicable.

The partner or shareholder isn't required to make a separate disclosure of the groupings disclosed by the entity unless the partner or shareholder:

- Groups together any of the activities that the entity doesn't group together,
- Groups the entity's activities with activities conducted directly by the partner or shareholder, or

- Groups an entity's activities with activities conducted through another entity.

A partner or shareholder may not treat activities grouped together by the entity as separate activities.

Recharacterization of Passive Income

Net income from the following passive activities may have to be recharacterized and excluded from passive activity income.

- Significant participation passive activities,
- Rental of property when less than 30% of the unadjusted basis of the property is subject to depreciation,
- Equity-financed lending activities,
- Rental of property incidental to development activities,

- Rental of property to nonpassive activities, and
- Licensing of intangible property by pass-through entities.

If you're engaged in or have an interest in one of these activities during the tax year (either directly or through a partnership or an S corporation), combine the income and losses from the activity to determine if you have a net loss or net income from that activity.

If the result is a net loss, treat the income and losses the same as any other income or losses from that type of passive activity (trade or business activity or rental activity).

If the result is net income, don't enter any of the income or losses from the activity or property on Form 8582 or its separate parts, as they are recharacterized as nonpassive. Instead, enter income or losses on the form and schedules you normally use. However,

see Significant Participation Passive Activities, later, if the activity is a significant participation passive activity and you also have a net loss from a different significant participation passive activity.

Limit on recharacterized passive income.

The total amount that you treat as nonpassive income under the rules described later in this discussion for significant participation passive activities, rental of nondepreciable property, and equity-financed lending activities can't exceed the greatest amount that you treat as nonpassive income under any one of these rules.

Investment income and investment expense. To figure your investment interest expense limitation on Form 4952, treat as investment income any net passive income recharacterized as nonpassive income from rental of nondepreciable property, equity-financed lending activity, or licensing of intangible property by a pass-through entity.

Significant Participation Passive Activities

A significant participation passive activity is any trade or business activity in which you participated for more than 100 hours during the tax year but didn't materially participate.

If your gross income from all significant participation passive activities is more than your deductions from those activities, a part of your net income from each significant participation passive activity is treated as nonpassive income.

Corporations. An activity of a personal service corporation or closely held corporation is a significant participation passive activity if both of the following statements are true.

- The corporation isn't treated as materially participating in the activity for the year.

- One or more individuals, each of whom is treated as significantly participating in the activity, directly or indirectly hold (in total) more than 50% (by value) of the corporation's outstanding stock.

Worksheet A. Complete Worksheet A. Significant Participation Passive Activities if you have income or losses from any significant participation activity. Begin by entering the name of each activity in the left column.

Column (a). Enter the number of hours you participated in each activity and total the column.

If the total is more than 500, don't complete Worksheet A or B. None of the activities are passive activities because you satisfy test 4 for material participation. (See Material participation tests, earlier.) Report all the income and losses from these activities on the

forms and schedules you normally use. Don't include the income and losses on Form 8582.

Column (b). Enter the net loss, if any, from the activity. Net loss from an activity means either:

- The activity's current-year net loss (if any) plus prior-year unallowed losses (if any), or
- The excess of prior-year unallowed losses over the current-year net income (if any). Enter -0- here if the prior-year unallowed loss is the same as the current-year net income.

Column (c). Enter net income (if any) from the activity. Net income means the excess of the current-year net income from the activity over any prior-year unallowed losses from the activity.

Column (d). Combine amounts in the *Totals* row for columns (b) and (c) and enter the total net income or net loss in the *Totals* row

of column (d). If column (d) is a net loss, skip Worksheet B. Significant Participation Activities With Net Income. Include the income and losses in Part V of Form 8582 (or Worksheet 2 in the Form 8810 instructions).

Worksheet B. On Worksheet B. Significant Participation Activities With Net Income, list only the significant participation passive activities that have net income as shown in column (c) of Worksheet A.

Column (a). Enter the net income of each activity from column (c) of Worksheet A.

Column (b). Divide each of the individual net income amounts in column (a) by the total of column (a). The result is a ratio. In column (b), enter the ratio for each activity as a decimal (rounded to at least three places). The total of these ratios must equal 1.000.

Column (c). Multiply the amount in the *Totals* row of column (d) of Worksheet A by

each of the ratios in column (b). Enter the results in column (c).

Column (d). Subtract column (c) from column (a). To this figure, add the amount of prior-year unallowed losses (if any) that reduced the current-year net income. Enter the result in column (d). Enter these amounts on Part V of Form 8582 or Worksheet 2 in the Form 8810 instructions. (Also, see *Limit on recharacterized passive income*, earlier.)

Rental of Nondepreciable Property

If you have net passive income (including prior-year unallowed losses) from renting property in a rental activity, and less than 30% of the unadjusted basis of the property is subject to depreciation, you treat the net passive income as nonpassive income.

Example. Charlie acquires vacant land for \$300,000, constructs improvements at a cost of \$100,000, and leases the land and improvements to a tenant. Charlie then sells

the land and improvements for \$600,000, realizing a gain of \$200,000 on the disposition.

The unadjusted basis of the improvements (\$100,000) equals 25% of the unadjusted basis of all property (\$400,000) used in the rental activity.

Charlie's net passive income from the activity (which is figured with the gain from the disposition, including gain from the improvements) is treated as nonpassive income.

Equity-Financed Lending Activities

If you have gross income from an equity-financed lending activity, the lesser of the net passive income or the equity-financed interest income is nonpassive income.

For more information, see Temporary Regulations section 1.469-2T(f)(4).


Rental of Property Incidental to a Development Activity

Net income from this type of activity will be treated as nonpassive income if all of the following apply.

- You recognize gain from the sale, exchange, or other disposition of the rental property during the tax year.
- You started to rent the property less than 12 months before the date of disposition.
- You materially participated or significantly participated for any tax year in an activity that involved the performance of services for the purpose of enhancing the value of the property (or any other item of property if the basis of the property disposed of is determined in whole or in part by reference to the basis of that item of property).

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Worksheet A. Significant Participation Passive Activities

Keep for Your Records 

Name of activity	(a) Hours of participation	(b) Net loss	(c) Net income	(d) Combine totals of cols. (b) and (c)
		()		
		()		
		()		
		()		
		()		
		()		
		()		
Totals		()		

Worksheet B. Significant Participation Activities With Net Income

Keep for Your Records



Name of activity with net income	(a) Net income	(b) Ratio (see instructions)	(c) Nonpassive income (see instructions)	(d) Passive income (subtract col. (c) from col. (a))
Totals		1.000		

For more information, see Regulations section 1.469-2(f)(5).

Rental of Property to a Nonpassive Activity

If you rent property to a trade or business activity in which you materially participated, net rental income from the property is treated as nonpassive income. This rule doesn't apply to net income from renting property under a written binding contract entered into before February 19, 1988. It also doesn't apply to property described earlier under *Rental of Property Incidental to a Development Activity*.

Licensing of Intangible Property by Pass-Through Entities

Net royalty income from intangible property held by a pass-through entity in which you own an interest may be treated as nonpassive royalty income. This applies if you acquired your interest in the pass-through entity after the partnership, S corporation, estate, or

trust created the intangible property or performed substantial services or incurred substantial costs for developing or marketing the intangible property.

This recharacterization rule doesn't apply if:

1. The expenses reasonably incurred by the entity in developing or marketing the property exceed 50% of the gross royalties from licensing the property that are includible in your gross income for the tax year, or
2. Your share of the expenses reasonably incurred by the entity in developing or marketing the property for all tax years exceeded 25% of the fair market value of your interest in the intangible property at the time you acquired your interest in the entity.

For purposes of (2) above, capital expenditures are taken into account for the entity's tax year in which the expenditure is chargeable to a capital account, and your

share of the expenditure is figured as if it were allowed as a deduction for the tax year.

Dispositions

Any passive activity losses (but not credits) that haven't been allowed (including current-year losses) are generally allowed in full in the tax year you dispose of your entire interest in the passive (or former passive) activity. However, for the losses to be allowed, you must dispose of your entire interest in the activity in a transaction in which all realized gain or loss is recognized. Also, the person acquiring the interest from you must not be related to you.



If you have a capital loss on the disposition of an interest in a passive activity, the loss may be limited. For individuals, your capital loss deduction is limited to the amount of your capital gains plus the lower of \$3,000 (\$1,500 in the case of a married individual filing a separate

return) or the excess of your capital losses over capital gains. See Pub. 544 for more information.

Example. Carter earned a \$60,000 salary and owned one passive activity through a 5% interest in the B Limited Partnership. In 2022, Carter sold that entire partnership interest to an unrelated person for \$30,000. Carter's adjusted basis in the partnership interest was \$42,000, and Carter had carried over \$2,000 of ordinary passive activity deductions from the activity.

Carter's deductible loss for 2022 is \$5,000, figured as follows.

Amount realized	\$30,000
Minus: adjusted basis	<u>-42,000</u>
Capital loss	\$12,000
Minus: capital loss limit	<u>-3,000</u>

Capital loss carryover	<u>\$9,000</u>
Allowable capital loss on sale	\$3,000
Carryover losses allowable	<u>2,000</u>
Total current deductible loss	<u>\$5,000</u>

Carter deducts the \$5,000 total current deductible loss in 2022 and must carry over the remaining \$9,000 capital loss, which isn't subject to the passive activity loss limit.

Carter will treat it like any other capital loss carryover.

Installment sale of an entire interest. If you sell your entire interest in a passive activity through an installment sale to figure the loss for the current year that isn't limited by the passive activity rules, multiply your overall loss (not including losses allowed in prior years) by a fraction. The numerator of the fraction is the gain recognized in the current year, and the denominator is the total

gain from the sale minus all gains recognized in prior years.

Example. Riley has a total gain of \$10,000 from the sale of an entire interest in a passive activity. Under the installment method, Riley reports \$2,000 of gain each year, including the year of sale. For the first year, 20% ($2,000/10,000$) of the losses are allowed. For the second year, 25% ($2,000/8,000$) of the remaining losses are allowed.

Partners and S corporation shareholders.

Generally, any gain or loss on the disposition of a partnership interest must be allocated to each trade or business, rental, or investment activity in which the partnership owns an interest. If you dispose of your entire interest in a partnership, the passive activity losses from the partnership that haven't been allowed are generally allowed in full. They will also be allowed if the partnership (other than a PTP) disposes of all the property used in that passive activity.

If you don't dispose of your entire interest, the gain or loss allocated to a passive activity is treated as passive activity income or deduction in the year of disposition. This includes any gain recognized on a distribution of money from the partnership that you receive in excess of the adjusted basis of your partnership interest.

These rules also apply to the disposition of stock in an S corporation.

Dispositions by gift. If you give away your interest in a passive activity, the unused passive activity losses allocable to the interest can't be deducted in any tax year. Instead, the basis of the transferred interest must be increased by the amount of these losses.

Dispositions by death. If a passive activity interest is transferred because the owner dies, unused passive activity losses are allowed (to a certain extent) as a deduction against the decedent's income in the year of death. The decedent's losses are allowed only

to the extent they exceed the amount by which the transferee's basis in the passive activity has been increased under the rules for determining the basis of property acquired from a decedent. For example, if the basis of an interest in a passive activity in the hands of a transferee is increased by \$6,000 and unused passive activity losses of \$8,000 were allocable to the interest at the date of death, then the decedent's deduction for the tax year would be limited to \$2,000 (\$8,000 – \$6,000).

If you inherited property from a decedent who died in 2010, special rules may apply if the executor of the estate filed Form 8939, Allocation of Increase in Basis for Property Acquired From a Decedent. For more information, see Pub. 4895, Tax Treatment of Property Acquired From a Decedent Dying in 2010, which is available at [IRS.gov/pub/irs-prior/p4895--2011.pdf](https://www.irs.gov/pub/irs-prior/p4895--2011.pdf).

Partial dispositions. If you dispose of substantially all of an activity during your tax year, you may be able to treat the part of the activity disposed of as a separate activity. See *Partial dispositions* under *Grouping Your Activities*, earlier.

How To Report Your Passive Activity Loss

More than one form or schedule may be required for reporting your passive activities. The actual number of forms depends on the number and types of activities you must report. Some forms and schedules that may be required are:

- Schedule C (Form 1040), Profit or Loss From Business;
- Schedule D (Form 1040), Capital Gains and Losses;
- Schedule E (Form 1040), Supplemental Income and Loss;

- Schedule F (Form 1040), Profit or Loss From Farming;
- Form 4797, Sales of Business Property;
- Form 6252, Installment Sale Income;
- Form 8582, Passive Activity Loss Limitations;
- Form 8582-CR, Passive Activity Credit Limitations; and
- Form 8949, Sales and Other Dispositions of Capital Assets.

Regardless of the number or complexity of passive activities you have, you should use only one Form 8582. If you need additional lines for any of the Form 8582 parts, you can either use copies of page 1, page 2, and/or page 3 of Form 8582, whichever is applicable, or your own schedule that's in the same format as the applicable part.

For examples and further information, see the Form 8582 instructions.

At-Risk Limits

The at-risk rules limit your losses from most activities to your amount at risk in the activity. You treat any loss that's disallowed because of the at-risk limits as a deduction from the same activity in the next tax year. If your losses from an at-risk activity are allowed, they're subject to recapture in later years if your amount at risk is reduced below zero.



You must apply the at-risk rules before the passive activity rules discussed in the first part of this publication.

Loss defined. A loss is the excess of allowable deductions from the activity for the year (including depreciation or amortization allowed or allowable and disregarding the at-risk limits) over income received or accrued

from the activity during the year. Income doesn't include income from the recapture of previous losses (discussed, later, under Recapture Rule).

Form 6198. Use Form 6198 to figure how much loss from an activity you can deduct.

1. File Form 6198 with your tax return if:
 - a. You have a loss from any part of an activity that's covered by the at-risk rules, and
 - b. You aren't at risk for some of your investment in the activity.
2. File Form 6198 if you're engaged in an activity included in (6) under Activities Covered by the At-Risk Rules, later, and you have borrowed amounts described in Certain borrowed amounts excluded under At-Risk Amounts, later.

Loss limits for partners and S corporation shareholders. Four separate limits may apply to a partner's or shareholder's distributive share of an item of deduction or loss from a partnership or S corporation, respectively. The limits determine the amount each partner or shareholder can deduct on their own return. These limits and the order in which they apply are:

1. The adjusted basis of:
 - a. The partner's partnership interest, or
 - b. The shareholder's stock plus any loans the shareholder makes to the corporation,
2. The at-risk rules, and
3. The passive activity rules.

See *Limitations on Losses, Deductions, and Credits* in Partner's Instructions for Schedule K-1 (Form 1065) and Shareholder's Instructions for Schedule K-1 (Form 1120-S).

See Coordination with other limitations on deductions that apply before the passive activity rules, earlier.

See also Excess business loss limitation that applies after the passive activity rules, earlier, for limitations that may apply after an allowable passive activity loss is determined.

Who Is Affected?

The at-risk limits apply to individuals (including partners and S corporation shareholders), estates, trusts, and certain closely held C corporations.

Closely held C corporation. For the at-risk rules, a C corporation is a closely held corporation if at any time during the last half of the tax year, more than 50% in value of its outstanding stock is owned directly or indirectly by or for five or fewer individuals.

To figure if more than 50% in value of the stock is owned by five or fewer individuals, apply the following rules.

1. Stock owned directly or indirectly by or for a corporation, partnership, estate, or trust is considered owned proportionately by its shareholders, partners, or beneficiaries.
2. An individual is considered to own the stock owned directly or indirectly by or for their family. Family includes only brothers and sisters (including half brothers and half sisters), a spouse, ancestors, and lineal descendants.
3. If a person holds an option to buy stock, they are considered to be the owner of that stock.
4. When applying rule (1) or (2), stock considered owned by a person under rule (1) or (3) is treated as actually owned by that person. Stock considered owned by an individual

under rule (2) isn't treated as owned by the individual for again applying rule (2) to consider another the owner of that stock.

5. Stock that may be considered owned by an individual under either rule (2) or (3) is considered owned by the individual under rule (3).

Activities Covered by the At-Risk Rules

If you're involved in one of the following activities as a trade or business or for the production of income, you're subject to the at-risk rules.

1. Holding, producing, or distributing motion picture films or video tapes.
2. Farming.
3. Leasing section 1245 property, including personal property and certain other tangible property that's

depreciable or amortizable. See Section 1245 property, later.

4. Exploring for, or exploiting, oil and gas.
5. Exploring for, or exploiting, geothermal deposits (for wells started after September 1978).
6. Any other activity not included in (1) through (5) that's carried on as a trade or business or for the production of income.

Section 1245 property. Section 1245 property includes any property that is or has been subject to depreciation or amortization and is:

1. Personal property,
2. Other tangible property (other than a building or its structural components) that's:
 - a. Used in manufacturing, production, extraction, or furnishing transportation,

- communications, electrical energy, gas, water, or sewage disposal services,
- b. A research facility used for the activities in (a), or
- c. A facility used in any of the activities in (a) for the bulk storage of fungible commodities,
- 3. Real property (other than property described in (2)) with an adjusted basis that was reduced by certain amortization deductions listed in section 1245(a)(3)(C) of the Internal Revenue Code,
- 4. A single-purpose agricultural or horticultural structure, or
- 5. A storage facility (other than a building or its structural components) used for the distribution of petroleum.

Exception for holding real property placed in service before 1987. The at-risk rules don't apply to the holding of real

property placed in service before 1987. They also don't apply to the holding of an interest acquired before 1987 in a pass-through entity engaged in holding real property placed in service before 1987. This exception doesn't apply to holding mineral property.

Personal property and services that are incidental to making real property available as living accommodations are included in the activity of holding real property. For example, making personal property, such as furniture, and services available when renting a hotel or motel room or a furnished apartment is considered incidental to making real property available as living accommodations.

Exception for equipment leasing by a closely held corporation. If a closely held corporation is actively engaged in equipment leasing, the equipment leasing is treated as a separate activity not covered by the at-risk rules. A closely held corporation is actively engaged in equipment leasing if 50% or more

of its gross receipts for the tax year are from equipment leasing. Equipment leasing means the leasing, purchasing, servicing, and selling of equipment that's section 1245 property.

However, equipment leasing doesn't include the leasing of master sound recordings and similar contractual arrangements for tangible or intangible assets associated with literary, artistic, or musical properties, such as books, lithographs of artwork, or musical tapes. A closely held corporation can't exclude these leasing activities from the at-risk rules nor count them as equipment leasing for the gross receipts test.

The equipment leasing exclusion also isn't available for leasing activities related to other at-risk activities, such as motion picture films and video tapes, farming, oil and gas properties, and geothermal deposits. For example, if a closely held corporation leases a video tape, it can't exclude this leasing

activity from the at-risk rules under the equipment leasing exclusion.

Controlled group of corporations. A controlled group of corporations is subject to special rules for the equipment leasing exclusion. See section 465(c) of the Internal Revenue Code.

Special exception for qualified corporations. A qualified corporation isn't subject to the at-risk limits for any qualifying business carried on by the corporation. Each qualifying business is treated as a separate activity.

Qualified corporation. A qualified corporation is a closely held C corporation, defined earlier, that isn't:

- A personal holding company, or
- A personal service corporation (defined in section 269A(b) of the Internal Revenue Code, but determined by substituting 5% for 10%).

Qualifying business. A qualifying business is any active business if all of the following apply.

1. During the entire 12-month period ending on the last day of the tax year, the corporation had at least:
 - a. One full-time employee whose services were in the active management of the business, and
 - b. Three full-time nonowner employees whose services were directly related to the business. A nonowner employee is an employee who doesn't own more than 5% in value of the outstanding stock of the corporation at any time during the tax year. (The rules for constructive ownership of stock in section 318 of the Internal Revenue Code apply. However, in

applying these rules, an owner of 5% or more, rather than 50% or more, of the value of a corporation's stock is considered to own a proportionate share of any stock owned by the corporation.)

2. Deductions due to the business that are allowable to the corporation as business expenses and as contributions to certain employee benefit plans for the tax year exceed 15% of the gross income from the business.
3. The business isn't an excluded business. Generally, an excluded business means equipment leasing as defined, earlier, under Exception for equipment leasing by a closely held corporation, and any business involving the use, exploitation, sale, lease, or other disposition of master sound recordings, motion picture films,

video tapes, or tangible or intangible assets associated with literary, artistic, musical, or similar properties.

Separation of Activities

Generally, you treat your activity involving each film or video tape, item of leased section 1245 property, farm, oil and gas property, or geothermal property as a separate activity. In addition, each investment that isn't a part of a trade or business is treated as a separate activity.

Leasing by a partnership or S corporation. For a partnership or S corporation, treat all leasing of section 1245 property that's placed in service in any tax year of the partnership or S corporation as one activity.

Aggregation of Activities

Activities described in (6) under Activities Covered by the At-Risk Rules, earlier, that

constitute a trade or business are treated as one activity if:

- You actively participate in the management of the trade or business, or
- The trade or business is carried on by a partnership or S corporation and 65% or more of its losses for the tax year are allocable to persons who actively participate in the management of the trade or business.

Similar rules apply to activities described in (1) through (5) of that earlier discussion.

Active participation. Active participation depends on all the facts and circumstances. Factors that indicate active participation include making decisions involving the operation or management of the activity, performing services for the activity, and hiring and discharging employees. Factors that indicate a lack of active participation

include lack of control in managing and operating the activity, having authority only to discharge the manager of the activity, and having a manager of the activity who is an independent contractor rather than an employee.

Partners and S corporation shareholders.

Partners or shareholders may aggregate activities of their partnership or S corporation within each of the following categories.

- Films and video tapes,
- Farms,
- Oil and gas properties, and
- Geothermal properties.

For example, if a partnership or S corporation produces two films or video tapes, the partners or S corporation shareholders may treat the production of both films or video tapes as one activity for purposes of the at-risk rules.

At-Risk Amounts

You're at risk in any activity for:

1. The money and adjusted basis of property you contribute to the activity, and
2. Amounts you borrow for use in the activity if:
 - a. You're personally liable for repayment, or
 - b. You pledge property (other than property used in the activity) as security for the loan.

Amounts borrowed. You're at risk for amounts borrowed to use in the activity if you're personally liable for repayment. You're also at risk if the amounts borrowed are secured by property other than property used in the activity. In this case, the amount considered at risk is the net fair market value of your interest in the pledged property. The net fair market value of property is its fair

market value (determined on the date the property is pledged) less any prior (or superior) claims to which it's subject. However, no property will be taken into account as security if it's directly or indirectly financed by debt that's secured by property you contributed to the activity.



If you borrow money to finance a contribution to an activity, you can't increase your amount at risk by the contribution and the amount borrowed to finance the contribution. You may increase your at-risk amount only once.

Certain borrowed amounts excluded.

Even if you're personally liable for the repayment of a borrowed amount or you secure a borrowed amount with property other than property used in the activity, you aren't considered at risk if you borrowed the money from a person having an interest in the activity or from someone related to a

person (other than you) having an interest in the activity. This doesn't apply to:

- Amounts borrowed by a corporation from a person whose only interest in the activity is as a shareholder of the corporation,
- Amounts borrowed from a person having an interest in the activity as a creditor, or
- Amounts borrowed after May 3, 2004, secured by real property used in the activity of holding real property (other than mineral property) that, if nonrecourse, would be qualified nonrecourse financing.

Related persons. Related persons include:

- Members of a family, but only an individual's brothers and sisters, half brothers and half sisters, spouse, ancestors (parents, grandparents,

etc.), and lineal descendants (children, grandchildren, etc.);

- Two corporations that are members of the same controlled group of corporations determined by applying a 10% ownership test;
- The fiduciaries of two different trusts, or the fiduciary and beneficiary of two different trusts, if the same person is the grantor of both trusts;
- A tax-exempt educational or charitable organization and a person who directly or indirectly controls it (or a member of whose family controls it);
- A corporation and an individual who owns directly or indirectly more than 10% of the value of the outstanding stock of the corporation;
- A trust fiduciary and a corporation of which more than 10% in value of the outstanding stock is owned directly or

indirectly by or for the trust or by or for the grantor of the trust;

- The grantor and fiduciary, or the fiduciary and beneficiary, of any trust;
- A corporation and a partnership if the same persons own more than 10% in value of the outstanding stock of the corporation and more than 10% of the capital interest or the profits interest in the partnership;
- Two S corporations if the same persons own more than 10% in value of the outstanding stock of each corporation;
- An S corporation and a regular corporation if the same persons own more than 10% in value of the outstanding stock of each corporation;
- A partnership and a person who owns directly or indirectly more than 10% of

the capital or profits of the partnership;

- Two partnerships if the same persons directly or indirectly own more than 10% of the capital or profits of each;
- Two persons who are engaged in business under common control (within the meaning of section 52(a) and (b)); and
- An executor of an estate and a beneficiary of that estate.

To determine the direct or indirect ownership of the outstanding stock of a corporation, apply the following rules.

1. Stock owned directly or indirectly by or for a corporation, partnership, estate, or trust is considered owned proportionately by or for its shareholders, partners, or beneficiaries.

2. Stock owned directly or indirectly by or for an individual's family is considered owned by the individual. The family of an individual includes only brothers and sisters, half brothers and half sisters, a spouse, ancestors, and lineal descendants.
3. Any stock in a corporation owned by an individual (other than by applying rule (2)) is considered owned directly or indirectly by or for the individual's partner.
4. When applying rule (1), (2), or (3), stock considered owned by a person under rule (1) is treated as actually owned by that person. But, if a person constructively owns stock because of rule (2) or (3), they don't own the stock for purposes of applying either rule (2) or (3) to make another person the constructive owner of the same stock.

Effect of government price support programs. A government target price program or other government price support programs for a product that you grow doesn't, without agreements limiting your costs, reduce the amount you have at risk.

Effect of increasing amounts at risk in subsequent years. Any loss that's allowable in a particular year reduces your at-risk investment (but not below zero) as of the beginning of the next tax year and in all succeeding tax years for that activity. If you have a loss that's more than your at-risk amount, the loss disallowed won't be allowed in later years unless you increase your at-risk amount. Losses that are suspended because they're greater than your investment that's at risk are treated as a deduction for the activity in the following year. Consequently, if your amount at risk increases in later years, you may deduct previously suspended losses to the extent that the increases in your amount

at risk exceed your losses in later years. However, your deduction of suspended losses may be limited by the passive loss rules.

Amounts Not at Risk

You aren't considered at risk for amounts protected against loss through nonrecourse financing, guarantees, stop loss agreements, or other similar arrangements.

Nonrecourse financing. Nonrecourse financing is financing for which you aren't personally liable. If you borrow money to contribute to an activity and the lender's only recourse is to your interest in the activity or the property used in the activity, the loan is a nonrecourse loan.

You aren't considered at risk for your share of any nonrecourse loan used to finance an activity or to acquire property used in the activity unless the loan is secured by property not used in the activity.

However, you're considered at risk for qualified nonrecourse financing secured by real property used in an activity of holding real property. Qualified nonrecourse financing is financing for which no one is personally liable for repayment and that's:

- Borrowed by you in connection with the activity of holding real property,
- Secured by real property used in the activity,
- Not convertible from a debt obligation to an ownership interest, and
- Loaned or guaranteed by any federal, state, or local government, or borrowed by you from a qualified person.

Other types of property used as security.

The rules in the next two paragraphs apply to any financing incurred after August 3, 1998. You can also choose to apply these rules to financing you obtained before August 4,

1998. If you do that, you must reduce the amounts at risk as a result of applying these rules to years ending before August 4, 1998, to the extent they increase the losses allowed for those years.

In determining whether qualified nonrecourse financing is secured only by real property used in the activity of holding real property, disregard property that's incidental to the activity of holding real property. Also, disregard other property if the total gross fair market value of that property is less than 10% of the total gross fair market value of all the property securing the financing.

For this purpose, treat yourself as owning directly your proportional share of the assets in any partnership in which you own, directly or indirectly, an equity interest.

Qualified person. A qualified person is a person who actively and regularly engages in the business of lending money. The most common example is a bank.

However, none of the following persons can be a qualified person.

- A person related to you in one of the ways listed under *Related persons*, earlier. However, a person related to you may be a qualified person if the nonrecourse financing is commercially reasonable and on the same terms as loans involving unrelated persons.
- A person from which you acquired the property or a person related to that person.
- A person who receives a fee due to your investment in the real property or a person related to that person.

Other loss limiting arrangements. Any capital you have contributed to an activity isn't at risk if you're protected against economic loss by an agreement or arrangement for compensation or reimbursement. For example, you aren't at

risk if you will be reimbursed for part or all of any loss because of a binding agreement between yourself and another person.

Example 1. Some commercial feedlots reimburse investors against any loss sustained on sales of the fed livestock above a stated dollar amount per head. Under such stop loss orders, the investor is at risk only for the portion of the investor's capital for which the investor isn't entitled to a reimbursement.

Example 2. You're personally liable for a mortgage, but you separately obtain insurance to compensate you for any payments you must actually make because of your personal liability. You're considered at risk only to the extent of the uninsured portion of the personal liability to which you're exposed. You can include in the amount you have at risk the amount of any premium that you paid from your personal assets for the insurance. However, if you

obtain casualty insurance or insurance protecting yourself against tort liability, it doesn't affect the amount you're otherwise considered to have at risk.

Reductions of Amounts at Risk

The amount you have at risk in any activity is reduced by any losses allowed in previous years under the at-risk rules. It may also be reduced because of distributions you received from the activity, debts changed from recourse to nonrecourse, or the initiation of a stop loss or similar agreement. If the amount at risk is reduced below zero, your previously allowed losses are subject to recapture, as explained next.

Recapture Rule

If the amount you have at risk in any activity at the end of any tax year is less than zero, you must recapture at least part of your

previously allowed losses. You do this by adding to your income from the activity for that year the lesser of the following amounts.

- The negative at-risk amount (treated as a positive amount); or
- The total amount of losses deducted in previous tax years beginning after 1978, minus any amounts you previously added to your income from that activity under this recapture rule.

Don't use the recapture income to reduce any net loss from the activity for the tax year. Instead, treat the recaptured amount as a deduction for the activity in the next tax year.

Pre-1979 activity. If the amount you had at risk in an activity at the end of your tax year that began in 1978 was less than zero, you apply the preceding rule for the recapture of losses by substituting that negative amount for zero. For example, if your at-risk amount for that tax year was minus \$50, you will

recapture losses only when your at-risk amount goes below minus \$50.

How To Get Tax Help

If you have questions about a tax issue; need help preparing your tax return; or want to download free publications, forms, or instructions, go to [IRS.gov](https://www.irs.gov) to find resources that can help you right away.

Preparing and filing your tax return.

After receiving all your wage and earnings statements (Forms W-2, W-2G, 1099-R, 1099-MISC, 1099-NEC, etc.); unemployment compensation statements (by mail or in a digital format) or other government payment statements (Form 1099-G); and interest, dividend, and retirement statements from banks and investment firms (Forms 1099), you have several options to choose from to prepare and file your tax return. You can prepare the tax return yourself, see if you

qualify for free tax preparation, or hire a tax professional to prepare your return.

Free options for tax preparation. Go to [IRS.gov](https://www.irs.gov) to see your options for preparing and filing your return online or in your local community, if you qualify, which include the following.

- **Free File.** This program lets you prepare and file your federal individual income tax return for free using brand-name tax-preparation-and-filing software or Free File fillable forms. However, state tax preparation may not be available through Free File. Go to [IRS.gov/FreeFile](https://www.irs.gov/FreeFile) to see if you qualify for free online federal tax preparation, e-filing, and direct deposit or payment options.
- **VITA.** The Volunteer Income Tax Assistance (VITA) program offers free tax help to people with low-to-moderate incomes, persons with

disabilities, and limited-English-speaking taxpayers who need help preparing their own tax returns. Go to [IRS.gov/VITA](https://www.irs.gov/VITA), download the free IRS2Go app, or call 800-906-9887 for information on free tax return preparation.

- **TCE.** The Tax Counseling for the Elderly (TCE) program offers free tax help for all taxpayers, particularly those who are 60 years of age and older. TCE volunteers specialize in answering questions about pensions and retirement-related issues unique to seniors. Go to [IRS.gov/TCE](https://www.irs.gov/TCE), download the free IRS2Go app, or call 888-227-7669 for information on free tax return preparation.
- **MilTax.** Members of the U.S. Armed Forces and qualified veterans may use MilTax, a free tax service offered by the Department of Defense through

Military OneSource. For more information, go to [MilitaryOneSource](https://www.militaryonesource.com/MilitaryOneSource/MilitaryOneSource.mil/MilTax) ([MilitaryOneSource.mil/ MilTax](https://www.militaryonesource.com/MilitaryOneSource/MilitaryOneSource.mil/MilTax)).

Also, the IRS offers Free Fillable Forms, which can be completed online and then filed electronically regardless of income.

Using online tools to help prepare your return. Go to [IRS.gov/Tools](https://www.irs.gov/Tools) for the following.

- The [Earned Income Tax Credit Assistant \(IRS.gov/EITCAssistant\)](https://www.irs.gov/EITCAssistant) determines if you're eligible for the earned income credit (EIC).
- The [Online EIN Application \(IRS.gov/EIN\)](https://www.irs.gov/EIN) helps you get an employer identification number (EIN) at no cost.
- The [Tax Withholding Estimator \(IRS.gov/ W4app\)](https://www.irs.gov/W4app) makes it easier for you to estimate the federal income tax you want your employer to withhold from your paycheck. This is tax

withholding. See how your withholding affects your refund, take-home pay, or tax due.

- The [First-Time Homebuyer Credit Account Look-up](#) ([IRS.gov/HomeBuyer](#)) tool provides information on your repayments and account balance.
- The [Sales Tax Deduction Calculator](#) ([IRS.gov/SalesTax](#)) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040).



Getting answers to your tax questions. On IRS.gov, you can get up-to-date information on current events and changes in tax law.

- [IRS.gov/Help](#): A variety of tools to help you get answers to some of the most common tax questions.

- [IRS.gov/ITA](https://www.irs.gov/ita): The Interactive Tax Assistant, a tool that will ask you questions and, based on your input, provide answers on a number of tax law topics.
- [IRS.gov/Forms](https://www.irs.gov/forms): Find forms, instructions, and publications. You will find details on the most recent tax changes and interactive links to help you find answers to your questions.
- You may also be able to access tax law information in your electronic filing software.

Need someone to prepare your tax

return? There are various types of tax return preparers, including enrolled agents, certified public accountants (CPAs), accountants, and many others who don't have professional credentials. If you choose to have someone prepare your tax return, choose that preparer wisely. A paid tax preparer is:

- Primarily responsible for the overall substantive accuracy of your return,
- Required to sign the return, and
- Required to include their preparer tax identification number (PTIN).

Although the tax preparer always signs the return, you're ultimately responsible for providing all the information required for the preparer to accurately prepare your return. Anyone paid to prepare tax returns for others should have a thorough understanding of tax matters. For more information on how to choose a tax preparer, go to [*Tips for Choosing a Tax Preparer*](#) on IRS.gov.

Coronavirus. Go to [*IRS.gov/Coronavirus*](#) for links to information on the impact of the coronavirus, as well as tax relief available for individuals and families, small and large businesses, and tax-exempt organizations.

Employers can register to use Business Services Online. The Social Security Administration (SSA) offers online service at [SSA.gov/ employer](https://ssa.gov/employer) for fast, free, and secure online W-2 filing options to CPAs, accountants, enrolled agents, and individuals who process Form W-2, Wage and Tax Statement, and Form W-2c, Corrected Wage and Tax Statement.

IRS social media. Go to [IRS.gov/SocialMedia](https://irs.gov/SocialMedia) to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are our highest priority. We use these tools to share public information with you. **Don't** post your social security number (SSN) or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- [Youtube.com/irsvideos.](https://www.youtube.com/irsvideos)
- [Youtube.com/irsvideomultilingua.](https://www.youtube.com/irsvideomultilingua)
- [Youtube.com/irsvideosASL.](https://www.youtube.com/irsvideosASL)

Watching IRS videos. The IRS Video portal ([IRSVideos.gov](https://www.irs.gov/irs/videos)) contains video and audio presentations for individuals, small businesses, and tax professionals.

Online tax information in other languages. You can find information on [IRS.gov/ MyLanguage](https://www.irs.gov/MyLanguage) if English isn't your native language.

Free Over-the-Phone Interpreter (OPI) Service. The IRS is committed to serving our multilingual customers by offering OPI services. The OPI Service is a federally funded program and is available at Taxpayer Assistance Centers (TACs), other IRS offices,

and every VITA/TCE return site. The OPI Service is accessible in more than 350 languages.

Accessibility Helpline available for taxpayers with disabilities. Taxpayers who need information about accessibility services can call 833-690-0598. The Accessibility Helpline can answer questions related to current and future accessibility products and services available in alternative media formats (for example, braille, large print, audio, etc.). The Accessibility Helpline does not have access to your IRS account. For help with tax law, refunds, or account-related issues, go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp).

Note. Form 9000, Alternative Media Preference, or Form 9000(SP) allows you to elect to receive certain types of written correspondence in the following formats.

- Standard Print.
- Large Print.

- Braille.
- Audio (MP3).
- Plain Text File (TXT).
- Braille Ready File (BRF).

Disasters. Go to [Disaster Assistance and Emergency Relief for Individuals and Businesses](#) to review the available disaster tax relief.

Getting tax forms and publications. Go to [IRS.gov/Forms](#) to view, download, or print all the forms, instructions, and publications you may need. Or, you can go to [IRS.gov/OrderForms](#) to place an order.

Getting tax publications and instructions in eBook format. You can also download and view popular tax publications and instructions (including the Instructions for Form 1040) on mobile devices as eBooks at [IRS.gov/eBooks](#).

Note. IRS eBooks have been tested using Apple's iBooks for iPad. Our eBooks haven't been tested on other dedicated eBook readers, and eBook functionality may not operate as intended.

Access your online account (individual taxpayers only). Go to [IRS.gov/Account](https://www.irs.gov/Account) to securely access information about your federal tax account.

- View the amount you owe and a breakdown by tax year.
- See payment plan details or apply for a new payment plan.
- Make a payment or view 5 years of payment history and any pending or scheduled payments.
- Access your tax records, including key data from your most recent tax return, and transcripts.

- View digital copies of select notices from the IRS.
- Approve or reject authorization requests from tax professionals.
- View your address on file or manage your communication preferences.

Tax Pro Account. This tool lets your tax professional submit an authorization request to access your individual taxpayer [IRS online account](#). For more information, go to [IRS.gov/TaxProAccount](#).

Using direct deposit. The fastest way to receive a tax refund is to file electronically and choose direct deposit, which securely and electronically transfers your refund directly into your financial account. Direct deposit also avoids the possibility that your check could be lost, stolen, destroyed, or returned undeliverable to the IRS. Eight in 10 taxpayers use direct deposit to receive their refunds. If you don't have a bank account, go

to [IRS.gov/DirectDeposit](https://www.irs.gov/DirectDeposit) for more information on where to find a bank or credit union that can open an account online.

Getting a transcript of your return. The quickest way to get a copy of your tax transcript is to go to [IRS.gov/Transcripts](https://www.irs.gov/Transcripts). Click on either “Get Transcript Online” or “Get Transcript by Mail” to order a free copy of your transcript. If you prefer, you can order your transcript by calling 800-908-9946.

Reporting and resolving your tax-related identity theft issues.

- Tax-related identity theft happens when someone steals your personal information to commit tax fraud. Your taxes can be affected if your SSN is used to file a fraudulent return or to claim a refund or credit.
- The IRS doesn’t initiate contact with taxpayers by email, text messages (including shortened links), telephone

calls, or social media channels to request or verify personal or financial information. This includes requests for personal identification numbers (PINs), passwords, or similar information for credit cards, banks, or other financial accounts.

- Go to [IRS.gov/IdentityTheft](https://www.irs.gov/IdentityTheft), the IRS Identity Theft Central webpage, for information on identity theft and data security protection for taxpayers, tax professionals, and businesses. If your SSN has been lost or stolen or you suspect you're a victim of tax-related identity theft, you can learn what steps you should take.
- Get an Identity Protection PIN (IP PIN). IP PINs are six-digit numbers assigned to taxpayers to help prevent the misuse of their SSNs on fraudulent federal income tax returns. When you have an IP PIN, it prevents someone

else from filing a tax return with your SSN. To learn more, go to [IRS.gov/IPPIN](https://www.irs.gov/IPPIN).

Ways to check on the status of your refund.

- Go to [IRS.gov/Refunds](https://www.irs.gov/Refunds).
- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 800-829-1954.

Note. The IRS can't issue refunds before mid-February for returns that claimed the EIC or the additional child tax credit (ACTC). This applies to the entire refund, not just the portion associated with these credits.

Making a tax payment. Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for information on how to make a payment using any of the following options.

- [IRS Direct Pay](#): Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.
- [Debit or Credit Card](#): Choose an approved payment processor to pay online or by phone.
- [Electronic Funds Withdrawal](#): Schedule a payment when filing your federal taxes using tax return preparation software or through a tax professional.
- [Electronic Federal Tax Payment System](#): Best option for businesses. Enrollment is required.
- [Check or Money Order](#): Mail your payment to the address listed on the notice or instructions.
- [Cash](#): You may be able to pay your taxes with cash at a participating retail store.

- [Same-Day Wire](#): You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and time frames.

Note. The IRS uses the latest encryption technology to ensure that the electronic payments you make online, by phone, or from a mobile device using the IRS2Go app are safe and secure. Paying electronically is quick, easy, and faster than mailing in a check or money order.

What if I can't pay now? Go to [IRS.gov/Payments](#) for more information about your options.

- Apply for an [online payment agreement](#) ([IRS.gov/OPA](#)) to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive

immediate notification of whether your agreement has been approved.

- Use the [Offer in Compromise Pre-Qualifier](#) to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to [IRS.gov/OIC](#).

Filing an amended return. Go to [IRS.gov/Form1040X](#) for information and updates.

Checking the status of your amended return. Go to [IRS.gov/WMAR](#) to track the status of Form 1040-X amended returns.

Note. It can take up to 3 weeks from the date you filed your amended return for it to show up in our system, and processing it can take up to 16 weeks.

Understanding an IRS notice or letter you've received. Go to [IRS.gov/Notices](#) to find additional information about responding to an IRS notice or letter.

Note. You can use Schedule LEP (Form 1040), Request for Change in Language Preference, to state a preference to receive notices, letters, or other written communications from the IRS in an alternative language. You may not immediately receive written communications in the requested language. The IRS's commitment to LEP taxpayers is part of a multi-year timeline that is scheduled to begin providing translations in 2023. You will continue to receive communications, including notices and letters in English until they are translated to your preferred language.

Contacting your local IRS office. Keep in mind, many questions can be answered on IRS.gov without visiting an IRS TAC. Go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp) for the topics people ask about most. If you still need help, IRS TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment, so you'll

know in advance that you can get the service you need without long wait times. Before you visit, go to [IRS.gov/TACLocator](https://www.irs.gov/TACLocator) to find the nearest TAC and to check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on “Local Offices.”

The Taxpayer Advocate Service (TAS) Is Here To Help You

What Is TAS?

TAS is an ***independent*** organization within the IRS that helps taxpayers and protects taxpayer rights. Their job is to ensure that every taxpayer is treated fairly and that you know and understand your rights under the [*Taxpayer Bill of Rights*](#).

How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to [TaxpayerAdvocate.IRS.gov](https://www.irs.gov/taxpayeradvocate) to help you understand what these rights mean to you and how they apply. These are ***your*** rights. Know them. Use them.

What Can TAS Do for You?

TAS can help you resolve problems that you can't resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business;

- You face (or your business is facing) an immediate threat of adverse action; or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

How Can You Reach TAS?

TAS has offices [*in every state, the District of Columbia, and Puerto Rico*](#). Your local advocate's number is in your local directory and at [*TaxpayerAdvocate.IRS.gov/Contact-Us*](https://www.irs.gov/advocate). You can also call them at 877-777-4778.

How Else Does TAS Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of these broad issues, report it to them at [*IRS.gov/SAMS*](https://www.irs.gov/SAMS).

TAS for Tax Professionals

TAS can provide a variety of information for tax professionals, including tax law updates and guidance, TAS programs, and ways to let TAS know about systemic problems you've seen in your practice.

Low Income Taxpayer Clinics (LITCs)

LITCs are independent from the IRS. LITCs represent individuals whose income is below a certain level and need to resolve tax problems with the IRS, such as audits, appeals, and tax collection disputes. In addition, LITCs can provide information about taxpayer rights and responsibilities in different languages for individuals who speak English as a second language. Services are offered for free or a small fee for eligible taxpayers. To find an LTC near you, go to

TaxpayerAdvocate.IRS.gov/about-us/LowIncome-Taxpayer-Clinics-LITC or see IRS Pub. 4134, [Low Income Taxpayer Clinic List](#).

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To help us develop a more useful index, please let us know if you have ideas for index entries. See “Comments and Suggestions” in the “Introduction” for the ways you can reach us

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