

Form 1120-REIT ATS Test Scenario 14
Taxpayer: Falcon Real Estate Investment Co.
EIN: 00-1120014

1120 Test Scenario 14 includes the following forms:

- **Form 1120-REIT**

Header Info:

- MultSoftwarePackagesUsedInd: No
- OriginatorGrp
 - EFIN: Self-select
 - OriginatorTypeCd: ERO
- BusinessOfficerGrp
 - PersonNm: Falcon Byrd
 - PersonTitleTxt: President

Attachments:

Form 1120-REIT, Part I, Line 19, Itemized Other Deductions Schedule

Desc	Amt
Legal and professional fess	3,500
Supplies	500
Utilities	5,500
Total	9,500

Form **1120-REIT**

U.S. Income Tax Return for Real Estate Investment Trusts

OMB No. 1545-0123

Department of the Treasury
Internal Revenue Service

For calendar year 2025 or tax year beginning 01/01, 2025, ending 12/31, 20 25

2025

Go to **www.irs.gov/Form1120REIT** for instructions and the latest information.

A Year of REIT status election
2024

Name
FALCON REAL ESTATE INVESTMENT CO

C Employer identification number
00-1120014

B Check if a:
1 REIT with 100% owned subsidiaries (see instructions) ☐
2 Personal holding co. (attach Sch. PH) ☐

Number and street (If a P.O. box, see instructions.)
1154 PEREGRINE WAY
Room or suite no.

City or town
LOUISVILLE State
KY ZIP code
40201

D Date REIT established
07/08/2024
E Total assets (see instructions)
\$ **540,000**
H PBA code (see instructions)
531110

F Check applicable box(es): (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return

G Identify the type of REIT (see instructions): (1) ☒ Equity REIT (2) ☐ Mortgage REIT

Part I—Real Estate Investment Trust Taxable Income (see instructions)

Income (EXCLUDING income required to be reported in Part II or Part IV)	
1 Dividends	13,300
2 Interest	
3 Gross rents from real property	7,700
4 Other gross rents	
5 Capital gain net income (attach Schedule D (Form 1120))	
6 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	
7 Other income (see instructions—attach statement)	
8 Total income. Add lines 1 through 7	21,000
Deductions (EXCLUDING deductions directly connected with income required to be reported in Part II or Part IV)	
9 Compensation of officers (see instructions—attach Form 1125-E)	
10 Salaries and wages (less employment credits)	
11 Repairs and maintenance	
12 Bad debts	
13 Rents	
14 Taxes and licenses	3,000
15 Interest (see instructions)	
16 Depreciation (attach Form 4562)	
17 Advertising	1,500
18 Energy efficient commercial buildings deduction (attach Form 7205)	
19 Other deductions (see instructions—attach statement)	9,500
20 Total deductions. Add lines 9 through 19	14,000
21 Taxable income before net operating loss and other special deductions. Subtract line 20 from line 8	7,000
22 Less: a Net operating loss deduction (see instructions) 22a	
b Total deduction for dividends paid (Schedule A, line 7) 22b	
c Section 857(b)(2)(E) deduction (Schedule J, lines 1c, 1e, 1f, and 1g) 22c	
	22d
23 Real estate investment trust taxable income. Subtract line 22d from line 21	7,000

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ Title _____

Preparer's name _____ Preparer's signature _____ Date _____ Check ☐ if self-employed PTIN _____

Firm's name _____ Firm's EIN _____

Firm's address _____ Phone no. _____

May the IRS discuss this return with the preparer shown below? See instructions. ☐ Yes ☐ No

Tax and Payments

24	Total tax (Schedule J, line 9)		24	1,470
25a	Preceding year's overpayment credited to the current year	25a		
b	Current year's estimated tax payments	25b	200	
c	Less current year's refund applied for on Form 4466	25c	()	
d	Tax deposited with Form 7004	25d		
e	Credit for tax paid on undistributed capital gains (attach Form 2439)	25e		
f	Credit for federal tax paid on fuels (attach Form 4136)	25f		
g	Elective payment election amount from Form 3800	25g		
z	Other payments and credits (see instructions—attach statement)	25z		
26	Total payments and credits. Combine lines 25a through 25z	26	200	
27	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	27		
28	Tax due. If line 26 is smaller than the total of lines 24 and 27, enter amount owed	28	1,270	
29	Overpayment. If line 26 is larger than the total of lines 24 and 27, enter amount overpaid	29		
30	Enter amount of line 29 you want: a Credited to 2026 estimated tax b Refunded	30b		
c	Routing number	d	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
e	Account number			

Part II—Tax on Net Income From Foreclosure Property (Section 856(e)) (see instructions)

1	Net gain or (loss) from the sale or other disposition of foreclosure property described in section 1221(a)(1) (attach statement)	1	
2	Gross income from foreclosure property (see instructions—attach statement)	2	
3	Total income from foreclosure property. Add lines 1 and 2	3	0
4	Deductions directly connected with the production of income shown on line 3 (attach statement)	4	
5	Net income from foreclosure property. Subtract line 4 from line 3	5	
6	Tax on net income from foreclosure property. Multiply line 5 by 21% (0.21). Enter here and on Schedule J, line 1b	6	

Part III—Tax for Failure To Meet Certain Source-of-Income Requirements (Section 857(b)(5)) (see instructions)

1a	Enter total income from Part I, line 8, adjusted per sections 856(c)(2) and (c)(3)	1a		
b	Enter total income from foreclosure property from Part II, line 3	1b		
c	Total. Add lines 1a and 1b	1c	0	
2a	Enter income from hedging transactions referred to in section 856(c)(5)(G)	2a	0	
b	Enter income from passive foreign exchange gain referred to in section 856(n)(3). See instructions	2b	0	
c	Enter income from sources referred to in section 856(c)(5)(J)(i). See instructions	2c	0	
d	Enter the net section 965(a) inclusion reported in Part I. See instructions	2d	0	
e	Subtract lines 2a, 2b, 2c, and 2d from line 1c	2e	0	
f	Multiply line 2e by 95% (0.95)	2f	0	
3	Enter income on line 1c from sources referred to in section 856(c)(2)	3	0	
4	Subtract line 3 from line 2f. (If zero or less, enter -0-.)	4	0	
5a	Enter income from hedging transactions referred to in section 856(c)(5)(G)	5a		
b	Enter income from real estate foreign exchange gain referred to in section 856(n)(2). See instructions	5b	0	
c	Enter income from sources referred to in section 856(c)(5)(J)(i). See instructions	5c		
d	Enter the net section 965(a) inclusion reported in Part I. See instructions	5d		
e	Subtract lines 5a, 5b, 5c, and 5d from line 1c	5e	0	
f	Multiply line 5e by 75% (0.75)	5f	0	
6	Enter income on line 1c from sources referred to in section 856(c)(3)	6	0	
7	Subtract line 6 from line 5f. (If zero or less, enter -0-.)	7	0	
8	Enter the greater of line 4 or line 7. (If line 8 is zero, do not complete the rest of Part III.)	8	0	
9	Enter the amount from Part I, line 21	9		
10	Enter the net capital gain from Schedule D (Form 1120), line 17	10		
11	Subtract line 10 from line 9	11		
12a	Enter total income from Part I, line 8	12a		
b	Enter the net short-term capital gain from Schedule D (Form 1120), line 7. (If line 7 is a loss, enter -0-.)	12b		
c	Add lines 12a and 12b	12c		
13	Enter capital gain net income from Part I, line 5	13		

Part III—Tax for Failure To Meet Certain Source-of-Income Requirements (Section 857(b)(5)) (see instructions)

(continued)

14	Subtract line 13 from line 12c	14	
15	Divide line 11 by line 14. Carry the result to five decimal places	15	
16	Section 857(b)(5) tax. Multiply line 8 by line 15. Enter here and on Schedule J, line 1c	16	

Part IV—Tax on Net Income From Prohibited Transactions (see instructions)

1	Gain from sale or other disposition of section 1221(a)(1) property (other than foreclosure property)	1	
2	Deductions directly connected with the production of income shown on line 1	2	
3	Tax on net income from prohibited transactions. Subtract line 2 from line 1. Enter here and on Schedule J, line 1d	3	

Schedule A Deduction for Dividends Paid (see instructions)

1	Dividends paid (other than dividends paid after the end of the tax year). Do not include dividends considered paid in the preceding tax year under section 857(b)(9) or 858(a), deficiency dividends as defined in section 860, or amounts distributed pursuant to section 857(d)(3)	1	
2	Dividends paid in the 12-month period following the close of the tax year under a section 858(a) election to treat the dividends as paid during the tax year	2	
3	Dividends declared in October, November, or December deemed paid on December 31 under section 857(b)(9)	3	
4	Consent dividends (attach Forms 972 and 973)	4	
5	Deficiency dividends (section 860) (attach Form 976)	5	
6	Total dividends paid. Add lines 1 through 5	6	
7	Total deduction for dividends paid. If there is net income from foreclosure property on Part II, line 5, see instructions for limitation on the deduction for dividends paid. Otherwise, enter the total dividends paid from line 6 here and on page 1, line 22b	7	

Schedule J Tax Computation (see instructions)

1a	Tax on REIT taxable income	1a	1,470	
b	Tax from Part II, line 6	1b		
c	Tax from Part III, line 16	1c		
d	Tax from Part IV, line 3	1d		
e	Tax imposed under section 857(b)(7)(A) (see instructions)	1e		
f	Tax imposed under section 856(c)(7)	1f		
g	Tax imposed under section 856(g)(5)	1g		
h	Section 1291 tax from Form 8621	1h		
i	Additional tax under section 197(f)	1i		
j	Tax adjustment from Form 8978	1j		
k	Amount from Form 4255, Part I, line 3, column (q)	1k		
z	Other chapter 1 tax	1z		
2	Income tax. Add lines 1a through 1z	2		1,470
3a	Foreign tax credit (attach Form 1118)	3a		
b	Credit from Form 8834 (see instructions)	3b		
c	General business credit (attach Form 3800)	3c		
d	Adjustment from Form 8978	3d		
z	Other credits (attach statement—see instructions)	3z		
4	Total credits. Add lines 3a through 3z	4		
5	Subtract line 4 from line 2	5		1,470
6a	Personal holding company tax (attach Schedule PH (Form 1120))	6a		
b	Interest on deferred tax liability for installment obligations under section 453A(c)	6b		
c	Interest on deferred tax liability for installment obligations under section 453(l)(3)	6c		
d	Amount from Form 4255, Part I, line 3, column (r)	6d		
e	Recapture of low-income housing credit (attach Form 8611)	6e		
z	Other taxes (see instructions—attach statement)	6z		
7	Total. Add lines 6a through 6z	7		
8a	Total tax before deferred tax. Add lines 5 and 7	8a	1,470	
b	Deferred tax on the REIT's share of undistributed earnings of a qualified electing fund	8b		
c	Other deferred tax	8c		
9	Total tax. Subtract sum of lines 8b and 8c from 8a. Enter here and on page 2, line 24.	9		1,470

Schedule K Other Information (see instructions)

	Yes	No
1 Check method of accounting:		
a <input checked="" type="checkbox"/> Cash		
b <input type="checkbox"/> Accrual		
c <input type="checkbox"/> Other (specify): _____		
2 At the end of the tax year, did the REIT own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)		✓
If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		
3 Is the REIT a subsidiary in a parent-subsidiary controlled group?		✓
If "Yes," enter the name and EIN of the parent corporation: _____		
4 At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the REIT's voting stock? (For rules of attribution, see section 856(h).)		✓
If "Yes," attach a statement showing name and identifying number. (Do not include any information already entered in 3 above.) Enter percentage owned _____		
5 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of: (a) the total voting power of all classes of stock of the REIT entitled to vote, or (b) the total value of all classes of stock of the REIT?		✓
If "Yes," enter:		
a Percentage owned: _____		
b Owner's country: _____		
c The REIT may have to file Form 5472. Enter number of Forms 5472 attached _____		
6 During this tax year, did the REIT pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the REIT's current and accumulated earnings and profits? (See sections 301 and 316.)		
If "Yes," file Form 5452.		
7 Check this box if the REIT issued publicly offered debt instruments with original issue discount <input type="checkbox"/>		
If so, the REIT may have to file Form 8281.		
8 Enter the amount of tax-exempt interest received or accrued during the tax year \$ _____		
9 Enter the available NOL carryover from prior tax years. (Do not reduce it by any deduction on page 1, line 22a.) \$ _____		
10 Did the REIT have an election under section 163(j) for any real property trade or business or any farming business in effect during the tax year? See instructions		
11 Does the REIT satisfy one or more of the following? See instructions		
a The REIT owns a pass-through entity with current or prior-year carryover excess business interest expense.		
b The REIT's aggregate average annual gross receipts (determined under section 448(c)) for the 3 tax years preceding the current tax year are more than \$31 million and the REIT has business interest expense.		
c The REIT is a tax shelter and the REIT has business interest expense.		
If "Yes" to any of the above, complete and attach Form 8990.		
12 Does the REIT intend to self-certify as a Qualified Opportunity Fund?		
If "Yes," complete and attach Form 8996. Enter the amount (if any) from Form 8996, line 15 \$ _____		
13 Is the REIT a member of a controlled group?		
If "Yes," attach Schedule O (Form 1120). See instructions.		

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash				190,000
2a	Trade notes and accounts receivable . . .				
b	Less allowance for bad debts	()		()	
3	U.S. Government obligations				200,000
4	Tax-exempt securities (see instructions) . .				
5	Other current assets (attach statement) . .				150,000
6	Loans to shareholders				
7	Mortgage and real estate loans				
8	Other investments (attach statement) . . .				
9a	Buildings and other depreciable assets . .				
b	Less accumulated depreciation	()		()	
10	Land (net of any amortization)				
11a	Intangible assets (amortizable only) . . .				
b	Less accumulated amortization	()		()	
12	Other assets (attach statement)				
13	Total assets				540,000
Liabilities and Shareholders' Equity					
14	Accounts payable				100,000
15	Mortgages, notes, bonds payable in less than 1 year				
16	Other current liabilities (attach statement) .				190,000
17	Loans from shareholders				
18	Mortgages, notes, bonds payable in 1 year or more				250,000
19	Other liabilities (attach statement)				
20	Capital stock: a Preferred stock				
	b Common stock				
21	Additional paid-in capital				
22	Retained earnings—Appropriated (attach statement)				
23	Retained earnings—Unappropriated				
24	Adjustments to shareholders' equity (see instructions—attach statement)				
25	Less cost of treasury stock		()		()
26	Total liabilities and shareholders' equity . .				540,000

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see instructions)			
1	Net income (loss) per books		7 Income recorded on books this year not included on this return (itemize):
2a	Federal income tax \$ _____		Tax-exempt interest \$ _____
b	Less: Section 856(c)(7) tax, 856(g)(5) tax, 857(b)(5) tax, section 857(b)(7) tax, and built-in gains tax \$ ()		8 Deductions on this return not charged against book income this year (itemize):
c	Balance		a Depreciation . \$ _____
3	Excess of capital losses over capital gains		b Net operating loss deduction (Part I, line 22a) \$ _____
4	Income subject to tax not recorded on books this year (itemize):		c Deduction for dividends paid (Part I, line 22b) \$ _____
5	Expenses recorded on books this year not deducted on this return (itemize):		9 Net income from foreclosure property
a	Depreciation . . . \$ _____		10 Net income from prohibited transactions
b	Section 4981 tax . \$ _____		11 Add lines 7 through 10
c	Travel and entertainment \$ _____		12 REIT taxable income (Part I, line 23)—line 6 less line 11 .
6	Add lines 1 through 5		

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Schedule L, line 23)			
1	Balance at beginning of year		5 Distributions: a Cash
2	Net income (loss) per books		b Stock
3	Other increases (itemize): _____		c Property
	_____		6 Other decreases (itemize): _____
	_____		7 Add lines 5 and 6
4	Add lines 1, 2, and 3		8 Balance at end of year (line 4 less line 7)