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, ItemizedOtherDeductionsSchedule

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

Form **1120-REIT**

Department of the Treasury
Internal Revenue Service

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

For calendar year 2026 or tax year beginning 01/01 , 2026, ending 12/31 , 20 26

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

OMB No. 1545-0123

2026

A Year of REIT status election: 2025	Name: FALCON REAL ESTATE INVESTMENT CO			**C** Employer identification number: 00-1120014
B Check if a: 1 REIT with 100% owned subsidiaries (see instructions) ☐	Number and street (If a P.O. box, see instructions.): 1154 PEREGRINE WAY		Room or suite no.	**D** Date entity established: 07/08/2025
2 Personal holding co. (attach Sch. PH) ☐	City or town: LOUISVILLE	State: KY	ZIP code: 40201	**E** Total assets (see instructions): $ 540,000

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

H PBA code (see instructions): 531110

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

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

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name			Firm's EIN	
Firm's address			Phone no.	

DRAFT — DO NOT FILE

Tax and Payments

24a	**Total tax** (Schedule J, line 9)	24a	1,470
24b	First installment of section 1062 applicable net tax liability. Enter amount from Form 1062, line 15	24b	
25a	Preceding year's overpayment credited to the current year	25a	
25b	Current year's estimated tax payments	25b	200
25c	Less current year's refund applied for on Form 4466	25c	( )
25d	Tax deposited with Form 7004	25d	
25e	Credit for tax paid on undistributed capital gains (attach Form 2439)	25e	
25f	Credit for federal tax paid on fuels (attach Form 4136)	25f	
25g	Elective payment election amount from Form 3800	25g	
25h	Section 1062 applicable net tax liability. Enter amount from Form 1062, line 14	25h	
25z	Other payments and credits (see instructions—attach statement)	25z	
26	**Total payments, credits, and section 1062 applicable net tax liability.** Combine lines 25a through 25z	26	200
27	Estimated tax penalty (see instructions). Check if Form 2220 is attached ☐	27	
28	**Tax due.** If line 26 is smaller than the total of lines 24a, 24b, and 27, enter amount owed	28	1,270
29	**Overpayment.** If line 26 is larger than the total of lines 24a, 24b, and 27, enter amount overpaid	29	
30	Amount of line 29 you want: **30a Credited to 2027 estimated tax** ______ **30b Refunded**	30b	
30c	Routing number (9 digits) ______ **30d** Type: ☐ Checking ☐ Savings		
30e	Account number (up to 17 digits) ______		

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	
1b	Enter total income from foreclosure property from Part II, line 3	1b	
1c	Total. Add lines 1a and 1b	1c	0
2a	Enter income from hedging transactions referred to in section 856(c)(5)(G)	2a	0
2b	Enter income from passive foreign exchange gain referred to in section 856(n)(3). See instructions	2b	0
2c	Enter income from sources referred to in section 856(c)(5)(J)(i). See instructions	2c	0
2d	Enter the net section 965(a) inclusion reported in Part I. See instructions	2d	0
2e	Subtract lines 2a, 2b, 2c, and 2d from line 1c	2e	0
2f	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	
5b	Enter income from real estate foreign exchange gain referred to in section 856(n)(2). See instructions	5b	0
5c	Enter income from sources referred to in section 856(c)(5)(J)(i). See instructions	5c	
5d	Enter the net section 965(a) inclusion reported in Part I. See instructions	5d	
5e	Subtract lines 5a, 5b, 5c, and 5d from line 1c	5e	0
5f	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	
12b	Enter the net short-term capital gain from Schedule D (Form 1120), line 7. (If line 7 is a loss, enter -0-.)	12b	
12c	Add lines 12a and 12b	12c	
13	Enter capital gain net income from Part I, line 5	13	

DRAFT — DO NOT FILE

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

Schedule K Other Information (see instructions)

		Yes	No
1	Check method of accounting:		
1a	☑ Cash		
1b	☐ Accrual		
1c	☐ 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.		
3a	Is the REIT a subsidiary in a parent-subsidiary controlled group?	☐	☑
3b	If "Yes," enter the name and EIN of the parent corporation: ____		
4a	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).)	☐	☑
4b	If "Yes," attach a statement showing name and identifying number. (Do not include any information already entered in **3** above.) Enter percentage owned **4b** ____ %		
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:		
5a	Percentage owned **5a** ____ %		
5b	Owner's country code **5b** ____		
5c	The REIT may have to file Form 5472. Enter number of Forms 5472 attached **5c** ____		
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 **7** ☐ 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 **8** ____		
9	Enter the available NOL carryover from prior tax years. (Do not reduce it by any deduction on page 1, line 22a.) **9** ____		
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	☐	☐
	• The REIT owns a pass-through entity with current or prior-year carryover excess business interest expense. • 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 $32 million and the REIT has business interest expense. • 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.		
12a	Does the REIT intend to self-certify as a Qualified Opportunity Fund?	☐	☐
12b	If "Yes," complete and attach Form 8996. Enter the amount (if any) from Form 8996, line 24 **12b** ____		
13	Is the REIT a member of a controlled group? If "Yes," attach Schedule O (Form 1120). See instructions.	☐	☐

DRAFT — DO NOT FILE

Schedule L Balance Sheets per Books

Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1 Cash				190,000
2a Trade notes and accounts receivable				
2b 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				
9b Less accumulated depreciation	( )		( )	
10 Land (net of any amortization)				
11a Intangible assets (amortizable only)				
11b 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	
2b 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):	
2c Balance		8a Depreciation	
3 Excess of capital losses over capital gains		8b Net operating loss deduction (Part I, line 22a)	
4 Income subject to tax not recorded on books this year (itemize):		8c 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	
5a Depreciation		10 Net income from prohibited transactions	
5b Section 4981 tax		11 Add lines 7 through 10	
5c 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: 5a Cash	
2 Net income (loss) per books		5b Stock	
3 Other increases (itemize):		5c 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)	