

Election to Postpone Determination

with Respect to the Presumption that an Activity Is Engaged in for Profit

Name of taxpayer(s)	Identifying number
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Address (Number and street)

City, town or post office, State, and ZIP code

The above named taxpayer(s) hereby makes the election under section 183(e) of the Internal Revenue Code to postpone a determination about the presumption that an activity described below is engaged in for profit until the close of:

- (a) the 4th tax year, or
- (b) the 6th tax year in case of an activity which consists in major part of the breeding, training, showing, or racing of horses,

following the tax year in which first engaged in such activity.

Activity	
Description <i>(If more space is needed, attach schedule)</i>	First tax year in which engaged

Name, Address, and Identifying Number of Partnership(s)

Name	Address (Number, street, city or town, State, and ZIP code)	Identifying number

Under penalties of perjury, I declare that I have examined this election, including accompanying schedules, and to the best of my knowledge and belief it is true, correct, and complete.

(Signature of taxpayer or fiduciary) (Date)

(Signature of taxpayer's spouse, if joint return) (Date)

(Signature and title of officer, if a small business corporation) (Date)

Instructions

Paperwork Reduction Act Notice.—The Paperwork Reduction Act of 1980 says we must tell you why we are collecting this information, how we will use it, and whether you have to give it to us. We ask for the information to carry out the Internal Revenue laws of the United States. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

General Information

Purpose.—This form is used to make an election to postpone an IRS determination about the presumption that an activity is engaged in for profit. Internal Revenue Code section 183(d) contains the presumption. Section 183(e) provides the election to postpone a determination.

Who Should File This Form.—Individuals, estates, trusts, and electing small business corporations should use this form if they want to postpone an IRS determination about the presumption that they are engaged in an activity for profit.

If you choose a postponement and file this form on time, IRS will postpone the determination until after the end of the 4th consecutive tax year after the tax year in which you first engaged in the activity. (For an activity consisting of breeding, training, showing, or racing of horses, IRS will make the determination after the end of the 6th consecutive tax year.) This period of 5 (or 7) tax years is called the "presumption period." The election to postpone covers the entire presumption period.

When to File.—File this form within 3 years after the due date of your return (determined without extensions) for the tax year in which you first engaged in the activity.

However, if you received a written notice that a district director proposes to disallow deductions attributable to an activity not engaged in for profit (under code section 183), you must file this form within 60 days of receiving a notice, if you want a postponement. This 60-day period does **not** extend the 3-year limitation.

Where to File.—File this form with the Internal Revenue Service center where you are required to file your return. Do not send it in with any other return, because that will delay processing the election to postpone.

If a district director notifies you about proposing to disallow deductions for an activity not engaged in for profit, file the form with that district director.

Automatic Extension of Period of Limitations.—Filing this form automatically extends the period of limitations for assessing your income tax for any deficiency specifically attributable to the activity during any year in the presumption period. The period is extended until 2 years after the due date for filing the return for the last tax year in the presumption period. For example, for an activity subject to a 5-year presumption period that began in 1976 and ends in 1980, the period of limitations automatically extends to April 15, 1983, for all tax

years expiring before that time. Periods of limitations for tax years in the 5-year period expiring after April 15, 1983, would remain open until their normal expiration date.

The automatic extension permits only those adjustments attributable to the activity and any related deductions (such as medical expense, contributions deduction, etc.) that depend on adjusted gross income and that might be affected if deductions attributable to the activity are disallowed.

The automatic extension does not affect general waivers of the statute of limitations that may be executed.

Filling in the Form

Identifying number.—For individuals, this is the social security number. For others, it is the employer identification number.

Activity.—Describe the activity in detail. If you want a postponement for more than one activity, describe each activity separately on the form. If you filed a joint return during the presumption period, both you and your spouse must choose to postpone.

Name, address, and identification number of partnership.—If you engage in an activity in partnership form, you must supply the information called for in these lines when identifying the activity.

Name and date.—Be sure to sign and date the form on the appropriate line or lines.