

# Installment Sale Income

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.  
▶ Use a separate form for each sale or other disposition of property on the installment method.

# 1994

Attachment  
Sequence No. **79**

Name(s) shown on return

Identifying number

- 1 Description of property ▶ .....
- 2a Date acquired (month, day, year) ▶  /  /  b Date sold (month, day, year) ▶  /  /
- 3 Was the property sold to a related party after May 14, 1980? See instructions . . . . .  Yes  No
- 4 If the answer to question 3 is "Yes," was the property a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and for 2 years after the year of sale. . . . .  Yes  No

**Part I Gross Profit and Contract Price.** Complete this part for the year of sale only.

5	Selling price including mortgages and other debts. Do not include interest whether stated or unstated			<b>5</b>	
6	Mortgages and other debts the buyer assumed or took the property subject to, but not new mortgages the buyer got from a bank or other source	<b>6</b>			
7	Subtract line 6 from line 5	<b>7</b>			
8	Cost or other basis of property sold	<b>8</b>			
9	Depreciation allowed or allowable	<b>9</b>			
10	Adjusted basis. Subtract line 9 from line 8	<b>10</b>			
11	Commissions and other expenses of sale	<b>11</b>			
12	Income recapture from Form 4797, Part III. See instructions	<b>12</b>			
13	Add lines 10, 11, and 12			<b>13</b>	
14	Subtract line 13 from line 5. If zero or less, <b>stop here</b> . Do not complete the rest of this form			<b>14</b>	
15	If the property described on line 1 above was your main home, enter the total of lines 14 and 22 from Form 2119. Otherwise, enter -0-			<b>15</b>	
16	<b>Gross profit.</b> Subtract line 15 from line 14			<b>16</b>	
17	Subtract line 13 from line 6. If zero or less, enter -0-			<b>17</b>	
18	<b>Contract price.</b> Add line 7 and line 17			<b>18</b>	

**Part II Installment Sale Income.** Complete this part for the year of sale and any year you receive a payment or have certain debts you must treat as a payment on installment obligations.

19	Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions			<b>19</b>	
20	<b>For year of sale only</b> —Enter amount from line 17 above; otherwise, enter -0-			<b>20</b>	
21	Payments received during year. See instructions. Do not include interest whether stated or unstated			<b>21</b>	
22	Add lines 20 and 21			<b>22</b>	
23	Payments received in prior years. See instructions. Do not include interest whether stated or unstated	<b>23</b>			
24	<b>Installment sale income.</b> Multiply line 22 by line 19			<b>24</b>	
25	Part of line 24 that is ordinary income under recapture rules. See instructions			<b>25</b>	
26	Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797. See instructions			<b>26</b>	

**Part III Related Party Installment Sale Income.** Do not complete if you received the final payment this tax year.

- 27 Name, address, and taxpayer identifying number of related party .....
- 28 Did the related party, during this tax year, resell or dispose of the property ("second disposition")? . . .  Yes  No
- 29 **If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check only the box that applies.**
  - a  The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (month, day, year) ▶  /  /
  - b  The first disposition was a sale or exchange of stock to the issuing corporation.
  - c  The second disposition was an involuntary conversion where the threat of conversion occurred after the first disposition.
  - d  The second disposition occurred after the death of the original seller or buyer.
  - e  It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation. See instructions.
- 30 Selling price of property sold by related party . . . . . **30**
- 31 Enter contract price from line 18 for year of first sale . . . . . **31**
- 32 Enter the **smaller** of line 30 or line 31 . . . . . **32**
- 33 Total payments received by the end of your 1994 tax year. See instructions . . . . . **33**
- 34 Subtract line 33 from line 32. If zero or less, enter -0- . . . . . **34**
- 35 Multiply line 34 by the gross profit percentage on line 19 for year of first sale . . . . . **35**
- 36 Part of line 35 that is ordinary income under recapture rules. See instructions . . . . . **36**
- 37 Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797. See instructions . . . . . **37**