

Passive Activity Loss Limitations

Department of the Treasury Internal Revenue Service (O)

See separate instructions. Attach to Forms 1040, 1041, or 1120 (Personal service corporation and closely held C corporations).

1987 Attachment Sequence No. 88

Name(s) as shown on return

Social security or employer identification number

Part I Computation of 1987 Passive Activity Loss

Caution: See the worksheets on page 4 of the instructions before completing Part I.

Rental Real Estate Activities With Active Participation (See the definition of active participation under Rental Activities on page 2 of the instructions.)

Activities acquired before 10-23-86:

- 1a Activities with net income
1b Activities with net loss
1c Combine lines 1a and 1b

Table with 2 columns: label (1a-1c) and value field.

Activities acquired after 10-22-86:

- 1d Activities with net income
1e Activities with net loss
1f Combine lines 1d and 1e

Table with 2 columns: label (1d-1f) and value field.

1g Net income or (loss). Combine lines 1c and 1f.

Table with 2 columns: label (1g) and value field.

All Other Passive Activities (See Lines 2a through 2g on page 4 of the instructions.)

Activities acquired before 10-23-86:

- 2a Activities with net income
2b Activities with net loss
2c Combine lines 2a and 2b

Table with 2 columns: label (2a-2c) and value field.

Activities acquired after 10-22-86:

- 2d Activities with net income
2e Activities with net loss
2f Combine lines 2d and 2e

Table with 2 columns: label (2d-2f) and value field.

2g Net income or (loss). Combine lines 2c and 2f.

Table with 2 columns: label (2g) and value field.

3 Combine lines 1g and 2g. If the result is net income, see the instructions for line 3. If this line and line 1g are both losses, go to line 4. Otherwise, enter -0- on line 9 and go to line 10.

Table with 2 columns: label (3) and value field.

Part II Computation of the Special Allowance for Rental Real Estate With Active Participation

Note: Before completing Parts II and III, see page 4 of the instructions for how to treat numbers as if they were all positive.

4 Enter the smaller of the loss on line 1g or the loss on line 3

Table with 2 columns: label (4) and value field.

5 Enter \$150,000 (\$75,000 if married filing separately and you lived apart for the entire year)

Table with 2 columns: label (5) and value field.

6 Enter modified adjusted gross income, but not less than -0- (see instructions). If line 6 is equal to or greater than line 5, skip lines 7 and 8, enter -0- on line 9, and then go to line 10. Otherwise, go to line 7.

Table with 2 columns: label (6) and value field.

7 Subtract line 6 from line 5

Table with 2 columns: label (7) and value field.

8 Multiply line 7 by 50% (.5). Do not enter more than \$25,000 (\$12,500 if married filing separately and you lived apart for the entire year)

Table with 2 columns: label (8) and value field.

9 Enter the smaller of line 4 or line 8

Table with 2 columns: label (9) and value field.

Part III Computation of Passive Activity Loss Allowed

10 Combine lines 1c and 2c and enter the result. If the result is -0- or net income, skip to line 16. (See instructions.)

Table with 2 columns: label (10) and value field.

11a If line 9 is -0-, enter -0- on line 11 and go to line 12.

Table with 2 columns: label (11) and value field.

11b If line 1c shows income, has no entry, or shows -0-, enter -0- on line 11. Otherwise, enter the smaller of line 1c or line 8.

Table with 2 columns: label (11) and value field.

12 Subtract line 11 from line 10. If line 11 is equal to or greater than line 10, enter -0-.

Table with 2 columns: label (12) and value field.

13 Subtract line 9 from line 3

Table with 2 columns: label (13) and value field.

14 Enter the smaller of line 12 or line 13

Table with 2 columns: label (14) and value field.

15 Multiply line 14 by 65% (.65) and enter the result

Table with 2 columns: label (15) and value field.

16 Enter the amount from line 9

Table with 2 columns: label (16) and value field.

17 Passive Activity Loss Allowed for 1987. Add lines 15 and 16

Table with 2 columns: label (17) and value field.

18 Add the income, if any, on lines 1a, 1d, 2a, and 2d and enter the result

Table with 2 columns: label (18) and value field.

19 Total losses allowed from all passive activities for 1987. Add lines 17 and 18. See page 5 of the instructions to see how to report the losses on your tax return

Table with 2 columns: label (19) and value field.