

Name(s) as shown on return

Social security or employer identification number

Part I Computation of 1988 Passive Activity Loss

Caution: See the instructions for Worksheet I before completing Part I.

Rental Real Estate Activities With Active Participation (See the definition of active participation under **Rental Activities** in the instructions.)

Activities acquired before 10-23-86 (Pre-enactment):

- 1a** Activities with net income, Worksheet 1, Part 1, column (a)
- 1b** Activities with net loss, Worksheet 1, Part 1, column (b)
- 1c** Combine lines 1a and 1b

Activities acquired after 10-22-86 (Post-enactment):

- 1d** Activities with net income, Worksheet 1, Part 2, column (a)
- 1e** Activities with net loss, Worksheet 1, Part 2, column (b)
- 1f** Combine lines 1d and 1e

- 1g** Net income or (loss). Combine lines 1c and 1f.
- 1h** Prior year unallowed losses from 1987, Worksheet 1, Parts 1 and 2, column (c)
- 1i** Combine lines 1g and 1h

All Other Passive Activities (See the instructions for lines 2a through 2h.)

Activities acquired before 10-23-86 (Pre-enactment):

- 2a** Activities with net income, Worksheet 2, Part 1, column (a)
- 2b** Activities with net loss, Worksheet 2, Part 1, column (b)
- 2c** Combine lines 2a and 2b

Activities acquired after 10-22-86 (Post-enactment):

- 2d** Activities with net income, Worksheet 2, Part 2, column (a)
- 2e** Activities with net loss, Worksheet 2, Part 2, column (b)
- 2f** Combine lines 2d and 2e

- 2g** Net income or (loss). Combine lines 2c and 2f.
- 2h** Prior year unallowed losses from 1987, Worksheet 2, Parts 1 and 2, column (c)
- 2i** Combine lines 2g and 2h

- 3** Combine lines 1i and 2i. If the result is net income or -0-, see the instructions for line 3. If this line and line 1c or line 1i are losses, go to line 4. Otherwise, enter -0- on lines 8 and 9 and go to line 10

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

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

- 4** Enter the smaller of the loss on line 1i or the loss on line 3. If line 1i is -0- or net income, enter -0- and complete lines 5 through 9

- 5** Enter \$150,000. If married filing separately, see instructions.
- 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 line 7, enter -0- on lines 8 and 9, and then go to line 10. Otherwise, go to line 7
- 7** Subtract line 6 from line 5

- 8** Multiply line 7 by 50% (.5). **Do not** enter more than \$25,000. If married filing separately, see instructions
- 9** Enter the smaller of line 4 or line 8

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.)
- 11** 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
- 12** Subtract line 11 from line 10. If line 11 is equal to or greater than line 10, enter -0-
- 13** Subtract line 9 from line 3
- 14** Enter the smaller of line 12 or line 13
- 15** Multiply line 14 by 40% (.4) and enter the result
- 16** Enter the amount from line 9
- 17** **Passive Activity Loss Allowed for 1988.** Add lines 15 and 16
- 18** Add the income, if any, on lines 1a, 1d, 2a, and 2d and enter the result
- 19** **Total losses allowed from all passive activities for 1988.** Add lines 17 and 18. See the instructions to see how to report the losses on your tax return