

Consent to Adjustment of Basis of Property Under Section 1017 of the Internal Revenue Code

Name _____ Identifying number _____

Number and street _____

City or town, State, and ZIP code _____

Amount excluded from gross income _____ Date of discharge of indebtedness _____

Taxable year in which amount excluded
 Beginning _____, 19_____, Ending _____, 19_____

Under the provisions of section 108(a) of the Internal Revenue Code, the taxpayer hereby elects to exclude from gross income the above amount of income attributable to the discharge of indebtedness for the above taxable year and consents to have the basis of property adjusted in accordance with the regulations prescribed under section 1017 of the Code which at the time of filing this consent are applicable to the taxable year for which the consent is filed.

SCHEDULE A (see Instruction F)

Do you consent to the general rule for adjusting basis of property prescribed in section 1.1017-1 of the regulations? YES NO

Description of property	Basis before consent	Basis after consent	Amount excluded

Total (must agree with amount excluded from gross income)

SCHEDULE B

Narrative statement of the transactions resulting in discharge of indebtedness and nature of the discharge.

SIGNATURE AND VERIFICATION

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

.....
 Signature—if individual taxpayer

.....
 Date



.....
 Signature—if corporate taxpayer

.....
 Title

.....
 Date

INSTRUCTIONS

A. Who must file.—This form must be filed by every taxpayer who elects pursuant to section 108(a) of the Code to exclude from gross income any amount of income attributable to the discharge of indebtedness, in whole or in part, within the taxable year.

B. Qualified indebtedness.—The exclusion under section 108(a) of the Code applies to indebtedness which was incurred or assumed either (1) by a corporation, or (2) by an individual where the proceeds of such indebtedness were used to purchase, improve, or repair property used in his trade or business; and for which indebtedness the corporation or individual is liable, or subject to which indebtedness the corporation or individual holds property.

C. Time and place for filing.—This form must be filed with the taxpayer's income tax return for the taxable year in which the discharge of indebtedness was obtained. In special cases, however, where the taxpayer establishes to the satisfaction of the Commissioner of Internal Revenue reasonable cause for failure to file the necessary consent with his original return, he may file the consent with an amended return or claim for credit or refund.

D. Identifying number.—Individuals should enter their social security number; all others should enter their employer identification number.

E. Amortization.—If as of the first day of the taxable year in which a discharge of indebtedness occurs, there is

unamortized premium or discount, the premium shall be added to the amount that would otherwise be excluded from gross income, but the discount shall be subtracted from the amount that would otherwise be excluded from gross income.

F. Selection and basis of property.—If the answer to the question in Schedule A is "Yes," the property to be listed in the schedule and the adjusted basis must be determined in accordance with section 1.1017-1 of the regulations. If the answer to the question in Schedule A is "No," the property to be listed in the schedule and the adjusted basis must be determined in accordance with section 1.1017-2 of the regulations. Consent to the request for a variance from the general rule (a "No" answer to the question in Schedule A) shall be effected only by a closing agreement entered into under the provisions of section 7121 of the Code. If no consent is effected by a closing agreement, then the general rule prescribed in section 1.1017-1 shall govern the adjustment of basis of the taxpayer's property unless the taxpayer indicates that he does not consent to the general rule in which event no exclusion from gross income is allowable for income attributable to discharge of indebtedness.

G. Signature.—The consent must be signed by the taxpayer. If the taxpayer is a corporation, the consent must be signed either by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or by any other corporate officer (such as tax officer) who is authorized to sign. A receiver, trustee, or assignee must sign any consent which he is required to file on behalf of a corporation.