

Forest Industries Schedules

(Attach to Your Income Tax Return If You Operate, Buy, Lease, or Sell Standing Timber or Forest Land)

Check form of organization: <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Fiduciary <input type="checkbox"/> Individual	Name	Taxpayer identifying number
	Address (number and street)	
	City or town, State and ZIP code	

Instructions

You should complete and file the following applicable schedules with your income tax return if you have cut standing timber in which you owned an interest; have acquired or relinquished standing timber by purchase, lease, sale, or otherwise; have sold forest land

during the taxable year; or have elected in your income tax return to claim gain or loss from the cutting of timber as provided by section 631(a) of the Internal Revenue Code. If there is not enough space for the information required, at-

tach separate sheets and number each answer so that it can be identified with the appropriate question.

Complete this form in accordance with sections 611, 631, and 1231 of the Code and the regulations under them.

Schedule A Maps

1. This schedule consists of a map (or maps) of your timber properties. Whether you file the maps with your income tax return is your option, but you must make them available to the examining Internal Revenue agent on request. Maps of convenient size are desirable, varying in scale from approximately 4 inches to the mile in small tracts to 1/2 inch to the mile in tracts larger than 200,000 acres. The maps should show your name, the taxable year covered, and standard map symbols in sufficient

detail to clearly show the location of: (a) timber cutting contracts acquired separately from the land, (b) forest lands acquired, (c) areas where timber was cut by you, (d) timber cutting contracts sold or otherwise disposed of, (e) forest land sold or otherwise disposed of, and (f) forest land sold or otherwise disposed of with the timber cutting rights reserved to you or outstanding in third parties.

Schedule B Purchases

2. For the taxable year, report purchases (or other acquisition, as by exchange, whether taxable or tax free) of timber, timber cutting contracts, or forest land. Report separately each single purchase totaling \$10,000 or more, giving month and year of purchase. You may report purchases of less than \$10,000 in the aggregate for each timber or land account, and omit item 5 for aggregates of small purchases. For a purchase or lease of timber cutting rights on a pay-as-cut basis, do not answer items 6

through 10, but instead give briefly the provisions of the purchase or lease agreement, including the number of years from effective date to date of expiration, minimum cut or payment, and the rate(s) of payment for the different kinds of timber and forest products involved. Small purchases on a pay-as-cut basis completed within the taxable year may be reported in the aggregate. Insert as many additional sheets covering the following outline, items 3 through 10, as may be necessary.

3. Name of block and title of account	
4. Location of property (by legal subdivisions, or map surveys)	
5. (a) Seller's name and address	(b) Date of purchase
6. Amount paid: (a) in cash	
(b) in interest bearing notes	
(c) in non-interest bearing notes	
7. (a) Amount paid in other considerations	
(b) Explanation of the nature of other considerations and how value given in 7(a) was determined ▶	
8. (a) Legal expense	
(b) Cruising, surveying, and other acquisition expenses	
9. Total cost of property (sum of lines 6 through 8(b))	

Schedule B Purchases (Continued)

10. Allocation of total cost as on books:	Unit or kind	Number of units	Cost per unit	Total cost
(a) Forested land	Acre			
(b) Other unimproved land	Acre			
(c) Improved land (Describe) ▶.....	Acre			
(d) Timber ¹				
(e) Premerchantable timber ²				
(f) Improvements (List separately):				
.....				
.....				
.....				
(g) Mineral rights				
(h) Total cost (same as line 9)				

¹ Estimated total quantity of timber present on the acquisition date. (See section 1.611-3(e) of the regulations.) Details of the timber estimate, made for purposes of the acquisition, should be available to the examining agent upon request.

² Make an allocation to premerchantable timber only if it is a factor in the total cost or value of the land.

Schedule C Profit or Loss from Land and/or Timber Sales

11. For the taxable year, report all sales (or other disposition, as by exchange, whether taxable or tax free) of timber, timber cutting contracts, or forest land. Report separately each single sale involving a total consideration of \$10,000 or more. You may report in the aggregate sales for considerations of less than \$10,000 for each timber or land account. You may omit item 14 for such aggregates of small sales. For a sale or lease of timber cutting rights on a pay-as-cut basis, to be paid for at intervals during the cutting period according to the number of units cut,

answer items 15, 19, and 20 for the taxable year only; and instead of answering items 16, 17, and 18, give briefly the provisions of the sale or lease agreement, including the number of years from effective date to date of expiration, minimum cut or payment, and the rate(s) of payment for the different kinds of timber and forest products involved. You may report in the aggregate small sales on a pay-as-cut basis completed within the taxable year. Insert as many additional sheets covering the following outline, items 12 through 20, as may be necessary.

12. Name of block and title of account

13. Location of property (by legal subdivisions or map surveys)

14. (a) Purchaser's name and address	(b) Date of sale
15. Amount received: (a) in cash	
(b) in interest bearing notes	
(c) in non-interest bearing notes	
16. Amount received in other considerations	
17. Explanation of the nature of other considerations and how value given in item 16 was determined ▶.....	
18. Total amount received for property (Add lines 15 and 16)	

Schedule C Profit or Loss from Land and/or Timber Sales (Continued)

19. Adjusted basis (cost) in property on sale or exchange date:	Unit or kind	Number of units	Cost per unit	Total cost
(a) Forested land	Acre			
(b) Nonforested land	Acre			
(c) Improved land (Describe) ▶ -----	Acre			
(d) Merchantable timber ¹	-----			

(e) Premerchantable timber	-----			

(f) Improvements (List separately):				

(g) Mineral rights				
(h) Total adjusted basis				
(i) Direct sale expenses (cruising, marking, selling)				

¹ Estimated total quantity of merchantable timber present on sale or exchange date. Give a detailed estimate as made for the sale or exchange purposes. Include the quantity of each species of timber by diameter (DBH) classes. Name the log rule or other units of measure used.

20. Profit or loss (line 18 less lines 19(h) and 19(i))

Schedule D Losses

21. If you sustained any losses during the taxable year from fire, insects, wind, or other causes, and if you claimed such loss on your income tax return, state separately the proof of the loss for each timber account and include the data on lines 22 through 25.

22. Cause of loss

23. Location and area of land on which loss took place

24. (a) Total loss before any insurance recovery	
(b) Less amount received from insurance	
(c) Loss as claimed on tax return	

25. Explain in detail how total loss (line 24) was determined

Schedule E Reforestation and Timber Stand Improvement

26. This schedule is to show in summary form the reforestation and timber stand improvement expenditures you incurred during the taxable year. You should keep on file the detailed information necessary to support the costs reported in this schedule and supply it to the examining agent upon request. The total in Schedule E includes such things as supplies, labor, overhead, transportation, tools, and equipment including depreciation.

Site Preparation.—Report all expenditures incurred during the taxable year for preparation of the land for planting or seeding (including natural seeding), such as clearing the land of brush and cull trees by burning, disking, chopping, KG blade, spraying with herbicides, or other measures taken to aid in the successful reforestation of the site. Report separately for each depletion account, block, tract, or operating area tributary to a mill or mill complex. Report contract work separately from work done by your employees.

Planting or Seeding.—Report all expenditures incurred during the taxable year for planting seedlings or sowing seed to reforest the land. Report separately for each depletion account, block, tract, or operating area tributary to a mill or mill complex. Report contract work separately from work done by your employees. You must make detailed records available to the examining agent upon request, including separate costs for hand planting and machine planting or any other explanation of the kind of expenditures.

Precommercial Thinning or Fertilization.—Report all expenditures incurred during the taxable year for precommercial thinning and fertilization. Report separately for each depletion account, block, tract, or operating area tributary to a mill or mill complex. Report contract work separately from work done by your employees.

Schedule E Reforestation and Timber Stand Improvement (Continued)

Table with 4 columns: Account, block, tract, or area; Kind of activity (burning, chopping, spraying, planting, seeding, thinning, pruning, fertilizing, etc.); Number of acres treated; Total expenditure.

Schedule F Capital Returnable through Depletion

In items 27 through 42, give separately the data for each timber account, covering any changes, that have taken place during the taxable year. Insert as many additional pages of this form as may be necessary. If you deplete on the block basis, you must

combine new purchases with the opening balances and use the average depletion rate shown on line 34 for all timber cut or sold, regardless of how long held. If you express timber quantity in board feet, log scale, name the log rule used.

Main table for Schedule F with 3 columns: Description (lines 27-42), Quantity in board feet, log scale, or other unit (1), and Cost or other basis (2). Includes rows for title of account, estimated quantity, growth additions, timber acquired, depletion, and net quantity.

1 If M board feet, log scale, is not the unit used, state what unit was used and explain the unit of measure.
2 Adjust the quantity in M feet, log scale, or other unit remaining at the end of the year for changes in inventory, standards of use, scattered and/or indefinitely ascertained losses, inaccuracy of the former estimate, or change in the log scale if the log rule now in use differs from the one used as the basis for depletion in prior years.
3 Analyze the addition to show the individual items included. Include expenditures for taxes, administration, protection, interest actually paid, etc., if you did not treat these expenditures as expense deductions in the return.

43. Quantity of cut timber that was sold as logs or other rough products.
44. Did you elect in your income tax return to report gain or loss from the cutting of timber in accordance with section 631(a) of the Internal Revenue Code? Yes No
If "Yes," furnish the following information:

45. Gain or loss as reported in your return showing the adjusted basis for depletion and the fair market value by species and unit rates (if reported on a species basis).
46. The date of acquisition of timber that was cut in the taxable year, if acquired after March 1, 1913; the quantity of timber remaining (adjusted for growth, correction of estimates, changes in use and any change in the log rule used); and the adjusted basis at the beginning of the taxable year. State the acreage cut-

over and the amount of timber cut from it during the taxable year, and the log rule or other method used in determining the quantity of timber cut. If you kept depletion accounts by separate tracts or purchases, give the information separately for each tract or timber purchase.
Where you used an average depletion rate based on the average value or cost of a timber block in prior years, the adjusted basis referred to in section 631(a) is the average basis shown in item 34, after adjustment.

Schedule F Capital Returnable through Depletion (Continued)

47. Section 631(a) requires the determination of the fair market value as of the beginning of the taxable year of the timber cut during that year, that you owned, or on which you held a contract right to cut, for a period of more than 9 months for taxable years beginning in 1977 and more than 12 months for taxable years beginning after 1977. The value sought is the value of the timber as it stood in the forest on the first day of the taxable year. It is, therefore, necessary to describe in detail those characteristics of the timber that affect its value, such as total quantity, species, quality, stand per acre, size of the average tree, logging conditions, distance to markets, and the like.

48. Furnish evidence in the form of actual sales of comparable timber as of the valuation date, along with other value evidence used, including a computation showing the difference between the cost (excluding timber or stumpage cost) and value of the primary wood product (logs or other roundwood, chips, etc.) at the mill or plant. The evidence must be sufficiently detailed to permit a comparison with the timber on which you report a value.

49. For all purchases and sales of timber you make, and for all other transactions you report, furnish the relevant information called for by items 2 through 20.

50. Furnish the following additional information:

- (a). The log transportation system used, such as truck roads,

railroads, etc., and the main topographic features of the area cutover during the year, as they affect logging and transportation conditions. You may show this in accompanying maps.

(b). The location of the sawmill, log market, or other point of delivery of the logs or wood to the user or buyer.

(c). The total log scale and/or other units of timber cut, and the length and diameter of the average log or the average number of units per tree.

(d). The percentage of rough lumber grades, by species, produced from the timber manufactured during the year or, if the timber is sold in the log, the percentage of log grades, by species.

51. Section 631(a) applies only to timber owned, or held under a contract right to cut, (1) for more than 9 months for taxable years beginning in 1977, or (2) for more than 12 months for taxable years beginning after 1977. Accordingly, records must be kept so that the quantity of timber cut that had been held for the required period may be shown separately from the quantity of timber cut that had not been so held. Also, the scale of logs purchased during the year must be shown by species and quantity and excluded from the quantity shown as cut under section 631(a). Records must also show the number, cost, and point of delivery of purchased logs by species and grade.

Schedule G Land Ownership

52. Show changes in land accounts as carried on your books. Insert as many additional sheets covering the following outline, items 53 through 58, as may be necessary.

53. Name of account ▶.....	Acres	Total cost or value ¹	Average rate per acre
54. Balance at beginning of year	-----	-----	-----
55. Purchases during year	-----	-----	-----
56. Sales during year	-----	-----	-----
57. Other changes	-----	-----	-----
58. Balance at end of year (Add lines 54 and 55, less lines 56 and 57) .	-----	-----	-----

¹ Give amount of March 1, 1913 appreciation, if included.

Optional Schedules

59. If the attachments you need for reporting the information requested in Schedules H or I are too numerous to file with the return, you must make the information available to the exam-

ing agent upon request. The detailed information should include separate cost accounts for construction by you and by the contractor.

Schedule H Road Construction Cost

60. Report under items 61 and 62 the expenditures incurred for road construction during the taxable year. Report separately for

each depletion account, block, tract, or geographic area tributary to a mill or mill complex.

61. Roads constructed on lands owned in fee:		
(a) Miles constructed		
(b) Amount capitalized to non-depreciable account		
(c) Amount placed in depreciation account		
(d) Amount claimed as an ordinary expense		
(e) Total amount spent (Add lines 61(b), (c), and (d))		
(f) Amount reported as section 38 property		
62. Roads constructed for logging timber held under leases or cutting contracts having a term of 2 years or longer:		
(a) Miles constructed		
(b) Amount to be amortized		
(c) Amount claimed as an ordinary expense		
(d) Total amount spent (Add lines 62(b) and (c))		
(e) Amount claimed as section 38 property		

Schedule I Drainage Structures

63. Report the expenditures incurred during the taxable year for construction of water level control devices such as ditches and canals. Report each kind of structure separately for each depletion account, block, tract, or geographic area tributary to a mill or mill complex:

- (a) Kind of structure ▶
- (b) Miles constructed
- (c) Purpose of structure ▶
- (d) Amount capitalized to non-depreciable account
- (e) Amount placed in depreciable or amortizable account
- (f) Amount reported as an ordinary expense
- (g) Total amount spent (Add lines 63(d), (e), and (f))
