The University of Akron IdeaExchange@UAkron

Akron Tax Journal Akron Law Journals

1984

Report on Tax Aspects of Farmers in Bankruptcy

Ralph T. Turner

Please take a moment to share how this work helps you through this survey. Your feedback will be important as we plan further development of our repository.

Follow this and additional works at: https://ideaexchange.uakron.edu/akrontaxjournal



Part of the Tax Law Commons

Recommended Citation

Turner, Ralph T. (1984) "Report on Tax Aspects of Farmers in Bankruptcy," Akron Tax Journal: Vol. 2, Article 5. Available at: https://ideaexchange.uakron.edu/akrontaxjournal/vol2/iss1/5

This Article is brought to you for free and open access by Akron Law Journals at IdeaExchange@UAkron, the institutional repository of The University of Akron in Akron, Ohio, USA. It has been accepted for inclusion in Akron Tax Journal by an authorized administrator of IdeaExchange@UAkron. For more information, please contact mjon@uakron.edu, uapress@uakron.edu.

REPORT ON TAX ASPECTS OF FARMERS IN BANKRUPTCY

by

RALPH T. TURNER*

I. SCOPE AND PURPOSE

NE OF THE ways a taxpayer realizes gross income is to have indebtedness discharged. The taxpayer's increased net worth after the debt is discharged is the rationale used to justify this realization of income. The amount of debt discharged is the measure of income realized. However, certain discharge of indebtedness is excluded from income under Section 108(a) of the Internal Revenue Code.

Section 108 of the Internal Revenue Code generally describes the exclusion of indebtedness income from a taxpayer's gross income. Section 108(a)(l), specifically excludes the following three types of discharge of indebtedness income:

- 1. Discharge in bankruptcy cases.
- 2. Discharge when the taxpayer is insolvent.
- 3. The discharge of "qualified business indebtedness".

The exclusion for discharge of indebtedness in bankruptcy cases applies to either Chapter 7 proceedings (liquidation) or Chapter 11 proceedings (reorganization) when there is a court order granting discharge or approving a plan which discharges debt.²

This article will not deal with the insolvent debtor who has his indebtedness discharged outside of bankruptcy or the solvent debtor who has qualified business indebtedness discharged. Additionally, this article will deal only with the individual taxpayer who utilizes the bankruptcy court and not with the tax treatment of corporations and partnerships in bankruptcy. There are special rules for the tax treatment of these entities.³

^{*}B.A. 1968, Tulane University; M.A. 1970 Illinois State University; J.D. 1973, University of Illinois; Member ABA Section of Taxation Ag. Comm. 1978-Present; Member ABA & Illinois State Bar Ass'n. General Practice Sections, Ag. Law Comm. Participant, Ill. Inst. of Continuing Education on Farm Estate and Business Planning; Member Illinois State Bar Ass'n. Board of Governors 1982-84; Chairman Illinois Bar Ass'n Young Lawyer Division 1981-82. Partner, Luedtke, Hartweg & Turner, Bloomington Illinois. I am grateful for the assistance of Clifford L. DeCamp of the University of Akron School of Law in helping to prepare this article for publication.

¹I.R.C. § 108(e)(2)(1982).

²I.R.C. § 108(d)(2)(1982).

³The rules for the tax treatment of corporations in bankruptcy appear to be especially complex as evidenced by Sections 4 and 5 of the Bankruptcy Tax Act of 1980, Pub. L. No. 96-589, 94 Stat. 3389, 3401-07(1980).

This article will review the general principles of tax treatment of an individual whose indebtedness was discharged in bankruptcy under the prior law and under the Bankruptcy Tax Act of 1980. After this general review and comments on their application to farmers, a hypothetical fact situation will be reviewed and the handling of the tax returns for the individual and the bankruptcy estate will be explored.

II. BACKGROUND

The Twentieth Century's first substantial reform of bankruptcy law was passed in 1978. Legislation was immediately introduced to change the tax aspects of bankruptcy to correspond with the new law. Unfortunately, the wheels of Congress turn so slowly that the Bankruptcy Tax Act was not passed untill December 24, 1980. Instead of making the Act effective for bankruptcy cases instituted on or after October 1, 1979 (the effective date of the Bankruptcy Reform Act), the Bankruptcy Tax Act became effective for cases filed after January 1, 1981. The law provided a special election that could be made to allow the effective dates of the Bankruptcy Tax Act to apply to any case that had been filed after October 1, 1979 and before January 1, 1981. This report will not deal with the election to make the effective dates apply retroactively.

The general rule that discharge of indebtedness is a realization of income was not changed by the Bankruptcy Tax Act of 1980.⁷ However, the exclusion of discharge of indebtedness income provided by statute under prior law⁸ was substantially more beneficial to the bankrupt taxpayer than the present statutory provisions.

Under prior law, a bankrupt who would otherwise be required to report current income from debt cancellation could exclude the recognition of that income under Code Section 61.9 The income excluded by virtue of that section required the basis of the bankrupt's property to be reduced under Section 1016.10 Former Section 108 excluded recognition of debt cancellation income outside of bankruptcy, and required basis adjustment under Section 1017.11 These provisions in the prior law were intended to allow the tax on the debt discharge income to be deferred. The tax would eventually be collected after bankruptcy through lower depreciation deductions on the remaining basis or greater taxable gain on the sale of these assets. The tax attributes of the bankrupt, other than the basis reduction, were unaffected under former Section 108. Thus, net

⁴Bankruptcy Tax Act of 1980, Pub. L. No. 96-589, 94 Stat. 3389 (1980).

¹Id.

^{&#}x27;Id. at 3413.

⁷I.R.C. § 61(a)(1976).

⁴I.R.C. § 108(a)(1976).

^{&#}x27;Treas. Reg. § 1.61-12(b)(1983).

¹⁰Treas. Reg. § 1.1016-7 (1960).

¹¹I.R.C. § 108(a)(2)(1976).

operating losses and investment credit carryovers were left intact.12

However, the basis reduction mechanism of prior law thwarted the policy of deferring recognition of income. It enhanced the insolvent taxpayer's ability to completely avoid ordinary income realization because the basis of non-depreciable assets could be reduced.¹³ The reduction of basis in non-depreciable assets allowed the debtor to convert ordinary income from discharge of indebtedness into capital gains when the reduced basis assets were eventually sold.¹⁴ Also, debtors could reduce the basis in assets which were seldom sold, like a personal residence.

The only real tax problem in bankruptcy under prior law came from the Internal Revenue Service position that the discharge of indebtedness, and the resulting reduction in basis of qualified investment credit property, was a disposition and resulted in recapture of investment credit.15 Philosophically, the debtor is intended to have a "fresh start" after bankruptcy. The Bankruptcy Tax Act of 1980 is intended to continue the policy that no income will be recognized by reason of debt discharge in bankruptcy.16 The debtor coming out of bankruptcy (either solvent or insolvent) will not be burdened by an immediate tax liability because his net worth has increased.17 However, the Bankruptcy Tax Act of 1980 is also intended to more effectively collect tax on ordinary income realized from debt discharge. The policy is carried out through new Sections 108 and 1017 of the Internal Revenue Code. 18 Section 108 requires certain beneficial tax attributes of the bankrupt to be reduced to the extent the bankrupt does not have to recognize ordinary income on the discharge of indebtedness. The reduction of tax attributes will give the taxpayer after bankruptcy fewer ways to shelter ordinary income earned after bankruptcy. Even though the bankrupt can reduce the basis of non-depreciable assets as under prior law, the gain upon sale is ordinary income to the extent of the basis reduction from debt discharge.19

In order to cure the defects of the prior law and more effectively carry out Congressional intent, Section 108, has gone from zero to five subsections. Section 1017, has gone from zero to four subsections and Sections 1398 and 1399 have been added. Consequently, the tax work for bankrupts is now more complicated. The major tax relief from these changes was to overrule Rev. Rul.

¹²I.R.C. § 1017 (1976).

¹³Id. Under the old law, the amount excluded by reason of the discharge of indebtedness under Section 1017 could be applied to reduce the basis of any property held by the taxpayer.

^{&#}x27;Since under the old law, the basis of any property could be reduced by the taxpayer, it became possible to convert ordinary income into capital gains and subject this gain to more preferable treatment under Section 1202.

¹⁵Rev. Rul. 74-184, 1974-1 C.B. 8.

¹⁶I.R.C. § 108(a)(1)(A)(1982).

¹⁷I.R.C. § 108(a)(1)(1982).

¹⁸ This is carried out in I.R.C. §§ 108 and 1017 through the reduction in basis of depreciable property.

¹⁹I.R.C. § 1017(d)(1982).

74-184 and to prevent Investment Tax Credit (ITC) recapture when the exclusion of indebtedness discharge income causes the basis in Section 38 property to be reduced.²⁰

III. I.R.C. SECTIONS 108 AND 1017

The indebtedness of a taxpayer which is discharged in bankruptcy is excluded from the gross income of the taxpayer.²¹ The "indebtedness" covered by the debt discharge provisions of Section 108 means indebtedness for which the individual is liable or indebtedness on property which the taxpayer is holding.²²

The amount of discharged debt which is excluded from gross income by virtue of Code Section 108(a)(1)(A) must be applied to reduce certain of the debtor's tax attributes pursuant to subsection (b) of Section 108. The debtor can elect to apply all or any portion of the excluded amount first to reduce his basis in depreciable assets or in real property held as inventory pursuant to Code Section 108(b)(5)(A).

Where the bankrupt does not elect to apply the excluded debt discharge amount first to reduce the basis of depreciable property, the debtor must reduce his tax attributes in the order specified in Section 108(b)(2). The reduction in this subparagraph is made in the following order:²³

- 1. Net operating loss for the taxable year of the discharge, and any net operating loss carryover to such taxable year.
- 2. Any carryover to or from the taxable year of the discharge of an amount for purposes of determining the amount of credit allowable under:
 - (a) Investment credit property,
 - (b) Work incentive programs,
 - (c) Credit for new employees, or
 - (d) Alcohol used as a fuel.
- 3. Any net capital loss for the taxable year of discharge and any capital loss carryover to such taxable year.
- 4. The basis in the property of the taxapayer is reduced.
- 5. Any carryover to or from the taxable year of the discharge for purposes of determining the amount of credit allowable for foreign taxes.

These tax attributes of the taxpayer are used in the order specified by statute to the extent indebtedness discharge income is excluded from the taxpayer's income. All net operating losses of the taxpayer must be totally used before investment credit carryovers can be used and both of those must be totally used before capital loss carryovers can be used. All three of those must be com-

²⁰I.R.C. § 1017(c)(2)(1982).

²¹I.R.C. § 108(a)(1)(A)(1982).

²²I.R.C. § 108(d)(1)(1982).

²³I.R.C. § 108(b)(2)(i)-(v)(1982).

135

pletely used before the basis of the taxpayer's property can be reduced.

Every dollar of excluded indebtedness discharge income offsets one dollar of the tax attributes of the taxpayer except for the credit carryovers, where one dollar of excluded income offsets fifty cents of the credit.²⁴

The reductions in the tax attributes of the taxpayer must be made by the taxpayer's bankruptcy estate.²⁵ Any indebtedness discharged first reduces the tax attributes of the bankruptcy estate in the order specified in Section 108(b)(2). After all tax attributes of the bankruptcy estate are used up, then the tax attributes of the individual debtor transferred to the estate are used in the order specified in Section 108(b)(2) of the Code.²⁶

The Bankruptcy Tax Act of 1980 allows taxpayers to make a special election to reduce the basis in their depreciable property before reducing the tax attributes of the bankrupt taxpayer referred to above.²⁷ Depreciable property of the taxpayer is defined in Code Section 1017(e). The use of this election is most beneficial for taxpayers in bankruptcy who would be using the reorganization technique and would likely end up with property after bankruptcy. This section is of little use to the taxpayer who goes through a straight bankruptcy where all assets are liquidated.

It is important to note that this election limits the reduction in basis to depreciable assets.²⁸ This is substantially different from the prior law, which allowed the reduced basis in all assets of the bankrupt.²⁹ It is also different from Section 108(b)(2)(D), which calls for a basis reduction in all property of the taxpayer to offset income from discharge of indebtedness.

The time for making the election to reduce the basis in depreciable property of the taxpayer is on the taxpayer's return for the taxable year in which the discharge occurs, or at such other time as may be permitted by regulations prescribed by the Secretary.³⁰ The Secretary is to prescribe regulations to state the manner in which this election is to be made. Temporary regulations have been issued under this section as Reg. 7a.1.³¹

```
24I.R.C. § 108(b)(3)(1982).
```

^{251.}R.C. § 108(d)(7)(1982).

²⁶The order provided for under I.R.C. § 108(b)(2) is:

¹⁾ any net operating loss

²⁾ certain credit carryovers

³⁾ capital loss carryovers

⁴⁾ basis reduction

⁵⁾ foreign tax credit carryovers.

²⁷I.R.C. § 108(b)(5)(1982).

²⁴I.R.C. § 108(b)(5)(B)(1982).

²⁹¹¹ U.S.C. § 346(j)(5)(1976).

³⁰I.R.C. § 108(d)(8)(A)(1982).

³¹Temp. Reg. § 7a.1, T.D. 7775, 1981-1 C.B. 63.

[Vol. 2

The reduction of tax attributes to offset the amount of income from discharge of indebtedness is clearly designed to effectuate the Congressional policy of deferring taxable income.³² The effect of the reduction in the tax attributes is to allow the taxpayer to go into the future with little or no tax attributes to shelter future income.

To the extent income from discharge of indebtedness exceeds the tax attributes of the taxpayer and the basis of the taxpayer in his assets, there is no recognition of income from the discharge of indebtedness.

IV. I.R.C. SECTION 1398

The Bankruptcy Tax Act of 1980 added Section 1398 to the Internal Revenue Code.³³ Section 1398 sets forth the procedural rules which apply to all individuals filing cases under either Chapter 7 (relating to liquidations) or Chapter 11 (relating to reorganizations) of the bankruptcy portion of the United States Code.³⁴ The only exception to this rule is where an individual debtor files for bankruptcy under either Chapter 7 or Chapter 11 but the case is dismissed.³⁵ Those individuals who have their bankruptcy cases dismissed may not utilize the provisions of Section 1398.³⁶ Section 1398 is designed to specify the tax year for both the individual debtor and the bankruptcy estate,³⁷ to determine in which of these two returns the income and expenses are to be treated,³⁸ and to clarify when transfers between the debtor and the estate occur.³⁹

The tax year of the individual bankrupt does not change when bankruptcy is filed.⁴⁰ The only exception to that rule is provided in 1398(d)(2). The tax-payer is allowed to divide his normal taxable year into two parts. The first tax year ends on the day before he commences bankruptcy. The second tax year begins on the first day he files bankruptcy.⁴¹ Thus, the bankrupt individual debtor will have two taxable years in one if the election is made.⁴² This election must be filed within three and one-half months of the date the bankruptcy is commenced.⁴³ The election by the individual taxpayer to divide his return into two taxable years is irrevocable.⁴⁴ The income from the short taxable years

```
<sup>12</sup>The Bankruptcy Tax Act and Minor Tax Bills: Hearing Before the Subcomm. on Select Revenue Measures of the House Comm. on Ways and Means, 96th Cong., 1st Sess. 96-51 (1979)(statement of Daniel I. Halperin, Deputy Assistant Secretary for Tax Policy, Department of the Treasury).
```

³³⁹⁴ Stat. 3389, 3397-3400 (1980) codified at I.R.C. § 1398 (1982).

³⁴I.R.C. § 1398(a)(1982).

³⁵⁹⁴ Stat. 3389, 3397 (1980) codified at I.R.C. § 1398(b)(1982).

^{36 [}a

³⁷Id. at 3397 codified at I.R.C. § 1398(d)(2)(1982).

³º Id. at 3398 codified at I.R.C. § 1398(e)(1982).

³⁹Id. at 3399 codified at I.R.C. § 1398(f)(1982).

⁴ºI.R.C. § 1398(d)(1)(1982).

⁴¹⁹⁴ Stat. 3389, 3397 (1980) codified at I.R.C. § 1398(d)(2)(A)(1982).

⁴² Id

⁴³Temp. Reg. § 7a. 2(d), T.D. 7775, 1981-1 C.B. 63.

⁴⁴⁹⁴ Stat. 3389, 3398 (1980) codified at I.R.C. § 1398(d)(2)(D)(1982).

must be annualized in accordance with Section 443.45

The gross income of the bankruptcy estate for each taxable year includes the gross income of the debtor to which the bankruptcy estate is entitled pursuant to bankruptcy law. 46 If any income or assets acquired by the bankrupt must become the property of the bankruptcy estate for the payment of creditors' claims, the income from the disposition of that asset must be reported by the estate rather than the individual debtor. 47 The debtor's income may not include any gross income which must be paid to the estate. 48 Thus, Section 1398 makes it clear that income of the individual debtor must be reported in either the bankruptcy estate's income tax return or the individual debtor's income tax return, but it may not be included in both returns. Needless to say, this is an extremely logical provision for the Internal Revenue Code to include.

The bankruptcy estate's taxable income is taxed as if the Bankruptcy Trustee were a married individual filing separately.⁴⁹ Since the Bankruptcy Trustee is a fiduciary, he must file a Form 1041. Showing the taxation of a fiduciary, as if it were a married individual filing separately is confusing. The Internal Revenue Service suggests that a Form 1040 be attached to the Form 1041 to show the tax calculation.⁵⁰ The Form 1041 is used to report the tax dues calculated on the 1040.

Under the bankruptcy law, at the time a bankruptcy petition is filed, all assets of the debtor transfer to the bankruptcy court.⁵¹ Section 1398(f) makes it clear that this transfer from the individual debtor to the estate is not treated as a disposition for recapture purposes. Likewise, property being transferred from the bankruptcy court to the individual debtor other than by sale or exchange is not a disposition either.⁵²

The tax attributes of the bankrupt individual debtor, transfer to the bankruptcy estate for its use. Section 1398(g), specifies that the estate succeeds to the individual tax attributes determined as of the first day of the debtor's taxable year in which the bankruptcy case commences. Section 1398(d) allows the debtor to divide his regular year into two tax years. The interplay of these two sections and the election to divide the debtor's regular tax year into two short tax years can be illustrated by an example.

⁴⁵ Id. at 3398 codified at I.R.C. § 1398(d)(2)(F)(1982).

⁴⁶Id. at 3398 codified at I.R.C. § 1398(e)(1)(1982).

⁴⁷I.R.C. § 1398(d)(1)(1982).

[&]quot;I.R.C. § 1398(e)(1)(1982).

⁴⁹I.R.C. § 1398(c)(1982).

⁵⁰ See IRS Publication 908.

[&]quot;11 U.S.C. § 541 (1982). Under this section of bankruptcy law, the commencement of a case whether joint, voluntary or involuntary, creates an estate which comprises the assets of the debtor and which is administered by a trustee appointed by the bankruptcy court.

³²94 Stat. 3389, 3398 (1980) codified at I.R.C. § 1398(f) (1982).

The case of a farmer who receives substantial income in January, has no offsetting expenses or deductions, and takes bankruptcy on March 1 is instructive.⁵³ If the debtor uses his regular tax year, all of his tax attributes pass to the Bankruptcy Trustee and are not available to offset his farm income from the beginning of the year.⁵⁴ The tax on this income will be the debtor's personal obligation and cannot be paid from the bankruptcy estate.⁵⁵

If the bankrupt elects to divide his tax year, he ends his first tax year on February 28⁵⁶ and uses his own tax attributes from the preceding years to offset the income from the January grain sales. The individual taxpayer's second tax year begins on March 1, which is the day he files bankruptcy.⁵⁷ The left-over tax attributes as of February 28, as opposed to the tax attributes from the preceding December 31, are the attributes which pass to the bankruptcy court.⁵⁸ This provision has extreme importance to farmers who take bankruptcy. The deadline for filing the election to divide the individual debtor's tax year into two parts is three and one-half months after the taxpayer files bankruptcy.⁵⁹

A final provision of the Bankruptcy Tax Act of 1980 which is extremely important to farmers, and particularly farmers who involve themselves in Chapter 11 reorganizations, is found in Section 108(e)(2). This section provides that "no income shall be realized from the discharge of indebtedness to the extent that payment of the liability would have given rise to a deduction." Thus, if growing crop, livestock and operating expenses are discharged in bankruptcy, they are not considered income from the discharge of indebtedness because payment of these items would have given an offsetting deduction. These adjustments must be made for farmers and other businessmen as the calculations are being made to determine the amount of the income from indebtedness discharge.

At the conclusion of the bankruptcy proceedings, the tax attributes of the taxpayer which have not been reduced by exclusion of the discharge of indebted-

[&]quot;Note that I.R.C. § 1398(D)(2)(c) provides that the election is not available to a debtor who has no assets other than property which he or she may treat as exempt property under the Bankruptcy Code. The Committee comments establish the rationale for this provision by stating, "Since there would be no assets in the bankruptcy estate out of which the debtor's tax liability for the period prior to the commencement date could be collected, there is no reason to authorize termination of the tax year." Therefore, this provision will not affect farmers in bankruptcy because most farmers will have assets other than exempt property as part of their bankruptcy estate. This provision might however, come into play if a single lender has a very well-prepared security agreement and financing property so that the Bankruptcy Trustee merely abandoned all of the debtor's property to the creditor, leaving no property in the bankruptcy estate other than exempt property.

³⁴Id. at 3398 codified at I.R.C. § 1398(g)(1982).

⁵⁵ Id. at 3398 codified at I.R.C. § 1398(e)(1)(1982).

³⁶ Id. at 3397 codified at I.R.C. § 1398(d)(2)(A)(i)(1982).

⁵⁷Id. at 3397 codified at I.R.C. § 1398(d)(2)(A)(ii)(1982).

⁵⁸ Id. at 3399 codified at I.R.C. § 1398(g)(1982).

[&]quot;Id. at 3398 codified at I.R.C. § 1398(d)(2)(D)(1982). In addition, once an election is made, it is irrevocable.

⁶⁰ Id. at 3392 codified at I.R.C. § 108(e)(2)(1982).

ness income are passed back to the taxpayer to be used in his individual situation.⁶¹

APPENDIX I

PROBLEM I INSOLVENT FARMER

Insolvent farmer is a young, aggressive farmer who got started in the late 60's and took full advantage of the "go-go" 70's to incur substantial indebtedness through the acquisition of machinery and land. Unfortunately, the grain embargo, over-production and the big drop in farmland values in 1981 have put Insolvent Farmer out of business. On January 1, 1982, Bankrupt Farmer filed with the bankruptcy court. His tax attributes on January 1, 1982 were as follows:

YEAR	Unused Net Operating Loss Carryover (NOL)	Unused Invest- ment Tax Credit (ITC)	Unused Capital Losses
1981	\$123,000	\$ 800	\$ -0-
1980	95,000	2,500	15,000
1979	72,000	5,000	-0-
1978	1,000	4,000	-0-
TOTALS	\$291,000	\$12,300	\$15,000

On January 1, 1982, Insolvent's balance sheet and tax basis information was as follows:

Туре об	_	Liquidation	n
ASSET	BASIS	FMV	D EBT
Machinery- Original Cost- \$192,000	\$112,000	\$177,000	\$213,000
Farmland: a) 160 acres bought at \$2,775/acre now worth \$2,200/acre	444 000	352,000	365 000
\$2,200/acre	444,000	352,000	365,000

⁴¹ Id. at 3400 codified at I.R.C. § 1398(i)(1982).

AKRON TAX JOURNAL

[Vol. 2

Type of		Liquidation	
ASSET	Basis	FMV	D EBT
b) 80 acres bought at \$1,750/acre now worth \$2,000/acre	140,000	160,000	165,000
c) Improve- ments on 80 acre tract	115,000	150,000	200,000
Crops and Feed			
on Hand	-0-	245,000	260,000 (includes \$30,000 of unpaid feed accounts)
Feeders-180			
Head	77,000	91,000	137,000
Totals	\$888,000	\$1,175,000	\$1,340,000

On January 15, 1982, Insolvent delivered and collected \$85,000.00 for January grain sales. He took all of the proceeds and applied them to his debt at the Farmer's Bank. \$25,000.00 was applied to interest and \$60,000 was applied to principal. The last of the feeders were delivered to market on February 20. The total amount received was \$105,000.00. The entire amount went to the bank and \$15,000.00 was used to pay interest and \$90,000.00 was applied to principal.

After a long talk with his attorney, Insolvent filed bankruptcy on March 1, 1982. The Bankrupt's balance sheet and tax basis on March 1, 1982 is as follows:

Type of		Liquidation		
Asset	BASIS	FMV	· · · ·	D EBT
Machinery —				
Original Cost —				
\$192,000	\$107,400	\$177,000	\$	213,000
Farmland:				
a) 160 acres	444,000	352,000		365,000
b) 80 acres	140,000	160,000		165,000
c) Improvements	115,000	150,000		200,000
Crops	-0-	160,000		200,000
Feeders	-0-	-0-		47,000
Totals	\$806,400	\$999,000	\$ 1	,190,000

The Bankruptcy Trustee liquidates all of Insolvent's assets in 1982 for the March 1, 1982 liquidation value stated above. The bankruptcy estate recognizes the following gains and losses upon liquidation:

Type of Asset	Ordinary	Capital	DEBT DISCHARGE
Machinery	\$ 69,600	\$ -0-	\$ 36,000
Land:			
a) 160 arces	-0-	(92,000)	13,000
b) 80 acres	-0-	20,000	5,000
c) Improvements	-0-	35,000	50,000
Crops	160,000	-0-	40,000
Feeders	-0-	-0-	47,000
Totals	\$229,600	\$(37,000)	\$191,000

Assume the Trustee has \$40,000.00 of administrative expenses during the year. Assume also \$2,000.00 I.T.C. was recaptured on sale of machinery from years prior to 1978. On March 15, 1982, Insolvent goes to work as a truck driver for the local elevator and earns \$11,000.00 in wages during 1982.

If Insolvent Farmer elects to divide his tax year into two short years, the first year ends February 28, 1982. The second short year begins March 1, 1982. Insolvent's tax attributes which pass to his Bankruptcy Trustee on March 1, 1982 are as follows:

YEAR	Unused Net Operating Loss Carryover (NOL)	Unused Invest- ment Tax Credit (ITC)	Unused Capital Losses	
1981	\$123,000	\$ 800	\$ -0-	
1980	95,000	2,500	15,000	
1979	4,600	5,000	-0-	
1978	-0-	4,000	-0-	
TOTALS	\$222,600	\$12,300	\$15,000	

DISCUSSION OF PROBLEM I INSOLVENT FARMER

Because Insolvent Farmer files bankruptcy during the middle of his usual tax year, he is given an election under Section 1398(d)(2), to file a short year income tax return. The first short year would end on February 28, 1982, which is the day before his bankruptcy was filed. His second short tax year begins on March 1, 1982, which is the date his bankruptcy was filed.

The discussion of Problem I is broken down into two parts. The first alternative reviews the tax implications to Insolvent Farmer and his Bankruptcy Trustee if he does not exercise his Section 1398(d) election. The second alternative covers the tax treatment of Insolvent Farmer and his Bankruptcy Trustee if Insolvent Farmer divides his tax year into two short years.

ALTERNATIVE ONE

Alternative One deals with the tax treatment of Insolvent Farmer and his Bankruptcy Trustee if Insolvent Farmer reports all of his 1982 income on one return.

Insolvent Farmer's Schedule F will include the income he received from selling \$85,000.00 of grain and \$28,000.00 of gain on his feeder cattle. Insolvent Farmer took these funds to his friendly banker and paid \$40,000.00 of interest and \$150,000.00 of principal. Schedule F shows Insolvent Farmer's income and deductions from his farm income.

Insolvent Farmer does not take any depreciation on his farm machinery, which he used for two months. Section 1398(g), allows the bankruptcy estate to succeed to and take into account the debtor's basis, holding period and character of assets determined as of the first day of the debtor's taxable year in which the bankruptcy case commences. Since Insolvent Farmer's bankruptcy case commences on March 1, the first day of the tax year is January 1, 1982. Thus, all depreciation to be taken for his equipment during 1982 will be taken by the bankruptcy estate and not by Insolvent Farmer. The result of Insolvent Farmer's decision not to elect a short tax year is \$73,000.00 of Schedule F farm income.

In addition to his farm income, Insolvent Farmer earned \$11,000.00 of salary. His total income was \$84,000.00. Fortunately, Insolvent Farmer had no income in the four preceding years and income averaging per Scheldule G saves him \$19,008.00 of income tax. That large savings is small consolation when Insolvent Farmer pays the \$13,810.00 of income taxes he owes.

Insolvent Farmer's tax burden is increased because he was a self-employed taxpayer for the first two months of the year. His self-employment income from farming during that period was \$73,000.00. Schedule SE shows the calculations for payment of self-employment on \$21,400.00. The self-employment tax is \$2,001.00 and is shown on line 51 of the Form 1040.

When all of Insolvent Farmer's taxes are totaled and his withholding is subtracted, he owes the Internal Revenue Service \$14,571.00 because he went bankrupt in 1982. The payment of Insolvent's tax liability is devastating. Since this tax liability was not for a period prior to filing, it is not payable from his bankruptcy estate. Procedurally, the Bankruptcy Trustee is a fiduciary and must file a Form 1041. However, the tax is calculated using the married filing separately status. In order to properly report the tax calculations, the Trustee

REPORT ON TAX ASPECTS OF FARMERS IN BANKRUPTCY

must attach a Form 1040 to the Form 1041.

The Bankruptcy Trustee fares substantially better from a tax perspective than Insolvent Farmer. The Bankruptcy Trustee liquidates three farms of Insolvent Farmer. Farm A yields a capital loss of \$92,000.00. Farm B and its improvements generate capital gains of \$20,000.00 and \$35,000.00, respectively. The result is a net capital loss of \$37,000.00. Since these farm assets are property used in Insolvent Farmer's trade or business, their sale is reportable in Part I of Form 4797. If the net result is a gain, it is a capital gain. If the net result is a loss, it is an ordinary loss. This loss is carried to Part II of Form 4797 and helps offset some of the gain from the sale of farm machinery.

The Bankruptcy Trustee, upon liquidation of the farm machinery, recognizes Section 1245 gain. The 1245 gain is ordinary income and includes the depreciation from prior years plus the two months' depreciation in 1982. This gain is \$69,600.00 and is shown on Part II of Form 4797. This gain is partially offset by the loss from the sale of Section 1231 assets of \$37,000.00. The net gain on Form 4797 is \$32,600.00. This gain is reported on line 15 of Form 1040.

Insolvent Farmer has a \$15,000.00 long-term capital loss, which is reported on Schedule D. The Bankruptcy Trustee is able to use only \$1,500.00 of that long-term capital loss to offset ordinary income since the Trustee's taxable income must be determined as if it were a married individual filing separately. The Schedule D loss is transferred to line 13 of Form 1040.

The Bankruptcy Trustee's farm income comes from the sale of the remaining \$160,000.00 of crops on hand. As discussed above, the basis of Insolvent Farmer's machinery passed to the Bankruptcy Trustee as of January 1, 1982. Thus, the Trustee is entitled to take depreciation from the first of the year until the date the equipment is liquidated, which has been assumed to be March 1. Thus, the two months of depreciation yield a \$4,600.00 deduction on Schedule F. The Schedule F income of Insolvent's Trustee nets out to be \$155,400.00 and is reported on line 19 of Form 1040.

The administrative expenses of the Trustee of \$40,000.00 are deducted on line 21 of Form 1040.

Because Insolvent Farmer did not elect a short year, his net operating loss carryover as of January 1, 1982 passes to the Bankruptcy Trustee. The Trustee is entitled to use all of the 1978 and 1979 net operating loss carryover plus \$72,500.00 of the 1980 loss carryover to offset all but \$1,000.00 of the Trustee's farm income and Section 1245 gain on its tax return. The net operating loss carryover used totals \$145,500.00 and is reported on line 21 of Form 1040. After deducting the \$1,000.00 exemption Section 1398(c) gives the Bankruptcy Trustee, there is no taxable income.

19841

As assumed in the problem, \$2,000.00 of investment credit recapture is recognized by the Trustee upon liquidation of the farm machinery. This is calculated on Form 4255 and cannot be offset by unused investment credit carry-over or operating losses. Thus, the Trustee must pay this \$2,000.00 to the Internal Revenue Service.

Alternative One yields income taxes of \$14,571.00 to be paid by the debtor, while the Bankruptcy Trustee is paying \$2,000.00 of investment credit recapture tax.

The individual taxpayer has used none of his tax attributes in calculating his 1982 personal income tax. The Bankruptcy Trustee has used \$145,500.00 of net operating loss received from the taxpayer to offset the Trustee's income. The Trustee now has the following tax attributes to be reduced, as discharge of indebtedness income is excluded under Section 108:

YEAR	Unused Net Operating Loss Carryover (NOL)	Unused Invest- ment Tax Credit (ITC)	Unused Capital Losses	
1981	\$123,000	\$ 800	\$ -0-	
1980	22,500	2,500	12,000	
1979	-0-	5,000	-0-	
1978	-0-	4,000	-0-	
Totals	\$145,500	\$12,300	\$12,000	

Insolvent Farmer had \$191,000.00 of debts discarded in bankruptcy. \$30,000.00 of this debt is represented by unpaid feed bills. The feed bills, if paid, would be a deduction. Pursuant to Section 108 (e)(2), the discharge of this type of indebtedness is not discharge of indebtedness income. Thus, Insolvent Farmer has \$161,000.00 of Section 108 discharge of indebtedness income to be excluded from his income.

The \$161,000.00 of discharge of indebtedness income excluded from Insolvent Farmer's income reduces his tax attributes per Section 108(b)(2), as follows:

A. Insolvent Farmer's estate has \$145,500.00 of net operating loss carryover. This attribute is the first to be reduced. When applied against the \$161,000.00 of indebtedness discharge income, there remains \$15,500.00 of discharge of indebtedness income excluded from income.

B. Insolvent Farmer's estate has \$12,300.00 of investment tax credits. Each fifty cents of investment tax credit offsets one dollar of discharge of indebtedness income. Therefore, the bankruptcy estate's investment tax credit carryovers will offset the remaining \$15,500.00 of discharge of indebtedness income and

REPORT ON TAX ASPECTS OF FARMERS IN BANKRUPTCY

145

still leave \$4,550.00 investment tax credit carryforward to be used by Insolvent Farmer in Future year.

C. Insolvent Farmer's bankruptcy estate has \$12,000.00 of capital loss carryforwards.

Pursuant to Section 1398(i), Insolvent Farmer succeeds to the tax attributes of the estate at the termination of the bankruptcy estate. Thus, Insolvent Farmer has both a \$12,000.00 long-term capital loss carryover and a \$4,550.00 investment tax credit carryover to use in his 1983 and subsequent years' income tax returns.

1984]

§ 10)40		Individual Income Tax Return 1982 PROBLEM I,			
for the y	rear Januar	y 1-Dec	ember 31, 1982, or other tax year beginning , 1982, ending	, 19	. OMB No. 154	-
Use (RS			initial (if joint return, also give apouse's name and initial) Lest name /ENT FARMER	_	ocial security nu	
tabel. Other-			a Quamber and street, including apartment number, or rural route)	Spouse	's social security	no.
wise, picase			ter Street		<u> </u>	
print	City, town	or post 6	ince, state and its cone			
or type.			Merite; 12 octob	. Note	Checking "Yes	" will
Presiden Election			ou want \$1 to go to this fund:	No duce	ncrease your tax your refund.	or re-
Election	Campaign	1	For Privary Act and Panerwork R			
Filing	Status	2	X Single Married filing joint return (even if only one had income)			
Check o	nly	3	Married filing separate return. Enter spouse's social security no, above and full name he	are >		
one box.		4	Head of household (with qualifying person). (See page 6 of Instructions.) If the	e qualify	ing person is yo	ur un-
			married shild but not your dependent, enter child's name			
		5	Qualifying widow(er) with dependent child (Year spouse died ▶ 19). (See pa	nter number of	5.7
Exempl	ione	6a	X Yourself 65 or over Blind	.	ooxes checked	1
•		ь	Spouse 65 or over Blind		on 6s and b - Enter number	H
Always (c	First names of your dependent children who lived with you		of children isted on 6c	1
Yourself. Check of			(3) Number of (4) Did dependent (5) Did you	provide	•	
boxes if		đ	Other dependents: (2) Relationship months lived have income of more than on in your home \$1,000 or more? dependent's	e-helf of	Enter number of other	
apply.					dependents 📂	
					Add numbers entered in	1
			Total number of exemptions claimed		boxes above >	ليثإ
		7	Wages, salaries, tips, etc	· -7	11,000	
lacome		8	interest income (attach Schedule B if over \$400 or you have any All-Savers interest)	· 8		├─
Please a Copy B			Dividends (attach Schedule B if over \$400), 9b Exclusion	//////	ĺ	
Forms V	V-2 here.		Subtract line 9b from line 9a			
If you d	o not have	10	Refunds of State and local income taxes (do not enter an amount unless you d	10		
a W-2, page 5	see of	۱	ducted those taxes in an earlier year—see page 9 of Instructions)	11		
Instruct	ions.	11	Alimony received	12		
		13	Capital gain or (loss) (attach Schedule D)	. 13		.
		14	40% capital gain distributions not reported on line 13 (See page 9 of instruction	15) 14		-
		15	Supplemental gains or (losses) (attach Form 4797)	. 15		├
		16	Fully taxable pensions, IRA distributions, and annuities not reported on line 17.	16	<u> </u>	·
		17a	Other pensions and annuities. Total received 17a	— 17b		ŀ
			Taxable amount, if any, from worksheet on page 10 of instructions	18		·
⊢		18	Rents, royalties, partnerships, estates, trusts, etc. (attach Schedule E)	19	73,000	
Please		19	Farm income or (loss) (attach Schedule F). Unemployment compensation (insurance). Total received 20a 20a			
attach		208	Taxable amount, if any, from worksheet on page 10 of Instructions	20b		_
or mon		21	Other income (state nature and source—see page 10 of instructions)	/////		
				21	<u> </u>	-
		22	Total income. Add amounts in column for lines 7 through 21	▶ 22	1 84,000	┿
		23	Moving expense (attach Form 3903 or 3903F) 23			1
	tments	24	Employee business expenses (attach Form 2106) . 24	////		1
to Inc	emo:	25	Payments to an IRA. You must enter code from page			
(See Instruc-			11 ()	////		1
tions o	n	26	Payments to a Keogh (H.R. 10) retirement plan			1
page 13	ı)	28	Alimony paid			
		29	Deduction for a married couple when both work (at-			1
		1	tach Schedule W)	////		1
		30	Disability income exclusion (attach Form 2440) 30	<u> </u>	-0-	
		31	Total adjustments, Add lines 23 through 30	▶ 31 an	+	+
Adjus		32	Adjusted gross income. Subtract line 31 from line 22, if this line is less th \$10,000, see "Earned Income Credit" (line 62) on page 15 of Instruction	ns. 32	84,000	
	Income		If you want IRS to figure your tax, see page 3 of Instructions	- 3∠		
363-06	2~Z					

REPORT ON TAX ASPECTS OF FARMERS IN BANKRUPTCY

147

Form 1040 (19	(82)				Page 2
Tax	33	Amount from line 32 (adjusted gross income)	33	84,000	
Compu-	34a	If you Itemize, complete Schedule A (Form 1040) and enter the amount from Schedule A, line 30	34a	0	-
tation	1	Caution: If you have unearned income and can be claimed as a dependent on your			1
	1	parent's return, check here \(\bigcup \) and see page 12 of the instructions. Also see page 12 of the instructions if:			ſ
(See Instruc-		 You are married filing a separate return and your spouse itemizes deductions, OR 			
tions on page 12)		You file Form 4563, OR You are a dual-status allen.			1
P-8- 11/	34D	If you do not itemize, complete the worksheet on page 13. Then enter the allowable	//////////////////////////////////////		1
	35	part of your charitable contributions here	35	-0-	-
	36	Subtract line 34a or 34b, whichever applies, from line 33	36	84.000	-
	37	Taxable Income. Subtract line 36 from line 35	37	1.000 83.000	-
	38	Tax. Enter tax here and check if from Tax Table, Tax Rate Schedule X, Y, or Z,	<u> </u>	83.000	-
		or X Schedule G Income averaging saved \$19,008	38	13,810	1
	39	Additional Taxes. (See page 13 of Instructions.) Enter here and check if from Form 4970.)	39	-0-	
		Form 4972, Form 5544, or section 72 penalty taxes			_
	40	Total. Add lines 38 and 39	40	13,810	
Credits	41	Credit for the elderly (attach Schedules R&RP) 41			
	42	Foreign tax credit (attach Form 1116)			
(See Instruc-	43	Investment credit (attach Form 3468)			
tions on	44	Partial credit for political contributions			1
page 13)	45	Credit for child and dependent care expenses (Form 2441). 45			1
	46	Jobs credit (attach Form 5884)			
	47	Residential energy credit (attach Form 5695) 47			1
	48	Other credits—see page 14 >		1	
	50	Total credits. Add lines 41 through 48	50	-0-	-
		Balance. Subtract line 49 from line 40 and enter difference (but not less than zero).	51	13.810	+
Other	51	Self-employment tax (attach Schedule SE)	52	2,001	-
Taxes	52	Minimum tax (attach Form 4625)	53	·	+
(Including	53	Alternative minimum tax (attach Form 6251)	54	1 	-
Advance	54	Tax from recapture of investment credit (attach Form 4255)	55	·1	
EIC Payments)	55 56	Social security (FICA) tax on tip income not reported to employer (attach Form 4137). Uncollected employee FICA and RRTA tax on tips (from Form W-2)	56		_[
	57	Tax on an IRA (attach Form 5329)	57	1	-
	58	Advance earned income credit (EIC) payments received (from Form W-2)	58		\vdash
06	59	Total tax. Add lines 50 through 58	59	15,811	
B	60	Total Federal income tax withheld			ī
Payments	61	1982 estimated tax payments and amount applied from 1981 return . 61 -0-		1	ł
Attach	62	Earned income credit. If line 33 is under \$10,000, see			1
Forms W-2, W-2G, and	1	page 15 of Instructions			1
W-2P	63	Amount paid with Form 4868			1
to front.	64	Excess FICA and RRTA tax withheld (two or more employers) . 64			
	65	Credit for Federal tax on special fuels and oils (attach			1
		Form 4136)			- 1
	66	Regulated Investment Company credit (attach Form 2439) 66		1,240	
	67	Total. Add lines 60 through 66	67	1 1,240	+-
Refund or	68 69	If line 67 is larger than line 59, enter amount OVERPAID	69		-
Amount	70	Amount of line 68 to be applied to your 1983 estimated tax > 20	<i>777711</i>		-
You Owe	71	If line 59 is larger than line 67, enter AMOUNT YOU OWE. Attach check or money order for full amount		1	
	1.	payable to Internal Revenue Service. Write your social security number and "1982 Form 1040" on it.	71	14,571	
	١.	(Check ► [] if Form 2210 (2210F) is attached. See page 16 of Instructions.) ► \$			
Please	Unde	or penalties of perjury, I declare that I have examined this return, including accompanying schedules y knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpaye	end sta	tements, and to	the best
riease Sign	which	n preparer has any knowledge.			
Sign Here		_			
	V Y	our signature Date Spouse's signature (if filing			
Paid	Prepa	self-em-	Prepa	arer's social sec	arity no.
Preparer's		1 pioyea L	11		
Use Only	yours	s, if self-employed)			
- U.S. GOVERNMEN		address ZIP code CODECT : NEW-CO-563-062		36	63-062-2

SCHEDULE F (Form 1040)		ncome and E	Expenses	TI, ALI. ON	10000			
Department of the Treasury Internal Revenue Service		o Form 1040, Form 104 structions for Schedule			16			
Name of proprietor(s)				Social secu	rity number			
	INSOLVENT FARMER							
Farm name and address				Employer identific	ation number			
Parel Farm Inc	come—Cash Method		Part II Far	m Deductions-	-Cash			
Do not i	include sales of livestock held	for draft, breeding,	an	d Accrual Metho	od 🛄			
	dairy purposes; report these s				ng expenses (such as your home), which do			
	ock and Other Items You Bo		not produce far	m income. Reduc	e the amount of your			
a. Description	b. Amount	c. Cost or other basis	tarm deductions	s by any reimburs elow.	ement before entering			
		77,000	Iten		Amount			
			32 a Labor hire	ed				
2 Other items >			b Jobs cred					
				(subtract line				
				line 32a)				
3 Totals	. 105,000	77,000	33 Repairs, ma	intenance				
	btract line 3, column c, from		34 Interest		40,000			
	and Produce You Raised and	28,000		m, pasture				
Sales of Livestock	Kled	Amount		sed				
		- ANNOUNT		ts purchased .	·····			
5 Cattle and calves				ime, chemicals .				
6 Sheep			39 Machine hir	rchased	******			
8 Poultry				es	***************************************			
9 Dairy products .			42 Veterinary f					
10 Eggs			43 Gasoline, fu		***************************************			
11 Wool			44 Storage, wa	rehousing				
12 Cotton			45 Taxes					
13 Tobacco			46 Insurance .					
14 Vegetables			47 Utilities					
15 Soybeans		95 000	48 Freight, truc					
16 Com		85,000	49 Conservation					
17 Other grains				g expenses d profit-sharing				
18 Hay and straw . 19 Fruits and nuts .				· · · · ·	!			
20 Machine work .				enefit programs	******			
21 a Patronage divide	ends .							
b Less: Nonincome				ecify) >				
c Net patronage o	lividends							
22 Per-unit retains.			***************************************					
	ions from exempt cooperatives							
	m payments: a Cash			********				
	rvices							
25 Commodity credit loan 26 Federal gasoline to	s under election (or forfeited)		54 Total (ad	d lines 32c				
	refund)	40,000			
28 Crop insurance pro				, including Sec-	No Depreciation			
				pense deduction	per 1398 (g)			
************************				4562)	, , ,,			
	lumn for lines 5 through 29 .	113,000		tions (add lines	40,000			
	Ilines 4 and 30)	1 1	54 and 55)					
	(loss) (subtract line 56 from line 31) , go on to line 58. (Fiduciaries and pa				73,000			
58 If you have a loss,	do you have amounts for which	h you are not "at risk"	in this farm (see	instructions)? .	Yes No			
	o," enter the loss on Form 104							
*Use amount on line 31 for optional method of computing net earnings from self-employment. (See Schedule SE, Part II, line 4.) For Paperwork Reduction Act Notice, see Form 1040 Instructions. 363-068-1								

REPORT ON TAX ASPECTS OF FARMERS IN BANKRUPTCY

149

PROBLEM I, ALT. ONE

SCHEDULE SE	Computation of Social Security Self-Employment Ta	¥	OMB No. 1545-C	545-0074	
(Form 1040)	See Instructions for Schedule SE (Form 1040).	•	ା ଶ୍ରହ	19	
Internal Revenue Service	➤ Attach to Form 1040.		22	-	
	erson (as shown on social security card) INSOLVENT FARMER Social security numbers self-employed person			-	
Part Regula	r Computation of Net Earnings from Self-Employment		<u>l</u>		
1 Net profit or (loss) from Schedule F (Form 1040), line 57 or line 90, and farm partnerships, Sched	Т-	T		
ule K-1 (Form 10	65), line 18b	1	73,000	_	
Note: If you are e religious order, or	from Schedule C (Form 1040), line 32, and Schedule K-1 (Form 1065), line 18bg). See instructions for kinds of income to report. xempt from self-employment tax on your earnings as a minister, member of a Christian Science practitioner because you filed Form 4361, check here ▶ □. earnings of \$400 or more that are subject to self-employment tax, include this line.				
Generally ● Y ● Y ● Y	al Computation of Net Earnings from Self-Employment y, this part may be used only if: our gross farm profits were not more than \$2,400, or our gross farm profits were more than \$2,400 and your net farm profits were les our net nonfarm profits were less than \$1,600 and less than two-thirds (2/5) of you uctions for other limitations.	s than \$ ir gross i	1,600, or nonfarm income.	•	
	for optional methods	3	\$1,600	00	
4 Farm Optional Met 31 or line 88, and smaller	thod—Enter two-thirds (3/s) of gross profits from Schedule F (Form 1040), line farm partnerships, Schedule K-1 (Form 1065), line 18a, or \$1,600, whichever is	4			
S Cubburat line A des					
6 Nonfarm Optional (Form 1040), line	m line 3 . Method—Enter the smaller of two-thirds (%) of gross profits from Schedule C 3, and Schedule K-1 (Form 1065), line 18c (other than farming), \$1,600, or, if m optional method, the amount on line 5 .	5			
	ation of Social Security Self-Employment Tax	6		SE	
7 Enter the amount f	rom Part I, line 1, or, if you elected the farm optional method, Part II, line 4.	7	73,000		
y Add lines 7 and 8.	om Part I, line 2, or, if you elected the nonfarm optional method, Part II, line 6 . If less than \$400, you are not subject to self-employment tax. Do not fill in the	8	-0-	<u> </u>	
rest of the schedul	e	9	73,000		
or railroad retireme	nt tax for 1982 is	10	\$32,400	00	
1 a Total FiCA wages b Unreported tips : RRTA tax	from Forms W-2 and RRTA compensation . subject to FICA tax from Form 4137, line 9, or to				
c Add fines 11a as	nd 11b	11c	11,000		
2 Subtract line 11c fr	om line 10	12	21,400		
3 Enter the smaller of	l line 9 or line 12	_13	21,400		
if line 13 is \$32,400 result on line 14 .	, fill in \$3,029.40 on line 14. Otherwise, multiply line 13 by .0935 and enter the		•0935	_	
Self-employment tax	Enter this amount on Form 1040, line 51	14	2,001		
r Paperwork Reductio	n Act Notice, see Form 1040 instructions.	44		-071-1	

THE CONTRIBUTE PRINTING OFFICE: 1992-0-263-071

AKRON TAX JOURNAL

[Vol. 2

PROBLEM I. ALT. ONE OMB No. 1545-0074 Schedule G **Income Averaging** (Form 1040) ► See instructions on back. ► Attach to Form 1040. Department of the Treasury Internal Revenue Service Name(s) as shown on Form 1040 INSOLVENT FARMER Figure your income for 1978-1981 Step 1 1978 1 Fill in the amount from your 1978 Form 1040 (line 34) or Form 1040A (line 10) Multiply your total exemptions in 1978 by \$750. -0-2 3 Subtract line 2 from line 1. If less than zero, enter zero. -0-1979 4 Fill in the amount from your 1979 Form 1040 (line 34) or Form 1040A (line 11) -0-5 Multiply your total exemptions in 1979 by \$1,000 .6 Subtract line 5 from line 4. If less than zero, enter zero . 5 -0-1980 7 Fill in the amount from your 1980 Form 1040 (line 34) or -0-Form 1040A (line 11) . . . 8 Multiply your total exemptions in 1980 by \$1,000 . 9 Subtract line 8 from line 7. If less than zero, enter zero. -0--0-1981 10 Taxable income. Fill in the amount from your 1981 Form 1040 (line 34) or Form 1040A (line 12). If less than zero, enter zero . -0-Total 11 Fill in all income earned outside of the United States or within U.S. possessions -0and excluded for 1978 through 1981 12 Add lines 3, 6, 9, 10 and 11 <u>-n-</u> Step 2 Figure your averageable income Multiply the amount on line 12 by 30% (.30). -0-13 Write in the answer . . -0-14 Fill in your taxable income for 1982 from Form 1040, line 37. 14 83.000 15 If you received a premature or excessive distribution subject to a penalty under **-**∩-15 16 Subtract line 15 from line 14. 83,000 16 17 If you live in a community property state and are filing a separate return, see instructions. 17 -0-18 Subtract line 17 from line 16. If less than zero, enter zero . . . 18 83,000 19 Write in the amount from line 13 above . . -0-19 20 Subtract line 19 from line 18. This is your averageable income . 83,000 If line 20 is \$3,000 or less, do not complete the rest of this form. You do not qualify for income averaging. Step 3 Figure your tax Multiply the amount on line 20 by 20% (.20). 21 Write in the answer 16,600 22 Write in the amount from line 13 above . 22 -0-23 Add lines 21 and 22 16,600 23 24 Write in the amount from line 17 above . -0-24 25 Add lines 23 and 24 16,600 25 26 Tax on amount on line 25 (from Tax Rate Schedule X, Y, or Z) . 2,762 26 27 Tax on amount on line 23 (from Tax Rate Schedule X, Y, or Z) . 28 Tax on amount on line 22 (from Tax Rate Schedule X. Y. or Z). _0_ 29 Subtract line 28 from line 27 2,762 29 Multiply the amount on line 29 by 4 11,048 30 Write in the answer . . 11,048 30 If you have no entry on line 15, skip lines 31 through 33 and go to line 34. 31 Tax on amount on line 14 (from Tax Rate Schedule X, Y, or Z) . . . 32 Tax on amount on line 16 (from Tax Rate Schedule X, Y, or Z) . 32 33 Subtract line 32 from line 31 -0-33 34 Add lines 26, 30, and 33. Write the result here and on Form 1040, line 38. Be sure to check the Schedule G box on that line 13,810

https://ideaexchange.uakron.edu/akrontaxjournal/vol2/iss1/5

in Paperwork Reduction Act Notice, see Form 1040 instructions.

363-259-1

	10	41	U.S. Fiduciary Income Tax R	Return	Proble	m 1	OMB No. 1545-	0082	
fer	walit of th	Treasury	For the calendar year 1962 or flocal year	A1	t. One		198	2	
-	ch applicab	Service	beginning March 1 1982, and ending Dec. 3 Name of estate or trust (Grantor type trust, see instructions)	1	19		diffication num		
	Dicaden	t's estate	INSOLVENT FARMER'S TRUSTEE	,					
9	g Bankrup Testame	try estate ntery trust on-skipping trust	Name and title of fiduciary		trusts che	ck appi	eble and split- icable boxes (
Č	Simple 1	rust (\$300) trust (\$100)	Address of fiduciary (number and street)		structions): Described in section 4947(a)(1)				
-	i Complex	trust (\$300)	306 N. Center				ed as a privat		
	Grantor Remily (type trust istate trust	City, State, and ZIP code		-	ation			
	Pooled I	ncome fund	Spendthrift, IL		☐ Descr	ibed in	section 4947(a)(2)	
Chi	ick appli		A First return A Final return Ancillary return Amended Change in fiduciary's Name or Address	return					
	1 Div	idends (Enter	full amount before exclusion)		.				
	2 int	erest income ((Enter full amount before exclusion)		·			ł	
			ne or (loss)	~~~~~~	·			1	
2		_	other estate or trust	•••••	·			İ	
ncome			alty income or (loss) from line 44		·			l	
Ē			loss) (Attach Schedule D (Form 1041))		·			1	
			(loss) (Attach Form 4797)	****************				ł	
			ate nature of income) 9		·			Ì	
	10		me (Add lines 1 through 9)		. ▶	10			
_	11 Int	erest			.				
	12 Tax				.				
	13 Ch	aritable deduc	tion (from line 53)		.				
	14 Fld	uciary fees .			. <u> </u>				
		•	tant, and return preparer fees		. :			1	
Ę			(Attach a separate sheet listing deductions) 16		<u> </u>			1	
Deductions	17	•	d lines 11 through 16)			17 18	·	 	
ğ			from line 10		}-	19		 	
å			ion deduction (from line 68) (See specific instructions) (Attach Schedule &	-1 (Ferm 1041)	"· · -	20	*************		
			erest exclusion (See instructions)		· · -	21 "		ļ	
	-		I gain deduction from Schedule D (Form 1041) (Charity ——See in		-	22			
		-				23			
	24		ld lines 19 through 23)			24			
			of fiduciary (Subtract line 24 from line 18)	<u> </u>		25			
	26 Ta	k: a Tax rate so	chedule; b Other tax	; To	otal ▶ _	26c			
			tax; b Investment; c Jobs			27d		ļ	
×	28 Cm		fuel; b Nonconventional fuel; c Research	; T		284		 —	
Tax	29	•	ld lines 27d and 28d)		·	29 -		 	
0			tt line 29 from line 26c)		· · -	30 31c		·	
5			n 4255	10	~	32		·	
Computation	33 AIL		id lines 30 through 32)			33		 	
ē			ee instruction for line 34)			34		1	
ĕ			tax: a Previously paid >; b Withheld >	To	tal 🕨 🗓	35c			
٦	36	Total (Ad	Id lines 34 and 35c)		. ▶ 🗆	36			
	37 Ba	lance of tax di	ue (Subtract line 36 from line 33) (See instruction K) Per attac	hed 1040		37	2,000		
_	38 Ov	erpayment (Su	ubtract line 33 from line 36)		<u> </u>	38		<u> </u>	
Ple	220	knowledge and	es of perjury, I declare that I have examined this return, including accompan- d belief, it is true, correct, and complete. Declaration of preparar (other than i	ying schedules liduciery) is be	and states lis no bea	ments, i	and to the bes	t of my	
Sig		has any knowl	edgs.						
Her		Delana.	d find a single of the single	Date Date					
_			f fiduciary or officer representing fiduciary Date	Check if	1.0		'a social see	div ec	
Paid		Preparer's signature		self-em- ployed	_	reperer	's social secu	ng no.	
	Parer's	Firm's name (E.I. No.					
- 026	Only	yours, if self-	employed)	ZIP code			· · · · · · · · · · · · · · · · · · ·		
For	Privacy		work Reduction Act Notice, see page 1 of the instructions.				Form 1041	(1982)	

Published by IdeaExchange@UAkron, 2016

For the year January 1-December 31, 1982, or other tax year beginning For the year January 1-December 31, 1982, or other tax year beginning Jose No. Institute Institute Institute Institute Institute Institute Institute Other Attachment to 1041 City, tem or pest effice, State and 2iP code or type. Presidential Election Campaign In Joyou want \$1 to go to this fund? City, tem or pest effice, State and 2iP code or type. Presidential Filing Status Check only one box. A Married filing joint return (even if only one had income) Married filing separate neture. Enter spouse's social security no, above and full name here because the box (abbetd Yourself). Exemptions Aways check the box (abbetd Yourself). Check only A Wages, salaries, tips, ctc. I	
INSOLVENT FARMER'S TRUSTÉE Present home address (discuss) discussed and steel, including spertment number, or rural routs) Spouse's social security or art your discussed and steel including spertment control of the present of	number
Other wise, please plea	
Do you want \$1 to go to this fund? Yes No Note: Checking "residential Election Campaign If joint return, does your spouse want \$1 to go to this fund? Yes No Note: Checking "ot increase your fund. Yes No Note: Check other had income) Note: Increase your fund. Yes No Note: Check other box is bid your fund. Yes No Note: Check other box is bid your fund. Yes No Note: Check other box is bid your fund. Yes No Note: Check other box is bid your fund. Yes No Note: Check other box is bid your fund. Yes No Note: Check other box is bid your fund. Yes No Note: Check other box is bid your fund. Yes No No Note: Check other box is highly gwidow(er) with dependent child (Year spouse didd 19). (See page 5 of Instructions. Source fund. Yes No No Note: Check other fund. Yes No No Note: Check other fund. Yes No No No No No No No N	ity no.
Presidential Election Campaign Fresidential Election Campaign If joint return, does your spouse want \$1 to go to this fund? Yes No Note: Checking No Other checking Yes No Note: Checking No Other checking Yes No Other checking No Other checking Yes No Other checking	
Election Campaign It joint return, does your spouse want \$1 to go to this fund? Yes No out your refund.	
Married filing sparate return. Enter spouse's social security no. above and full name here	es" wi ax or re
Check only one box. A	tructions
Head of household (with qualifying person). (See page 6 of Instructions.) If the qualifying person is married child but not your dependent, enter child (Year spouse died 19). (See page 6 of Instructions.) Exemptions Always check the box labeled Yourself. Check other boxes if they apply. d Other dependents: (1) Rame (2) Relationship (3) Number of [4] Did dependent on 6 as and b p. Enter number of children who lived with you better number of children who fired wh	
Exemptions S	VOUT HE
Exemptions Search Coulifying widow(er) with dependent child (year spouse died 19 19 19 19 19 19 19 1	,
Always check the box labeled Yourself. Check other boxes if they apply. d Other dependents: (1) Name (2) Relationship months lived above month lived months lived above income of in your home. (3) Number of (4) Did dependent (3) Did you provide more than one-half of other dependents: (1) Name (2) Relationship months lived above income of in your home. (3) Number of (4) Did dependent (3) Did you provide more than one-half of other dependents; as a point of other dependents apply. (3) Number of (4) Did dependent (3) Did you provide more than one-half of other more than one-half of other dependents; as a point of other of other dependents; as a point of other of other of other of other of other of your provide more than one-half of your home. INSOME Please attach Copy B of your Forms W-2 bere. If you do not have a W-2, see page 5 of instructions. If you do not have a W-2, see your accordance of the your provide more than one-half your home. Insome (1) Number of (4) Did dependent (1) (5) Did you provide more than one-half in your home. Insome (1) Number of (4) Did dependent (1) (5) Did you provide more than one-half in your home. Insome (1) Number of (4) Did dependent (1) (5) Did you provide more than one-half in your home. Insome (1) Did dependent (1) (1) Did dependent (1) (1) Did dependent (1) (1) Did dependent (1) Did your provide more than one-half in your home. Insome (1) Did dependent (1) (1) Did dependent (1) Did dependent (1) Did your provide more than one-half (1) Did dependent (1) Did your provide more than one-half (1) Did dependent (1) Did your provide more than one-half (1) Did dependent (1) Did your provide more than one-half (1) Did dependent (1) Did your provide more than one-half (1) Did your provide more th	
Always check the box labeled Yourself. Check other boxes if they apply. Always check the box labeled Yourself. Check other boxes if they apply. Check other boxes in the part of children listed on 6c Check other boxes in the part of children listed on 6c Check other boxes in the part of children listed on 6c Check other dependents Check other boxes in the part of children listed on 6c Check other dependents	
the box labeled Yourself. Check other boxes if they apply. Check other boxes if they apply.	· <u></u>
Check other boxes if they apply. Common	1
South State Color of the co	_
Insome	
entered in boxes above prices attach Cocy B of your Forms W-2 here. If you do not have a W-2, see page 5 of Instructions. It Alimony received	· <u>L</u>
Please attach Copy B of your Forms W-2 here. 10 Interest income (ettach Schedule B if over \$400 or you have any All-Savera interest) 8 Interest income (ettach Schedule B if over \$400 or you have any All-Savera interest) 8 If you do not have a W-2, see page 5 of instructions. 10 Refunds of State and local income taxes (do not enter an amount unless you deducted those taxes in an earlier year—see page 9 of Instructions) 11 Interest income (ettach Schedule C) 12 Interest income (ettach Schedule C) Instructions	1
Please attach Copy B of your Forms W-2 here. 10 10 11 16 17 16 17 17 16 18 18 18 18 18 18 18	1
Please attach Copy B of your Forms W-2 here. If you do not have a W-2, see page 5 of instructions. 10 Refunds of State and local income taxes (do not enter an amount unless you deducted those taxes in an earlier year—see page 9 of Instructions). 11 Alimony received	-
Copy B of your Forms W-2 here. If you do not have a W-2, see page 5 of Instructions. 10 Refunds of State and local income taxes (do not enter an amount unless you deducted those taxes in an earlier year—see page 9 of Instructions). 11 Alimony received . 12 Business income or (loss) (attach Schedule C) . 13 Capital gain or (loss) (attach Schedule D) . 14 40% capital gain distributions not reported on line 13 (See page 9 of Instructions) 15 Supplemental gains or (losses) (attach Form 4797) . 16 Fully taxable pensions, IRA distributions, and annuities not reported on line 17 . 17a Other pensions and annuities. Total received . 17b Taxable amount, if any, from worksheet on page 10 of Instructions . 17b Taxable amount, if any, from worksheet on page 10 of Instructions . 18 Rents, royalties, pertnerships, estates, trusts, etc. (attach Schedule E) . 19 Farm income or (loss) (attach Schedule F) . 19 155,400	-
If you do not have a W-2, see page 5 of Instructions. 10 Refunds of State and local income taxes (do not enter an amount unless you deducted those taxes in an earlier year—see page 9 of Instructions). 11 Alimony received	
a W-2, see page 5 of Instructions. 11 Alimony received	-
page 5 of Instructions. 11 Alimony received	
12 Business income or (loss) (attach Schedule C)	-
13 Capital gain or (loss) (ettach Schedule D)	
14 40% capital gain distributions not reported on line 13 (See page 9 of Instructions) 15 Supplemental gains or (losses) (attach Form 4797). 16 Fully texable pensions, IRA distributions, and annuities not reported on line 17. 17a Other pensions and annuities. Total received	
16 Fully taxable pensions, IRA distributions, and annuities not reported on line 17. 17a Other pensions and annuities. Total received	
17a Other pensions and annuities. Total received	-
b Taxable amount, if any, from worksheet on page 10 of Instructions	-
18 Rents, royalties, pertnerships, estates, trusts, etc. (attach Schedule E)	
Please attach check or money by Taxable amount, if any, from worksheet on page 10 of instructions.	-
Please attach check or money b Taxable amount, if any, from worksheet on page 10 of instructions 20b	-
b Taxable amount, if any, from worksheet on page 10 of instructions	-
or money	1
NOL Carryover used 21 (145,500	
22 Total income. Add amounts in column for lines 7 through 21	-
23 Moving expense (attach Form 3903 or 3903F) 23	Ť
Adjustments 24 Employee business expenses (ettach Form 2106)	1
to Income 25 Payments to an IRA. You must enter code from page	1
(See 11 ()	
Instructions on 26 Payments to a Keogh (H.R. 10) retirement plan	1
page 11) 27 Penalty on early withdrawal of savings 27	1
28 Alimony paid	1
The state of the s	1
tach Schedule W)	1
31 Total adjustments. Add lines 23 through 30	1
Adjusted 32 Adjusted gross income. Subtract line 31 from line 22. If this line is less than	一
Gress Income If you want IRS to figure your tax, see page 3 of instructions	

REPORT ON TAX ASPECTS OF FARMERS IN BANKRUPTCY

153

Form 1040 (19	82)						Page 2
Tax	33	Amount from line 32 (adjusted gross income)			33	1,000	_
Compu-	34a	If you itemize, complete Schedule A (Form 1040) and enter the amou	ınt from Schedule	A, line 30	34a	-0-	_
•		Caution: If you have unearned income and can be cla					- }
tation		parent's return, check here \(\bigcup \) and see page 12	of the Instruc	tions. Also see			- 1
(See Instruc-		page 12 of the instructions if: You are married filing a separate return and your spouse iter	mizes deductions	. OR]	ı
tions on		● You file Form 4563, OR ● You are a dual-status alien.					
page 12)	34ь	If you do not itemize, complete the worksheet on page		r the allowable		-0-	
		part of your charitable contributions here		• • • • • • • •	34b	-0-	-
	35	Subtract line 34a or 34b, whichever applies, from line 3			35	1,000	-
	36	Multiply \$1,000 by the total number of exemptions claim			36	-0-	
	37 38	Taxable Income. Subtract line 36 from line 35			3/		-
	30	Tax. Enter tax here and check if from Tax Table, Schedule G	Tax Nate Sche	dule A, I, OI Z,	38	-0-	- 1
	39	Additional Taxes. (See page 13 of Instructions.) Enter here and	d chack if from	C Form 4970)	39	_0-	-
	75	Form 4972, Form 5544, or section 72 penalty			777777		-
	40	Total. Add lines 38 and 39		,	40	-0-	ļ
•				1	7/////		 -
Credits	41	Credit for the elderly (attach Schedules R&RP)	42	—— <u> </u> —			1
(See	42	Foreign tax credit (attach Form 1116)	43				l
Instruc-	43	Investment credit (attach Form 3468)	144				I
tions on page 13)	44	Partial credit for political contributions	·				l
	45 46	Credit for child and dependent care expenses (Form 2441) Jobs credit (attach Form 5884)	. 46				
	47	Residential energy credit (attach Form 5695)	1 4 1				
	48	Other credits—see page 14				Ì	-
	49	Total credits. Add lines 41 through 48			49	-0-	
	50	Balance. Subtract line 49 from line 40 and enter difference			50	-0-	_ _
	51	Self-employment tax (attach Schedule SE)			51		<u> </u>
Other	52	Minimum tax (attach Form 4625)			52		
Taxes	53	Alternative minimum tax (attach Form 6251)			53		
(Including	54	Tax from recapture of investment credit (attach Form 4			54	2,000	\neg
Advance EIC	55	Social security (FICA) tax on tip income not reported to e			55		_
Payments)	56	Uncollected employee FICA and RRTA tax on tips (from			56		
	57	Tax on an IRA (attach Form 5329)			57		
	58	Advance earned income credit (EIC) payments received		/–2)	58		_
06	59	Total tax. Add lines 50 through 58			59	2,000	
Doumente	60	Total Federal income tax withheld	. 60		.\////	1	ı
Payments	61	1982 estimated tax payments and amount applied from 1981 return	61				
Attach Forms W-2,	62	Earned income credit. If line 33 is under \$10,000, see		1			1
W-2G, and	ł	page 15 of Instructions			. //////	,	ł
W-2P to front.	63	Amount paid with Form 4868			- //////	1	ı
to front.	64	Excess FICA and RRTA tax withheld (two or more employers)) . <u>64</u>		-\		- 1
	65	Credit for Federal tax on special fuels and oils (attack				l	1
		Form 4136)	65		-\////		-
	66	Regulated Investment Company credit (attach Form 2439			- /////////////////////////////////////	1 ,	ı
	67	Total. Add lines 60 through 66			67	<u> -0-</u>	
Refund or	68	If line 67 is larger than line 59, enter amount OVERPAID	•		69		-
Amount	70	Amount of line 68 to be REFUNDED TO YOU Amount of line 68 to be applied to your 1983 estimated tax			77777		_
You Owe	71	If line 59 is larger than line 67, enter AMOUNT YOU OWE. Attach cl		for for full amount			1
	 ′ ′	payable to Internal Revenue Service. Write your social security numb			71	2,000	1 _
	1	(Check > [] if Form 2210 (2210F) is attached. See page 16 of to	Instructions.)	•			72 WW
	Und	or penalties of perjury, I declare that I have examined this return, y knowledge and belief, it is true, correct, and complete. Declaret h preparer has any knowledge.	including accom	panying schedules	and sta	tements, and t	o the best
Please	whice	rr) IS D8	SEG ON BII INTO	THE HOD OF			
Sign	L						
Here	 ▶ ;	our signature Date	₽ Spou	so's algnature (if filln	g jointly,	BOTH must algn)	
Deid	Pres	nrer's Da	ate	Check if	Prep	arer's social se	curity no.
Paid Property		ature P		ployed ► [
Preparer's Use Only	Firm	's name (or s, if self-employed)		E.I. No.]			
	and	eddress		ZIP code	>		*****
TO U.S. GOVERNMEN	T PRINTI	G OFFICE : 1912—O-363-062					63-062-2

AKRON TAX JOURNAL

[Vol. 2

PROBLEM I, ALT. ONE

(FC Depart	RM 1040)	on this Schedule and gains (but no) Attach to 1	e are gains and ot losses) on per	losses on stoci	ks, bonds, and h as a home or	l similar investm jewelry.)	nents,	OMB No. 1545-0 1981 14 social security nur	2
	Short-ter	m Capital Gains	and Losses-	Assets Held On	ne Year or Les	s	<u> </u>		D
						- ,		لـــــــــــــــــــــــــــــــــــــ	
a. I scrip	God of property and de- ction (Example, 100 shares 6 preferred of "Z" Co.)	b. Date acquired (Mo., day, yr.)	e. Date sold (Mo., day, yr.)	d. Gross sales price less expense of sale	e. Cost or other besis, as edjuste (see instructions page 23)	f. LOSS d if cotumn (e) is than (d) subtra from (e)	s more ict (d)	g. GAIN If column (d) is than (e) subtrac from (d)	more t (e)
1							ī		Γ
_									
_						_			
		<u> </u>					-[<u> </u>
	·			ł	l	-		l	<u> </u>
		ļ					 —	l	<u> </u>
_			 	<u> </u>		-[·		<u> </u>
						-	-	l	
_						-	 	l	
							·		ļ
	O-i- from sale on a		ainat analdanaa t				<i></i>		
2a	Gain from sale or e Form 2119, lines 7								l
	Short-term capital				· · · · - 	- <i>13000000000000000000000000000000000000</i>			
3		-			3		<u>uuuu</u>		
4					4	-1-			_
5	Combine line 4, col		_				5		
6	Short-term capital		-	_	. (1033)		6	(
7	Net short-term gain						7		
	Long-tern	n Capital Gains	and Loccos— /	Accete Hold Ma	Than One V				
	Coult-rei	ii Capitai Gailis	and Lusses	Assets field Mio	re I Hall One 1	ear			
8									<u> </u>
									i
				_					
									-
						_			
						_			
						_			
		L		l	L	-			
9a	Gain from sale or e	exchange of a pri	ncipal residence	held more than	one year,			[
	from Form 2119, li	nes 7, 11, 16 or	18		<u>9a</u>				
	Long-term capital g	ain from installm	ent sales from F	orm 6252, line 2	ļ -				
10					10	_			ļ
11	Add lines 8 through				[11				<u> </u>
	Combine line 11, co			enter the net gai	n or (loss) . .		12		
13	Capital gain distrib			· · · · .			13	ļ	<u> </u>
14	Enter gain from Fo						14		
15	Enter your share of					er S)	15		<u> </u>
16	Combine lines 12 ti						16		<u> </u>
17 18	Long-term capital le						17	(15,000)	<i>}</i>
	Net long-term gain	or trossy, combin	e mics to and I	7	· · · · ·		18	(15,000)	L

Note: Complete this form on reverse. However, if you have capital loss carryovers from years beginning before 1970, do not complete Parts III or V. See Form 4798 instead.

For Paperwork Reduction Act Notice, see Form 1940 instructions

363-066-1

Schedule D (Form 1040) 1982		P	age 2
Part III Summary of Parts I and II			
19 Combine lines 7 and 18, and enter the net gain or (loss) here	19	(15,000)	_
Note: If line 19 is a loss, skip lines 20 through 22 and complete lines 23 and 24. If line 19 is a gain			
complete lines 20 through 22 and skip lines 23 and 24			
20 If line 19 shows a gain, enter the smaller of line 18 or line 19. Enter zero if there			
Is a loss or no entry on line 18			
21 Enter 60% of line 20	21		
If line 21 is more than zero, you may be liable for the alternative minimum tax. See Form 6251.			
22 Subtract line 21 from line 19. Enter here and on Form 1040, line 13	22_		
23 If line 19 shows a loss, enter one of the following amounts: (i) If line 7 is zero or a net gain, enter 50% of line 19; (ii) If line 18 is zero or a net gain, enter line 19; or (iii) If line 7 and line 18 are net losses, enter amount on line 7 added to 50% of the amount on line 18	23	(7,500)	
24 Enter here and as a loss on Form 1040, line 13, the smallest of:			l
(i) The amount on line 23;			
(ii) \$3,000 (\$1,500 if married and filing a separate return); or		(1,500)	
(iii) Taxable income, as adjusted	24		<u> </u>
Complete this Part Only if You Elect Out of the Installment Method And Report a at Less Than Full Face Value	Note o	or Other Oblig	ation
Check here if you elect out of the installment method.			
Enter the face amount of the note or other obligation ▶			
Enter the percentage of valuation of the note or other obligation			
Computation of Post-1969 Capital Loss Carryovers from 1982 to 1983 (Complete this part if the loss on line 23 is more than the loss on line 24)			
Note: You do not have to complete Part V on the copy you file with IRS.			
The state of the s			
Section A.—Short-term Capital Loss Carryover			
25 Enter loss shown on line 7; If none, enter zero and skip lines 26 through 30—then go to line 31	25		
26 Enter gain shown on line 18. If that line is blank or shows a loss, enter zero	26		
27 Reduce any loss on line 25 to the extent of any gain on line 25	27		
28 Enter amount shown on line 24	28		
29 Enter smaller of line 27 or 28	29		
30 Subtract line 29 from line 27. This is your short-term capital loss carryover from 1982 to 1983	30		
Section B.—Long-term Capital Loss Carryover			· -
31 Subtract line 29 from line 28 (Note: If you skipped lines 26 through 30, enter amount from line 24) .	31	1,500	
32 Enter loss from line 18; if none, enter zero and skip lines 33 through 36	32	15,000	
33 Enter gain shown on line 7. If that line is blank or shows a loss, enter zero	33	-0-	
34 Reduce any loss on line 32 to the extent of any gain on line 33	34	15,000	
35 Multiply amount on line 31 by 2	35	3,000	_
36 Subtract line 35 from line 34. This is your long-term capital loss carryover from 1982 to 1983	36	12,000	
¬ ¬ ¬ ¬ ¬ ¬ ¬ ¬ ¬ ¬ ¬ ¬ ¬ ¬ ¬ ¬ ¬ ¬ ¬		363-	-066-1

Published by IdeaExchange@UAkron, 2016

AKRON TAX JOURNAL

[Vol. 2

SCHEDULE F	Farm	Income a	nd I	Expenses	LEM I, A	LT.	OMB No. 1545-0	074
(Form 1040) Department of the Treasury Internal Revenue Service		to Form 1040, For estructions for Sch		-			1982	2
Name of proprietor(s)	<u> </u>				Soci	al secu	rity number	
	INSOLVENT FARMER'S	TRUSTEE						
farm name and address				•••••	Employer i	dentific I	cation number	1
Part I Farm In	come—Cash Method			Part II Far	m Deducti	ions-	-Cash	17.
Do not i	include sales of livestock he	ld for draft, bree	ding,		d Accrual I			
	dairy purposes; report these		97.	Do not include taxes, insurance	personal c repairs, et	or livii tc on	ng expenses (sue your home), whi	ch as ch do
a. Description	ock and Other Items You B	c. Cost or other b		not produce far	m income.	Reduc	ce the amount of	your
		- Cost of diversi	7	the deduction be	s by any rei elow.	mburs	sement before ent	tering
			·	item			Amount	
			·····	32 a Labor hire	•d			T
2 Other items >		-		b Jobs cred		: :		
2 Other Rents P				c Balance		line		\vdash
				i	line 32a)			
3 Totals				33 Repairs, ma	Intenance			
4 Profit or (loss), su	btract line 3, column c, from			34 Interest				
	<u> </u>		<u> </u>	35 Rent of fare	m, pasture			
Sales of Livestock	and Produce You Raised and		ne	36 Feed purcha			••••••	
		Amount		37 Seeds, plan				
5 Cattle and calves	<i></i>		·	38 Fertilizers, li	-		••••••	
6 Sheep			·	39 Machine hire				
7 Swine				40 Supplies pur		1		
8 Poultry				41 Breeding fee			•••••	
9 Dairy products .				42 Veterinary for 43 Gasoline, fue		пе.		
10 Eggs 11 Wool	• • • • • • • • •			44 Storage, wai		٠.,		
12 Cotton			1	45 Taxes	_		***************************************	
13 Tobacco				46 Insurance .		: : 1		
14 Vegetables				47 Utilities				
15 Soybeans				48 Freight, truck				
16 Com		160,000	ļ	49 Conservation	expenses			
17 Other grains				50 Land clearing	g expenses			
18 Hay and straw .]		51 Pension and	l profit-sha	ring		j
19 Fruits and nuts				•			•••••	
20 Machine work			mm	52 Employee be				
21 a Patronage divide		-		other than II				
b Less: Nonincome			ann.	53 Other (spe	CITY)		***************************************	
c Net patronage d 22 Per-unit retains .								
	ions from exempt cooperatives		ļ					
	m payments: a Cash							
b Materials and se							******************************	
	under election (or forfeited)							
26 Federal gasolina te				54 Total (add	l lines	32c	_	
27 State gasoline tax r	efund			through 53)			-0-	
28 Crop Insurance pro				55 Depreciation	, including	Sec-		
29 Other (specify) ▶		·· [tion 179 exp		tion	4 600	!
	luma for lines E thereach CO	·-[(from Form		<u></u>	4,600	<u> </u>
	lumn for lines 5 through 29.	160,000		56 Total deduct		ines	4,600	
			<u> </u>	54 and 55) .				
	(loss) (subtract line 56 from line 31, go on to line 58. (Fiduciaries and p				cnedule SE,	57	155,400	
58 If you have a loss,	do you have amounts for whi	ich you are not "at	risk"	in this farm (see	instructions	5)? .	· . Tes	No
	o," enter the loss on Form 104							
Use amount on line 31 for	or optional method of computing n	et earnings from self-	employ	ment. (See Schedule	SE, Part II, II	ine 4.)		

For Paperwork Reduction Act Notice, see Form 1040 instructions.

363-068-1

REPORT ON TAX ASPECTS OF FARMERS IN BANKRUPTCY

157

PROBLEM I, ALT. ONE

orm 3468
epartment of the Tressury

Computation of Investment Credit

Attach to your tax return.
 Schedule B (Business Energy Investment Credit) on back.

19**82**

ntermer	Mesell	De Service								2/	
Vame	(s) a	s shown on return	VENT FARM	ER'S	TRUSTEE		lde	ntifyi	ng number		
							<u> </u>		454 5445		
9		The corporation elects the									· 🗆
Elections	В	I elect to increase my qua	lified investme	nt to	100% for certa	sin commuter highway veh	icles	unde	r section 46(c)(6) .	· 🗆
='ਚ ਂ	C	I elect to increase my qual	ified investme	nt by a	II qualified pro	gress expenditures made t	his a	nd all	l later tax yea	rs	· 🗀
Į		Enter total qualified progre	ss expenditure	s inclu	ded in column	(4), Part II 🕨					_
ŗ.	D	I claim full credit on certa	in ships under	section	on 46(g)(3) (S	ee Instruction B for detail	s.) .				. 🗆
		•••			(1)	(2)	(;	3)		4)	
	1	Recovery Property		Line	Class of	11	Appli	cable	Oualified	Investmen	nt
					Property	Unadjusted Basis	Perce	icable ntage	Qualified (Column 2	x column	3)
	_		New	(a)	3			_			
				(a)	3-year			50			
Ĕ		Regular Property		(b)	Other		10		ļ		
Ě		Percentage	Used	(c)	3-year		_	50_			
st			Property	(d)	Other		_10	<u> </u>			
ž			New	<u>(e)</u>	3-year		4	10			
=	548	(q) Election to Reduce Credit instead of adjusting basis) 1982–83 filers only (see instr.)	Property	(f)	Other			30			
e	FY Ì	982-83 filers only (see instr.)	Used	(g)	3-year		-	\$0			
11.—Qualified Investment			Property	(h)	Other			80			
E .	-	Nonrecovery property—E				- instructions for the O	ī	2			
9								3			
Į.		New commuter highway v									
=		Used commuter highway						4			
PART	5	Total qualified investmen					14				
록∣		(See instructions for spe	ecial limits) .				<u>!</u>	_5_			
-	6	Qualified rehabilitation ex	penditures—E	nter to	tal qualified in	vestment for:		i			
		a 30-year-old buildings					1	6a			
		b 40-year-old buildings	. I	6b							
		c Certified historic structures	Enter the Dept. o	f Interio	or assigned projec	t number		6c			
	7	Corporations checking election	····/								
- 1		10% of line 5					Ti	8		italia iliania	
negula		15% of line 6a		٠.			٠. ا	9		•••••	
מ		20% of line 6b					٠ ا	10		•••••	
: =				٠.			٠ ا	11			
5 5	11	25% of line 6c	٠ ا			•••••	•••••				
Investment Credit	12	Corporations checking ele	J								
5 6		a Basic 1% credit—Enter 1%	· [12a							
Ē		b Matching credit (not more t	adjusted line 7 (attach schedul	s) · [<u>12b</u>		**********				
S	13	Credit from cooperative-	–Enter regula:	inves	tment credit t	rom cooperatives		13			
₹ }	14	Current year regular inves	tment credit—	-Add li	nes 8 through	13		14			
;=	15	Carryover of unused cred	its					15	12,300)	
₹	16	Carryback of unused cred	its				.	16		***********	
•	17	Tentative regular investm	ent creditAc	d line	14, 15, and	16	. [17	12,300)	
	18					additional taxes from Form 4970	ΙĪ			-	
S.		b Estates and trusts—From Fo	ırm 1041, enter t	x from	line 26a, plus any	section 644 tax on trusts	١.١	18	-0-		
Limitations		c Corporations (1120 file d Other organizations—E	rs)—From For	m 112	O, Schedulé J,	enter tax from line 3	Ιľ	-			
ä							'	ı			
Ē	19	a Individuals—From Form	n 1040, enter	credite	from lines 41	and 42 of page 2					
5		b Estates and trusts—Fro c Corporations (1120 file	ers)—From 1041	, enter orm 1	any toreign ta 120. Schedule	J. enter any foreign tax	l . I	19	-0-		
		credit from line 4(a) d Other organizations—E	plus any pos	sessio	is tax credit fr	om line 4(f)	[-		-	
Liability)		-0-		
ap		Income tax liability as adj					.	20			
=	21	a Enter smaller of line 20					. [21a			
ă		b If line 20 is more than	\$25,000—En	ter 90	% of the exce	SS	·	21b			
—Tax	22	Regular investment credi	t limitation—/	Add lin	es 21a and 2	1b	٠,	22			
၂၂	23	Allowed regular investment	nt credit—Ent	er the	smaller of line	17 or line 22	. I	23			
≥.		Business energy investme					. I	24			
		Business energy investme						25			
PART		Allowed business energy i					.	26			
9.		Total allowed regular and bu									
						he proper line on other returns .	entu	27	-0-		
07 P		work Reduction Act Notice,				363-167	, ' '			3468 (1	1082
01 P	POL A	TOTA REQUESTOR ACT HOLICO,	sanara(8 ii	iati uct	IVIID.	303-101			FORM	~ ~ ~~ (1	. 202)

Published by IdeaExchange@UAkron, 2016

27

AKRON TAX JOURNAL

[Vol. 2

PROBLEM I, ALT. ONE

Form	4255
(Rev.	Nov. 1981)
Depart	ment of the Treasury
Interne	I Pavenus Comics

Recapture of Investment Credit

(Including Energy Investment Credit)

► Attach to your income tax return

OMB No. 1545-0166 Expires 11-30-83

Inter	rnal Revenue Service	l	Attach to y	our income tax re	eturn				
		schedules for recapture risk (see instructions f			d qualified progre	ss expenditure prope	erty and propert		
Nan		VENT FARMER'S	TRUSTEE		Identifying numb	er as shown on page 1 o	f your tax return		
	Properties	Kind of property (St			y. If energy prope diture property.)	rty, show type of pro	operty. Indicate		
	A Farm Machinery								
В									
	С								
	D								
	E								
- 1		I			Properties				
1	Computation Ste	ips:	A	В	C	D	E		
Į		-							
1	1 Original rate	of credit	10%			1 1			
ł	_	ty was placed in							
	service		1977			-	 ,		
	3 Cost or other	r basis	30,000		1				
5		mated useful life or							
[perty (see instruc-	_		1	1 1			
	tions)		7						
Orginal investment creui	5 Applicable pe	ercentage	100%						
	6 Original qu	alified investment							
		line 5)	30,000			-	·		
51		it (line 1 times line	3 000						
1			3,000			-			
1		y ceased to be invest- property (see instruc-			1				
١	-	woberty (see menue.	3/1/82						
1	•	Ill years between the							
1	date on line 2	and the date on line	4						
	8	<u> </u>				<u> </u>			
		ezcentage (see in-	66.6%						
١			00.0%			-			
ă		capture tax—Line 7	2,000						
5	times line 10	· · · · · · · · · · · · · · · · · · ·			<u></u> .				
	12 Add line 11	, columns A through	E				2,000		
31						Í	-0-		
	13 a Entertax f	rom disposed qualified	progress expenditu	re property (attac	ch separate comp	utation)	-0-		
5						. 1	-0-		
Ē١	D Enter tax f	rom any part of prope	rty ceasing to be at	risk (attach sepa	rate computation)			
	14 Total—Add II	ines 12, 13a and 13b					2,000		
computation or recapture	15 Unused cred	it-Do not enter more	than line 14 /ceo	instructions)			-0-		
1				•		unius day matura . The	<u>~</u>		
- 1		e in tax—Subtract line amount to reduce cur	r ent year's Investme	ent credit figured		Computation of In-	2,000		

For Paperwork Reduction Act Notice, see instructions on back.

Form 4255 (Rev. 11-81)

REPORT ON TAX ASPECTS OF FARMERS IN BANKRUPTCY

159

Form 4562 (Rev. September 1982)	OMB No. 1545-0172 Expired 8/31/85					
Department of the Transury Internal Revenue Service		e separate instruction ttach this form to you				67
Name(s) as shown on return INSOLVENT	FARMER'S TRU	STEE			Identifying n	umber
Business or activity to which this form relate				<u>l</u>		
Part Depreciation						
Section A Election to expense	recovery prope	ty (Section 179)				
	A. Class of property			₽.	Cost	C. Expense deduction
1 Total (not more than \$5,000), Ent (Form 1065))	<u> </u>	e 8 (Partnerships—c	enter this amo	ount on S	chedule K	
Section B Depreciation of reco	1	1		E. Method	т —	
A. Class of property	B. Date pisced in service	C. Cost or other basis	D. Re- covery period	of figuring depreciation	F. Per- centage	G. Deduction for this year
2 Accelerated Cost Recovery System	(ACRS) (See instr	uctions):				
(a) 2			- i		 	
(a) 3-year property						
					.	
	ļ——		-		·[
(b) 5-year property						
			_			
					<u> </u>	
(c) 10-year property			_			
(d) 15-year public utility property	ļ 				·	
(e) 15-year real property—low-			_			
income housing						
			_		.	
					 	
(f) 15-year real property other						
than low-income housing	ļ				<u> </u>	
	1	·	_	 	<u> </u>	
3 Property subject to section 168(e)	2) election (See in	structions):				
			— <i> </i>		 	ļ
***************************************	.		—\/////////////////////////////////////		 	
	· 					
			—1 <i>////////////////////////////////////</i>	\ <i>\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\</i>	21	l

See Paperwork Reduction Act Notice on page 1 of the separate instructions.

4 Total column G. Enter here and on line 9 .

363-179-1

Form 4562 (Rev. 9-82)

AKRON TAX JOURNAL

[Vol. 2

m 4562 (Rev. 9-82)	nonrecovery pro	perty				Pag
A. Description of property	B. Date acquired	G. Cost or other basis	D. Depreciation allowed or allowable in earlier years	E. Method of figuring depreciation	F. Life or rate	G. Deduction for this year
Class Life Asset Depreciatio		System Depreciation			inininin	
6 Other depreciation (See instr	uctions):					
Farm Machinery	1978	197,000	80,000	SL	7	4,600.00
	.		-			
	.		-	i 		
		·	·			
	-					
			-			
		-	-			
	·· 		-			
						
			-			
	-		-	ļ		
***************************************	•	· · · · · · · · · · · · · · · · · · ·		j		
	-					
	-					
	·		-		<u> </u>	
	•			 		
	-					
	.					
	· -		-			
	<u> </u>	L		1	<u>' </u>	
Total column G, Section C	<u></u>					4,600.00
Enter amount from Section /	, line 1 (Partners	hips enter zero) .			<u> </u>	
Fater annual from Accid	D U 4					
Enter amount from Section	B, line 4		· · · · · · · · ·	• • • •		
Total-Add lines 7, 8, and 9	. Enter here and o	n the Depreciation	ine of your return .			4,600.00
art II Amortization of p				· · · · · · · · · · · · · · · · · · ·		
A. Description of property	B. Date acquired	C. Cost or other basis	D. Amortization allowed or allowable in earlier years	E. Code section	F. Amorti- zation pe- riod or percentage	G. Amortization for this year
***************************************			-	<u> </u>		
	-				ļ	
	1		4	1	ı	ı

★ U.S. GOVERNMENT PRINTING OFFICE: 1982—O-363-179

363-179-1

REPORT ON TAX ASPECTS OF FARMERS IN BANKRUPTCY

161

PROBLEM I, ALT. ONE

epartment of the Treasury

Supplemental Schedule of Gains and Losses

(Includes Gains and Losses From Sales or Exchanges of Assets Used in a Trade or Business and Involuntary Conversions) To be filed with Form 1040, 1041, 1065, 1120, etc.—See Separate Instructions 19**82**

	10 00 111	ed with LOLD TOA	0, 1041, 1003, 11/	cu, etc.—see	Sebarate inztro	COOLE	31
Name(s) as shown on return					Id	entifying number	
	INSOLVENT F	'ARMER'S TRU	STEE				
Than Casi Note: Use	Exchanges of Pualty and Theft Form 4684 to reg you sold properlable for recapture	-Property He	eld More Than conversions from	1 Year (Ex	cept for Cer	tain Livestock)	s From Other
a. Kind of property and description	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price minus expense of sale	e. Deprecia- tion allowed (or allow- able) since acquisition	f. Cost or other basis, plus improvements	g. LOSS (f minus the sum of d and e)	h. Qare (d plus e minus f)
1 160 acres	3/8/79	3/1/82	352,00		444,000	92,000	
80 acres	3/1/75	371782	160,000		140,000		20,000
Improvements	6/15/77	3/1/82	150,000		115,000		35,000
2 (a) Gain, if any, from (b) Section 1231 gai 3 Gain, if any, from line	n from installmei	nt sales from Fo			d theft		
4 Add lines 1 through 3	3 in column g an	d column h	<i>.</i>			(92,000)	55,000
5 Combine line 4, colun (a) For all except part (1) If line 5 is a (2) If line 5 is zer (b) For partnership r	tnership returns: gain, enter the g ro or a loss, enter	ain as a long-ten	m capital gain on line 6.	Schedule D	. See instructi	on E.	(37,000)
	Gains and Losse		ne 3 above, on s	schedule v (FORM 1065), I	me 8.	· · · · · · · · · · · · · · · · · · ·
e. Kind of property and description	b. Date ecquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price minus expense of sale	e. Deprecia- tion allowed (or allow- able) since acquisition	f. Cost or other basis, plus improvements	g. LOSS (f minus the sum of d and e)	h. GAIN (d plus e minus f)
6 Loss, if any, from lin 7 Gain, if any, from line 8 (a) Net gain or (loss)	25, Part III on be		24a			37,000	69,600
(b) Ordinary gain fro 9 Other ordinary gains a				28 	· · · ·		
***************************************					***************************************		
***************************************					***************************************		
10 Add lines 6 through 9	in column g an	d column h				(37,000)	69,600
11 Combine line 10, colu (a) For all except ind tion F for specific (b) For individual retr	lividual returns: E line reference. urns:	inter the gain or	(loss) from line	11, on the r	eturn being fil	ed. See instruc-	32,600
(1) If the loss on and on line 2 (2) Redetermine	24 of Schedule A	(Form 1040). Id	dentify as from '	"Form 4797,	line 11(b)(1)	<i>"</i>	

For Paperwork Reduction Act Notice, see page 1 of separate instructions.

363-189-1

32,600 Form **4797** (1982)

Form 1040, line 15

_	m 4797 (1982)				Page
Pa	Gain From Disposition of Property Under Season Skip lines 20 and 21 if you did not dispose of farm property.	•			_
12	Description of sections 1245, 1250, 1251, 1252, 1254, and	1255 property:		Date acquired (mo., day, yr.)	Date sold (mo., day, yr.)
_	(A) Farm Machinery				
	(B)				
	(C)				
_	(D)				
1	Relate lines 12(A) through 12(D) to these columns ▶ ▶ ▶	Property (A)	Property (B)	Property (C)	Property (D)
13	Gross sales price minus expense of sale	177,000			
14	Cost or other basis	.192,000			
15	Depreciation (or depletion) allowed (or allowable)	84,600			
	Adjusted basis, subtract line 15 from line 14	107.400			
<u>17</u>	Total gain, subtract line 16 from line 13	69,600			
10	If section 1245 property: (a) Depreciation allowed (or allowable) after applicable				
	date (see instructions)	80,000			
10	(b) Enter smaller of line 17 or 18(a)	69,600		i-	
.,	enter zero on line 19(f).) (a) Additional depreciation after 12/31/75				
	(b) Applicable percentage times the smaller of line 17 or				
	line 19(a) (see instruction G.4)				
	(c) Subtract line 19(a) from line 17. If line 17 is not more			1	
	than line 19(a), skip lines 19(d) and 19(e)				• • • • • • • • • • • • • • • • • • • •
	(d) Additional depreciation after 12/31/69 and before				
	1/1/76				**
	(e) Applicable percentage times the smaller of line 19(c)	1	ł l		
	or 19(d) (see instruction G.4)				
20	(f) Add lines 19(b), and 19(e)				
	(a) If farmland, enter soil, water, and land clearing expenses for current year and the four preceding years. (b) If farm property other than land, subtract line 18(b) from line 17; if farmland, enter smaller of line 17 or 20(a)				
	(c) Excess deductions account (see instruction G.5) (d) Enter smaller of line 20(b) or 20(c)				
21	If section 1252 property:				
	(a) Soil, water, and land clearing expenses				
	(b) Amount from line 20(d), if none enter zero				
	(c) Subtract line 21(b) from line 21(a). if line 21(b) is				
	more than line 21(a), enter zero				
	(d) Line 21(c) times applicable percentage (see instruc-				
	tion G.5)				
	(e) Subtract line 21(b) from line 17				
22	(f) Enter smaller of line 21(d) or 21(e)				
	(a) Intangible drilling and development costs deducted				
	after 12/31/75 (see instruction G.6)	·			
23	if section 1255 property:				
	(a) Applicable percentage of payments excluded from income under section 126 (see instruction 0.7). (b) Enter the smaller of line 17 or 23(a).				
Si	mmary of Part III Gains (Complete Property columns	(A) through (D)	through line 23	(b) before going	g to line 24)
				(J) D (10)	69,600
	Total gains for all properties (add columns (A) through (D) Add columns (A) through (D), lines 18(b), 19(f), 20(d), 21(f)			n Part II. line 7	69,600
	Subtract line 25 from line 24. Enter the portion from casual				
_~	from other than casualty and theft on Form 4797, Part I, lin	•3			-0
	Part IV Complete this Part Only if You Elect Out of	the installment	Method And Rep	ort a Note or O	ther Obligation
	at Less Than Full Face Value				
_	Check here if you elect out of the installment method.				
	Enter the face amount of the note or other obligation	>		********	
_	Enter the percentage of valuation of the note or other				
_					

1984]

ALTERNATIVE TWO

Alternative Two discusses the tax impact on Insolvent Farmer and his Bankruptcy Trustee of electing to divide his individual tax year into two short years. The first short year ends on February 28, 1982 (Short Year A). His second short tax year begins on March 1, 1982, and ends on December 31, 1982 (Short Year B).

In Short Year A, Insolvent Farmer has farm income from the sale of his feeder cattle of \$28,000.00. He has \$85,000.00 of income from the sale of grain. Insolvent Farmer paid \$40,000.00 of interest to his friendly banker. He is entitled to take two months' depreciation on his farm machinery in the amount of \$4,600.00. Thus, Insolvent Farmer's net farm income on Schedule F for Short Year A is \$68,400.00.

Insolvent Farmer's net operating loss carryover can be used to offset this \$68,400.00 of income. Thus, in Short Year A, Insolvent Farmer does not have any income tax. However, Insolvent Farmer does have self-employment tax of \$3,029.00.

After Insolvent uses \$68,400.00 of his net operating loss carryover, he has the following net operating losses to transfer to his Trustee.

1979 \$ 4,600.00 1980 95,000.00 1981 123,000.00

In Short Year B, Insolvent Farmer has his \$11,000.00 of salary income on which income tax has been withheld. He has no additional taxes to pay.

The Trustee's income tax return for 1982 shows Schedule F income of \$160,000.00 from the sale of the remaining grain on hand. The Trustee's net farm income is \$160,000.00 and is reported on line 19 of Form 1040.

The Trustee liquidates Insolvent's farmland. Tract A generates a \$92,000.00 loss. Tract B and its improvements generate gains of \$20,000.00 and \$35,000.00, respectively. The net result is a loss for the estate of \$37,000.00. Since these farm assets are used in a trade or business, their sale is reported on Part I of Form 4797. The resulting loss is ordinary and transferred to Part II of Form 4797 and helps offset some of the gain from the sale of farm machinery.

The Trustee recognizes Section 1245 gain from the disposition of Insolvent's farm machinery. Form 4797, Part II, shows the gain to be \$69,600.00. Remember the basis in this machinery was reduced by \$4,600.00, which Insolvent depreciated on his Short Year A return. This gain is offset by the loss from the sale of Section 1231 assets of \$37,000.00. The net gain on Form 4797 is \$32,600.00. This gain is reported on line 15 of Form 1040.

The bankruptcy estate receives Insolvent's \$15,000.00 capital loss carryover

[Vol. 2

reported on Schedule D. Only \$1,500.00 of that capital loss may be used to offset the Trustee's income, since the Trustee's income must be figured as a married individual filing a separate return. This loss is transferred to line 13 of Form 1040.

Insolvent Farmer's Trustee has \$191,100.00 of income which can be offset by the bankruptcy administrative expenses of \$40,000.00 and Insolvent's net operating loss carryover. These carryovers are used as follows:

1979	\$ 4,600.00
1980	95,000.00
1881	50,500.00

As a result of using the net operating loss carryovers to offset the Trustee's income, there is no tax due on the liquidation of his bankruptcy estate. The Bankruptcy Trustee does, however, have to pay \$2,000.00 of investment credit tax recapture as shown on Form 4255.

At the end of 1982, under alternative Two, the taxes paid by the taxpayers on their various years are as follows:

- A. Insolvent Farmer paid self-employment tax of \$3,029.00 on Short Year A.
 - B. During Short Year B, Insolvent paid income tax based on his salary.
- C. The Bankruptcy Trustee paid \$2,000.00 of investment credit recapture tax.

The Bankruptcy Trustee ends his tax year with the following tax attributes to be reduced as discharge of indebtedness income is excluded under Section 108:

YEAR	Unused Net Operating Loss Carryover (NOL)	Unused Invest- ment Tax Credit (ITC)	Unused Capital Losses
1981	\$72.500	\$ 200	\$ -0-
1980	\$72,500 -0-	\$ 800 2,500	12,000
1979	-0-	5,000	-0-
1978	-0-	4,000	- 0-
TOTALS	\$72,500	\$12,300	\$12,000

Insolvent Farmer had \$191,000.00 of debt which was discharged in bankruptcy. \$30,000.00 of that debt is related to unpaid feed bills. If paid, these bills would be a deduction. The discharge of this indebtedness does not give

165

rise to discharge of indebtedness income.⁶² Thus, Insolvent Farmer has \$161,000.00 of discharge of indebtedness income excluded pursuant to Section 108 from his income.

The excluded income must now be used to reduce the tax attributes of the debtor in accordance with Section 108(b)(2). The reduction of these tax attributes is as follows:

- A. Net operating loss carryovers are the first tax attributes of Insolvent Farmer's estate which must be reduced. The estate has \$72,500.00 of net operating loss carryovers. The reduction of this tax attribute leaves \$88,500.00 of discharge of indebtedness income that has not been reduced.
- B. Tax credit carryovers are the second tax attribute which must be reduced. Insolvent Farmer's estate has \$12,300.00 of unused investment credit carryovers. Each fifty cents of credit offsets one dollar of excluded debt discharge income. Thus, the estate's investment credit carryover will offset \$24,600.00 of discharge of indebtedness income. This leaves Insolvent Farmer's estate with \$63,900.00 of excluded discharge of indebtedness income.
- C. Insolvent Farmer has capital losses of \$12,000.00 which must be reduced to the extent he has excluded discharge of indebtedness income. Once this tax attribute is reduced to zero, Insolvent's estate still has \$51,900.00 of discharge of indebtedness income which has been excluded from 1982 income per Section 108(a).

Insolvent Farmer receives none of his prior tax attributes from his Bankruptcy Trustee at the termination of his case. Thus, he goes into 1983 with no tax attributes which can be used to shelter his 1983 income.

⁶²I.R.C. § 108(e)(2)(1982). Section 176 of the Tax Reform Act of 1984 states that gains from the sale of I.R.C. section 1231 trade or business assets are treated as ordinary income up to post-1981 section losses in the five most recent preceding taxable years. A gain or loss under section 1231 is defined as a taxpayer's recognized gain or loss from the compulsory or involuntary conversion of property used in a trade or business. A gain or loss under section 1231 also includes a gain or loss recognized from the compulsory or involuntary conversion of capital assets held for the long-term holding period and used in a trade or business or in a transaction for profit. These capital assets must meet the trade or business or transaction entered into for profit requirements in order to be included as section 1231 property. If after netting all section 1231 gains and losses there is a net section 1231 gain, a five year lookback rule applies which serves to recharacterize the current taxable year's net section 1231 gain as ordinary income to the extent of the net section 1231 losses in the lookback period. This rule applies for the tax years after 1984. The lookback period is for five years but begins only with tax years beginning after 1981.

1)40 	Departs U.S.	nent of the Treasury—Internal Revenue Service 1982 PROBLEM I,			
For the :	rear Januar		ember 31, 1982, or other tax year beginning 3/1 , 1982, ending 12/31		. OMB No. 1545	
Use	Your first B	AME AND	initial (if joint return, also give spouse's name and initial) Last name	Your so	cial security nur	mber
IRS label.	1	INSOL	VENT FARMER'S TRUSTEE	Convent	social security	
Other-			ss (Number and street, including apartment number, or rural route)	Spouse 1	i security	110-
wise, please			hment to 1041 ffice, State and ZIP code Your occupation		<u> </u>	
print	City, town	er post 4	Spouse's occupation			
or type.	5.5		10	Note:	Checking "Yes"	" wil
Presiden Election	tiai Campaign	Do	rou want \$1 to go to this fund?	duce	crease your tax your refund.	UI 10
LIECCIOII	ognipoign	1	Single For Privacy Act and Paperwork Red	uction Act	Natice, see Instru	ctions
Filing	Status	2	Married filing joint return (even if only one had income)			
Check o		3	Y Married filing separate return. Enter spouse's social security no. above and full name here	▶		
one box.	·	4	Head of household (with qualifying person). (See page 6 of instructions.) If the	qualifyir	ig person is you	ur un
	1		married child but not your dependent, enter child's name			
		5	Quanty mig who were yet		6 of Instructions	
Exempl	tions	6a	X Yourself 65 or over Blind	} be	oxes checked n 6a and b 📂	1
Always		15	Spouse 65 or over Blind) E	nter number	
the box	labeled	c	First names of your dependent children who lived with you	of	ted on 60	
Yourself Check C	ther	·	[[3] Number of [4] Did dependent [(5) Did you pro	wide	_	
boxes if		d	Other dependents: (1) Rame (2) Relationship (3) Number (4) Bave income of expendent's supplied in your home (31,000 or more) dependent's supplied in your home (4) 1,000 or more)	port? of	nter number I other	
apply.					ependents >	
					ntered in	1
		•	Total number of exemptions claimed		oxes above >	
lacome		7	Wages, salaries, tips, etc	8		
-	1	8	Interest income (attach Schedule B if over \$400 or you have any All-Savers interest)	7000		
Please a Copy B	of your		Dividends (attach Schedule B if over \$400), 9b Exclusion	9c		
	W-2 here.		Subtract line 9b from line 9a			l —
If you d a W-2,	o not have	10	ducted those taxes in an earlier year—see page 9 of Instructions)	10		
page 5	of	11	Alimony received	11		
instruct	ions.	12	Business income or (loss) (attach Schedule C)	12	(2. 500)	
		13	Capital gain or (loss) (attach Schedule D)	13	(1,500)	 -
		14	40% capital gain distributions not reported on line 13 (See page 9 of Instructions)	15	32,600	
		15	Supplemental gains or (losses) (attach Form 4797)	1 -	32,000	_
		16				
		17a	Other pensions and annualties, rotal reconstruction	17b		<u> </u>
1			Taxable amount, if any, from worksheet on page 10 of instructions	18		
⊢		18	Farm income or (loss) (attach Schedule F)	19	160,000	.
Please		20.	Unemployment compensation (insurance). Total received 20a	_ //////		1
attach or mon	check ev		Taxable amount, if any, from worksheet on page 10 of Instructions	20b		·
order t		21	Other income (state nature and source—see page 10 of instructions) Admir. Exp.		(40,000)	
		1	NOL carryoyer Total income. Add amounts in column for lines 7 through 21	21	(150,000)	-
		22		111111	1,000	i
& al inva	4	23	Modifie expense (acrecil form 2202 of 2202)	- ////		1
to in	tments	24	Employee business expenses (attach Form 2106)	- ////		1
	-AITO	25	11 ()		1	1
(See Instruc		26	Payments to a Keogh (H.R. 10) retirement plan	_/////	ļ	
tions o	NO.	27	Penalty on early withdrawal of savings	-\		1
h-ta y	~	28	Alimony paid	-\		1
		29	Deduction for a married couple when both work (at-			1
		1	tach Schedule W)	-\		1
		30	Disability income exclusion (attach Form 2440) [30]	- <i> </i> - 31	-0-	1
4.47	4-4	31	Total adjustments. Add lines 23 through 30	1	i	1
Adjus	ilea Lincome		Adjusted gross income. Subtract line 31 from line 22. If this line is less that \$10,000, see "Earned Income Credit" (line 62) on page 15 of Instructions If you want IPS to (incure your tax, see page 3 of instructions.	32	1,000	

REPORT ON TAX ASPECTS OF FARMERS IN BANKRUPTCY

Form 1040 (19	82)				Page 2
Tax	33	Amount from line 32 (adjusted gross income)	33	1,000	-
Compu-	34a	If you itemize, complete Schedule A (Form 1040) and enter the amount from Schedule A, line 30	34a	-0-	-
tation		Caution: If you have unearned income and can be claimed as a dependent on your			
		parent's return, check here \(\bigcup \] and see page 12 of the instructions. Also see page 12 of the instructions if:			l l
(See Instruc-		You are married filing a separate return and your spouse itemizes deductions, OR			Į.
tions on		● You file Form 4563, OR • You are a dual-status alien.		ł	i
page 12)	34b	If you do not itemize, complete the worksheet on page 13. Then enter the allowable			i i
		part of your charitable contributions here	<u>34b</u>	-0-	-
	35	Subtract line 34a or 34b, whichever applies, from line 33	35	1,000	-
	36	Multiply \$1,000 by the total number of exemptions claimed on Form 1040, line 6e	36	1,000	-
	37 38	Taxable Income. Subtract line 36 from line 35	37	-0-	-
	35	Tax. Enter tax here and check if from Tax Table, Tax Rate Schedule X, Y, or Z,		+0-	}
	39	or Schedule G	38	-0-	-
	39	Additional Taxes. (See page 13 of instructions.) Enter here and check if from Form 4970, Form 4972, Form 5544, or section 72 penalty taxes	39	-0-	-[
	40			-0-	
		Total. Add lines 38 and 39	40	-0-	┼
Credita	41	Credit for the elderly (attach Schedules R&RP)			1
•	42	Foreign tax credit (attach Form 1116)			1
(See Instruc-	43	Investment credit (attach Form 3468)			1
tions on	44	Partial credit for political contributions			1
page 13)	45	Credit for child and dependent care expenses (Form 2441/. 45			1
	46	Jöbs credit (attach Form 5884)			1
	47	Residential energy credit (attach Form 5695) 47			
	48	Other credits—see page 14 >			
	49	Total credits. Add lines 41 through 48	49	-0-	-
	50	Balance. Subtract line 49 from line 40 and enter difference (but not less than zero) . >	50	-0-	-
Other	51	Self-employment tax (attach Schedule SE)	51		-
Taxes	52	Minimum tax (attach Form 4625)	52		_
	53	Alternative minimum tax (attach Form 6251)	53	- 1 000	
(Including Advance	54	Tax from recapture of investment credit (attach Form 4255)	54	2,000	_
EIC	55	Social security (FICA) tax on tip income not reported to employer (attach Form 4137) .	55		_
Payments)	56	Uncollected employee FICA and RRTA tax on tips (from Form W-2)	56	<u></u>	_
	57	Tax on an IRA (attach Form 5329)	57		_
	_58	Advance earned income credit (EIC) payments received (from Form W-2)	58	<u></u>	_
06	59	Total tax. Add lines 50 through 58	59	2,000	ـــــــــــــــــــــــــــــــــــ
Payments	60	Total Federal income tax withheld		Į	
t aymente	61	1982 estimated tax payments and amount applied from 1981 return . 61		ļ	ı
Attach Forms W-2,	62	Earned income credit. If line 33 is under \$10,000, see			1
W-2G, and	1	page 15 of Instructions)
W-2P	63	Amount paid with Form 4868			1
to front.	64	Excess FICA and RRTA tax withheld (two or more employers) . 64			1
	65	Credit for Federal tax on special fuels and oils (attach			
		Form 4136)			1
	66	Regulated Investment Company credit (attach Form 2439) 66			
	67	Total. Add lines 60 through 66	67		<u> </u>
Refund or	68	If line 67 is larger than line 59, enter amount OVERPAID	68		_
Amount	69	Amount of line 68 to be REFUNDED TO YOU	69		_
You Owe	70	Amount of line 68 to be applied to your 1983 estimated tax > 70		1	1
ION OME	71	If line 59 is larger than line 67, enter AMOUNT YOU OWE. Attach check or money order for full amount			
		payable to Internal Revenue Service. Write your social security number and "1982 Form 1040" on it.	71	2,000	
	<u> </u>	(Check ▶ ☐ if Form 2210 (2210F) is attached. See page 16 of Instructions.) ▶ \$			
Disease	Und	or penalties of perjury, I declare that I have examined this return, including accompanying schedules yellowledge and belief, It is true, correct, and complete. Declaration of preparer (other than taxpaye h preparer has any knowledge.	and stat	tements, and to	the best
Please	whic	h preparer has any knowledge.	.,		
Sign		i			_
Here	 	our signature Date Spense's signature (if filing	Jointly, I	JOTH must sign)	
Paid	Prep	arer's Date Check if self-em-	Prep	arer's social sec	nuith uer
Preparer's	sign	ployed >	<u> </u>		
Use Only	Firm	's name (or E.I. No.)	<u> </u>		
•	and	s, if self-employed) ZIP code	•		
∯ U.S. GOVERNMEN	T PRINTIN	G OFFICE : 1M2-0-383-052		36	3-062-2

[Vol. 2

PROBLEM I, ALT. TWO

SCHEDULE F (Form 1040)	Farm	ncome and	Expenses		OMB No. 1545-0	
Department of the Treasury Internal Revenue Service		o Form 1040, Form 10 structions for Schedul			1982	2
Name of proprietor(s)				Social securi	ty number	
	INSOLVENT FARMER					
Farm name and address	-		Em	ployer identificat	ion number	1
Part I Farm Inc	come—Cash Method		Part II Farm D	eductions—(Cash	
Do not i	include sales of livestock hel	for draft, breeding,	1	crual Method		الما
	dairy purposes; report these		Do not include per taxes, insurance, rep			
a, Description	b. Amount	c. Cost or other basis	not produce farm in farm deductions by	come. Reduce	the amount of	your
	105,000	77,000	the deduction below.		Hent Deloie ent	ering
			İtems		Amount	
			32 a Labor hired .			
2 Other items >			b Jobs credit .	_		
			. c Balance (sul	1		
2 Tatala		77,000	32b from line	- 1		
A Profit or (loss) sui	btract line 3, column c, from		_ 33 Repairs, mainter		40 000	
	btract line 3, column c, from	28,000	34 Interest 35 Rent of farm, p	t t	.40,000	i .
	and Produce You Raised and		36 Feed purchased	1		
	Kind	Amount	37 Seeds, plants p			
5 Cattle and calves			. 38 Fertilizers, lime,		******	
6 Sheep			. 39 Machine hire .			t
7 Swine			. 40 Supplies purchas		***************************************	
8 Poultry			. 41 Breeding fees .			
9 Dairy products .			. 42 Veterinary fees,		•••••	
10 Eggs			43 Gasoline, fuel, oii	. 1		
11 Wool			44 Storage, warehou	using		
13 Tobacco	· · · · · · · · · · ·		. 45 Taxes			****
14 Vegetables			47 Utilities			
15 Soybeans			48 Freight, trucking			
16 Com		85,,000	. 49 Conservation exp			
17 Other grains			. 50 Land clearing exp	penses	***************************************	
18 Hay and straw			51 Pension and pr	ofit-sharing		
19 Fruits and nuts			plans			
20 Machine work			52 Employee benefit			
21 a Patronage divide b Less: Nonincome			other than line 5	1-44		
c Net patronage d			53 Other (specify)	T		
22 Per-unit retains						
	ons from exempt cooperatives		***************************************		*****	
24 Agricultural program	m payments: a Cash					
b Materials and sec						
	under election (or forfeited)					
26 Federal gasoline to				ines 32c	40,000	
27 State gasoline tax re 28 Crop insurance pro-			through 53) . 55 Depreciation, inc	1		
			tion 179 expense	1		
			(from Form 456		4.600	
	lumn for lines 5 through 29 .		56 Total deductions	(add lines	// (00	
	lines 4 and 30) ▶	113,000	54 and 55)		44,600	<u> </u>
Part I, line 1. If a loss,	loss) (subtract line 56 from line 31) go on to line 58, (Fiduciaries and pa	rtnerships, see the instruc	tions.)	. 57	68,400	<u> </u>
58 If you have a loss,	do you have amounts for which	h you are not "at risk	" in this farm (see insti		· 🔲 Yes 🗆] No
	o," enter the loss on Form 1040 or optional method of computing ne			Part II Jice 4 \		
	ion Act Notice, see Form 1046		yment. (one otherwis SE, F	ar. 11, 11/18 4.)	363-	068-1

REPORT ON TAX ASPECTS OF FARMERS IN BANKRUPTCY

£ 10	140		ment of the Treasury—Internal Revenue Service Individual Income Tax Return				
For the y	ear Janua		sember 31, 1982, or other tax year beginning 1/1 1982, ending 2/2	8	. 19 g	2. OMB No. 15	45-0074
Use IRS	Your first	name an	initial (if joint return, also give spouse's name and initial) ENT FARMER	Ì		social security n	
label. Other-	Present ho	ome addr	ss (Number and street, including apartment number, or rural route)		Spouse	e's social securit	y no.
wise, please			ter Street				
print	•	-	ffice, State and ZIP code Your occupation	<u> </u>			
or type.		endi	hrift, IL 61701 Spouse's occupati	en 🕨			
Presidenti Election C			rou want \$1 to go to this fund?	- No	l not	e: Checking "Ye increase your ta e your refund.	
Filing S	tatus	1	X Single For Privacy Act and Paperwo	ork Redu	ction A	ct Notice, see Inst	ructions.
Check on		2	Married filing joint return (even if only one had income)				
one box.	,] A	Married filing separate return. Enter spouse's social security no, above and full name				
		7	Head of household (with qualifying person). (See page 6 of Instructions.)	if the d	qualify	ing person is y	our un-
		5	married child but not your dependent, enter child's name ▶ Qualifying widow(er) with dependent child (Year spouse died ▶ 19		 (Saa na	ne 6 of Instruction	 ne)
		6a	Y 1			Enter number of	
Exempti	ons	Ь		ind ind	- 5	boxes checked on 6a and b	1
Always ct			First names of your dependent children who lived with you	ina		Enter number	\vdash
the box la Yourself.	beled	`	inst haines of your dependent contains who had with you	••••••		of children listed on 6c 🕨	
Check of		<u> </u>	Other dependents: (2) Palationship months lived have become of more the	you prov	ide		
boxes if t apply.	ney		(2) Relationship months lived have income of more tha	n one ha nt's supp	if of	Enter number of other	
					- 1	dependents 🕨	\square
						Add numbers entered in	1
		e	Total number of exemptions claimed	···	<u> </u>	boxes above >	لثا
income		7	Wages, salaries, tips, etc		_7_		-
Please att	ach	8	Interest income (attach Schedule B if over \$400 or you have any All-Savers interest) +	,	8		
Copy B of	your		Dividends (attach Schedule B if over \$400), 9b Exclusion	.i	/////// 9c		
Forms W-			Subtract line 9b from line 9a	• • •	-9c		·
If you do		10	Refunds of State and local income taxes (do not enter an amount unless yo	n qe.	10		1
page 5 of	1	11	ducted those taxes in an earlier year—see page 9 of Instructions) Alimony received		11		
Instruction	ns.	12	Business income or (loss) (attach Schedule C)		12		
		13	Capital gain or (loss) (attach Schedule D)		13		\
		14	40% capital gain distributions not reported on line 13 (See page 9 of Instruc	ctions)	14		
		15	Supplemental gains or (losses) (attach Form 4797)		15		
		16	Fully taxable pensions, IRA distributions, and annuities not reported on line 1	17	16		
		17a	Other pensions and annuities. Total received 17a	<u> </u>	 		1
		ь	Taxable amount, if any, from worksheet on page 10 of Instructions		<u>17b</u>		.
_ ·		18	Rents, royalties, partnerships, estates, trusts, etc. (attach Schedule E)		18	68,400	.
Pleas e		19	Farm income or (loss) (attach Schedule F)	. 🕨	19	00,400	-
attach che	eck .		Unemployment compensation (insurance). Total received 20a		201		
or money order here	e .]	21	Taxable amount, if any, from worksheet on page 10 of Instructions Other income (state nature and source—see page 10 of Instructions)	• • •	20b		·
		~ 1	Other proofine (state nature and source—see bage to of justinoctions)		21	(68,400)
		22	Total income. Add amounts in column for lines 7 through 21	▶	22	-0-	
44:		23	Moving expense (attach Form 3903 or 3903F) 23				
Adjustm		24	Employee business expenses (attach Form 2106) 24				ŀ
to Inco	me	25	Payments to an IRA. You must enter code from page				
(See Instruc-		26					
tions on		27	Payments to a Keogh (H.R. 10) retirement plan				
page 11)		28	Alimony paid				1
		29	Deduction for a married couple when both work (at-				1
			tach Schedule W)	. _			
		30	Disability income exclusion (attach Form 2440) 30				1
		31	Total adjustments. Add lines 23 through 30	. ▶	31		<u> </u>
Adjuste		32	Adjusted gross income. Subtract line 31 from line 22. If this line is less \$10,000, see "Earned Income Credit" (line 62) on page 15 of Instruct	than lions.	,	_	1
Gross I	ncome	<u> </u>	If you want IRS to figure your tax, see page 3 of Instructions		32	-0-	<u></u>

AKRON TAX JOURNAL

[Vol. 2

Form 1040 (19	82)				Pego 2
Tax	33	Amount from line 32 (adjusted gross Income)	33	-0-	
Compu-	34a	If you itemize, complete Schedule A (Form 1040) and enter the amount from Schedule A, line 30	34a		
. •		Caution: If you have unearned income and can be claimed as a dependent on your			
tation		parent's return, check here and see page 12 of the Instructions. Also see			1
(See Instruc-		page 12 of the Instructions if: You are married filing a separate return and your spouse itemizes deductions, OR			1
tions on	l	● You file Form 4563, OR ● You are a dual-status alien.			1
page 12)	34b	If you do not itemize, complete the worksheet on page 13. Then enter the allowable			1
		part of your charitable contributions here	<u>34b</u>		·
	35	Subtract line 34a or 34b, whichever applies, from line 33	35		
	36	Multiply \$1,000 by the total number of exemptions claimed on Form 1040, line 6e	36_		-
	37 38	Taxable Income. Subtract line 36 from line 35	37	0-	
	-	Tax. Enter tax here and check if from Tax Table, Tax Rate Schedule X, Y, or Z, or Schedule G	38	_	1
	39	Additional Taxes. (See page 13 of Instructions.) Enter here and check if from Form 4970,	39		-
	"	Form 4972, Form 5544, or section 72 penalty taxes	7/////		·
	40	Total. Add lines 38 and 39	40	•	
	41	Credit for the elderly (attach Schedules R&RP) 41		-0-	' -
Credits	42	Foreign tax credit (attach Form 1116)			1
(See	43	Investment credit (attach Form 3468)			
Instruc- tions on	44	Partial credit for political contributions			
page 13)	45	Credit for child and dependent care expenses (attach 45 45			i i
•	46	Jobs credit (attach Form 5884)			
	47	Residential energy credit (attach Form 5695) 47		•	Į.
	48	Other credits—see page 14 >			1
	49	Total credits. Add lines 41 through 48	49	_0_	.[
	50	Balance. Subtract line 49 from line 40 and enter difference (but not less than zero) . ▶	50	0_	
Other	51	Self-employment tax (attach Schedule SE)	51	3.029	-
Taxes	52	Minimum tax (attach Form 4625)	52		<u> </u>
	53	Alternative minimum tax (attach Form 6251)	53		
(Including Advance	54	Tax from recapture of investment credit (attach Form 4255)	54		
EIC	55	Social security (FICA) tax on tip income not reported to employer (attach Form 4137) .	55		-
Payments)	56	Uncollected employee FICA and RRTA tax on tips (from Form W-2)	56		-
	57	Tax on an IRA (attach Form 5329)	57		·
06	<u>58</u> 59	Advance earned income credit (EIC) payments received (from Form W-2)	58	2 020	·
-		Total tax. Add lines 50 through 58	59	3,029	┼—
Payments	60 61	Total Total Industrial Control of the Control of th			
Attach	62	1982 estimated tax payments and amount applied from 1981 return . 61 Earned income credit. If line 33 is under \$10,000, see			i
Forms W-2,	62	page 15 of Instructions			
W-2G, and W-2P	63	Amount paid with Form 4868			1
to front.	64	Excess FICA and RRTA tax withheld (two or more employers) . 64			1
	65	Credit for Federal tax on special fuels and oils (attach			
İ		Form 4136)			
	66	Regulated Investment Company credit (attach Form 2439) 66			1
	67	Total. Add lines 60 through 66	67	-0-	
Refund or	68	If line 67 is larger than line 59, enter amount OVERPAID	68		.
Amount	69	Amount of line 68 to be REFUNDED TO YOU	69		.
You Owe	70	Amount of line 68 to be applied to your 1983 estimated tax >			
	71	If line 59 is larger than line 67, enter AMOUNT YOU OWE. Attach check or money order for full amount		3,029	
		payable to Internal Revenue Service. Write your social security number and "1982 Form 1040" on it. > (Check > if Form 2210 (2210F) is attached. See page 16 of instructions.) > \$	71	3,029	7/////
	Unde		1/////////////////////////////////////	ements, and to t	he best
Please	of my which	ir penalties of perjury, I declare that I have examined this return, including accompanying schedules is workledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer preparer has any knowledge.) is base	ed on all informa	etion of
Sign		1			
Here	₹ v	our signature Date Spouse's signature (if filling	jointly, Bi	OTH must sign)	
Daild.	Prepa	Date Check if		rer's social secu	rity no.
Paid Preparer's	signa		۔ . اد		
Use Only	Firm'	s name (or E.I. No.	-		
	and a	address ZIP code			

PROBLEM I, ALT. TWO SHORT YEAR A

SCHEDULE SE	Computation of Social Security Self-Emplo	nyment Tay	OMB No. 1545-007	74
(Form 1040)	-	100	9	
Department of the Treasury Internal Revenue Service	➤ See Instructions for Schedule SE (Form 10 ➤ Attach to Form 1040.	40).	22	_
		security number of		
		nployed person -		
Part Regula	r Computation of Net Earnings from Self-Employment			
1 Net profit or (loss) from Schedule F (Form 1040), line 57 or line 90, and farm partne	rships, Sched-	T	1
ule K-1 (Form 10		1	68.400	
(other than farming Note: If you are religious order, or if you have othe	c) from Schedule C (Form 1040), line 32, and Schedule K-1 (Form 1 ng). See instructions for kinds of income to report. exempt from self-employment tax on your earnings as a minister, r Christian Science practitioner because you filed Form 4361, cheer a earnings of \$400 or more that are subject to self-employment this line.	member of a ck here ▶ □.		
General	al Computation of Net Earnings from Self-Employment by, this part may be used only if: Your gross farm profits were not more than \$2,400, or Your gross farm profits were more than \$2,400 and your net farm p Your net nonfarm profits were less than \$1,600 and less than two-thicutions for other limitations.			
		3	\$1,600	00
	ofor optional methods	· · · · ·	- 41,000	
	I farm partnerships, Schedule K–1 (Form 1065), line 18a, or \$1,600	• •		
smaller		4		<u> </u>
		_		ľ
	om line 3	<u>5</u>	-	
	3, and Schedule K-1 (Form 1065), line 18c (other than farming),			
	rm optional method, the amount on line 5			<u> </u>
Part III Compu	station of Social Security Self-Employment Tax			SE
7 Enter the amount	from Part I, line 1, or, if you elected the farm optional method, Part	t II. line 4 7	68,400	
		_	-0-	
	from Part I, line 2, or, if you elected the nonfarm optional method, I . If less than \$400, you are not subject to self-employment tax. Do	art II, III0 0 .	-	
rest of the sched		9	68,400	
	int of combined wages and self-employment earnings subject to a		870 400	00
or railroad retiren	nent tax for 1982 is	10	\$32,400	-00
b Unreported tips	es from Forms W-2 and RRTA compensation			
RRTA tax .	<u> 116 </u>		اً ———ا	
c Add lines 11a	and 11b	<u>11c</u>	-0-	<u> </u>
12 Subtract line 11c	from line 10	<u>12</u>	32.400	
13 Enter the smaller	of line 9 or line 12	<u>13</u>	32,400	
	00, fill in \$3,029.40 on line 14. Otherwise, multiply line 13 by .0935	and enter the	.0935	
	tax. Enter this amount on Form 1040, line 51	14	3,029	L
rur raperwork Reduc	tion Act Notice, see Form 1040 Instructions.		365	9-071-1

TO U.S. GOVERNMENT PRINTING OFFICE: 1982-0-363-07

AKRON TAX JOURNAL

[Vol. 2

Form 4562 (Rev. September 1982)		OBLEM I, ALT TW tion and An ee separate instruction		tion		OMB No. 1545-0172 Expires 8/31/85
Department of the Treasury Internal Revenue Service		ttach this form to you				67
Name(s) as shown on return INSOL ¹	VENT FARMER				Identifying :	number
Business or activity to which this form relat		······				
Part Depreciation						
Section A Election to expense	recovery prope	rty (Section 179)				
i	A. Class of property			8.	Cost	C. Expense deduction
		~~~				
1 Total (not more than \$5,000), Enter (Form 1065))			nter this am			
Section B Depreciation of reco	very property			,		
A. Class of property	B. Date placed in service	C. Cost or other basis	D. Re- covery period	E. Method of figuring depreciation	F. Per- centage	G. Deduction for this year
2 Accelerated Cost Recovery System	(ACRS) (See instr	uctions):				
(a). 3 year areasety			-	<u> </u>	<del></del>	
(a) 3-year property						
	<del></del>		-	<u> </u>	ļ	
(b) 5-year property			_			
			-			
(c) 10-year property						
(c) To just property			-		ļ	
(d) 15-year public utility property						
	<u> </u>		-			
(e) 15-year real property—low- income housing			_			
			-			
			_			
			-			
(f) 15-year real property other than low-income housing	<del></del>					
_						
			-			
News are an area are a second and a second area.	<u> </u>					
3 Property subject to section 168(e)(2	2) election (See in:	structions):				
***************************************						
***************************************			- /////////////////////////////////////			
***************************************	<del></del>					
	1				ı	I

See Paperwork Reduction Act Notice on page 1 of the separate instructions.

4 Total column G. Enter here and on line 9 . . . . .

363-179-1

Form 4562 (Rev. 9-82)

# REPORT ON TAX ASPECTS OF FARMERS IN BANKRUPTCY

A. Description of property	B. Date acquired	G. Cost or other basis	D. Depreciation allowed or allowable in earlier years	E. Method of figuring depreciation	F. Life or	G. Deduction for this year
5 Class Life Asset Depreciation 6 Other depreciation (See instru		System Depreciat	ion .			
Farm Machinery	Various	192,000	80,000	SL	7	4,600.00
•••	·	<del></del>				
	ļ <del></del>	ļ	-		ļ	
		-				
			~		<u> </u>	<del></del>
			-			
	<del></del>	<del></del>	-			
	<del></del>	<del></del>	-			<del></del>
*****************************			~			
	<del></del>					
***************************************						
	<b> </b>					
***************************************	<del></del>					
***************************************			-			<del></del>
,						
***************************************						
***************************************						
***************************************			-			
***************************************		<del></del>	-			
***************************************			-			
			-[	·		
			-			<del></del>
			<del></del>			
Total column G, Section C .	<u> </u>	· · · · · · ·	<del></del>	<u></u>	<del></del> -	4,600.00
Enter amount from Section A,	line 1 (Partnersh	ips enter zero) .	<u></u> <u></u>	<u></u>	<u></u>	
Enter amount from Section B	, line 4					
				<u> </u>	······	4,600.00
Total—Add lines 7, 8, and 9.  Part II Amortization of pr	operty	the Depreciation	line of your return .	<del>'::</del>	• • • • • • •	4,000.00
A. Description of property	B. Date sequired	C. Cost or other besis	D. Amortization allowed or allowable in earlier years	E. Code section	F. Amorti- zation pe- riod or percentage	G. Amertization for this year
	<del></del>		_	]		
			-			
•••••••••••••••••••••••••••••••••••••••		<del></del>	-			
	<u> </u>	<del></del>	<u></u>		].	

		aa l	U.S. Fiduciary	TWO	w Datum			OMB No. 1845	
	_10	)41		INCUMPE 14 year 1962 or flecal ye					
0	estment of	the Tressury		2, and endingDe		11	82	1 198	Z
=	et maile	able boxes:	Name of estate or trust (Grantor type trus					tification nu	
	T Decedi	ent's estate	INSOLVENT FARMER'S TRUSTEE		<b>'</b>	шр.с.	,	w	
	强 Bankru	uptcy estate mentary trust	Name and title of fiduciary			Nonexer	not charit	ebie and split-	Interest
	전 Genera	ation-skipping trust				trusts c	heck appl	icable boxes	
	Simple	s trust (\$300) ex trust (\$100)	Address of fiduciary (number and street)			struction	ts): cribed in	section 4947(a	0(1)
	딕 Compli	ex trust (\$300)	306 N. Center		j			ted as a privat	
	Granto	y type trust y estate trust	City, State, and ZIP code				dation		
	Pooled	income fund	Spendthrift, IL 61701			☐ Des	cribed in	section 4947(a	(2)
5	eck app	dicable boxes:	X First return X Final return Ancilla	ery return	ended return				—
	-,.		Change in fiduciary's Name						
-	1 D	ividends (Enter	full amount before exclusion)		1	1			T
			(Enter full amount before exclusion)		2				1
			ne or (loss)	: : : : :   <del></del>	3	-			1
	-		other estate or trust		4	*			1
Income			alty income or (loss) from line 44	: : : : : <b>-</b>	5	·			
្ទ	_	-	farm income or (loss) (Attach Schedules C and		6	·			1
=			loss) (Attach Schedule D (Form 1041)) .		7				
			(loss) (Attach Form 4797)	1 1	8			i	
•	_		ate nature of income)		9	•			ł
	10		me (Add lines 1 through 9)			. ▶	10	*	
_	11 10	iterest			11				
					12	-			i
			ction (from line 53)	· · · · ·  -	13	-			1
	I				14	-			1
			tent, and return preparer fees		15	-			1
			(Attach a separate sheet listing deduction		16	-			ĺ
ē	17		d lines 11 through 16)	,		<del></del>	17		l
Deductions	,		from line 10		• • • • • •	•	18		<u> </u>
ğ			ion deduction (from line 68) (See specific inst		dula K 1 Maria 1841	· · · · · ·	19		
ŏ							20		
			terest exclusion (See instructions)			!	21		
	22 1	ensitem sesitel	ction (Attach computation) , l gain deduction from Schedule D (Form 10	412 (05-4		!	22	**************	
							23		
	24		d lines 10 sharpers 22)				24		├─
		on) issu: o emocoli eldexe	d lines 19 through 23)				25 -	<del>,</del>	┢
_	1		hedule b Other tax				26c	·	<del> </del>
			tax b Investment				27d		1-
			fuel; b Monconventional fuel				28d	*************	
ž	29		d lines 27d and 28d)			. >	29		_
5	_		t line 29 from line 26c)				30	****	
	31 T	ex from: a Form	4255 b Form	4626		en - 1	31c		
Computation			num tax (Attach Form 6251)				32		
ş	33		d lines 30 through 32)				33		
Ē			e instruction for line 34)				34		-
ē			tax: a Previously paid;				35c	**********	
٠	36		d lines 34 and 35c)				36		_
			e (Subtract line 36 from line 33) (See Instr				37	2,000	
		verpayment (Su	btract line 33 from line 36)	<u> </u>			38		
<b>31</b> 0	288	Under penaltie	is of perjury, I declare that I have examined this is belief, it is true, correct, and complete. Declaratings.	return, including acco	mpanying schedules	and stat	oments, s	nd to the bee	l of my
Sig		has any knowle	idge.	busharar (acual)	Men Novciery) IS 800		austrier	nem et europi l	-upartr
Her		<b>           </b>	· ·		▶				
		Signature of	filduciary or officer representing fiduciary		Date				
Pair		Preparer's		Date	Check if		Preparer'	s social secu	rity no.
	a Darer's	signature			ployed				
	Only	Firm's name (c yours, if self-e	mployed)		E.I. No.				
_		and address			ZIP code	▶			
For	Privac	y Act and Papers	work Reduction Act Notice, see page 1 of the	Instructions.				rem 1041	(1962)

#### REPORT ON TAX ASPECTS OF FARMERS IN BANKRUPTCY

175

SCHED	ULE D
(FORM	1040)

PROBLEM I, ALT. TWO

Capital Gains and Losses (Examples of property to be reported on this Schedule are gains and losses on stocks, bonds, and similar investments, and gains (but not losses) on personal assets such as a home or jeweiry.)

Attach to Form 1040.

See Instructions for Schedule D (Form 1040).

19**82** 

	Attach to	Form 1040.	P 000 mon action	AIS IOI SCIRGO	ile D (Form 104	· · · · · · · · · · · · · · · · · · ·	14	
ame(s) as shown on Fo	orm 1040	VENT BANKRI	JPT'S TRUSTE	E		Your s	ocial security nu	mbe
Part   Short-	term Capital Gain				ess		<u> </u>	ī
Kind of property and ription (Example, 100 sha 7% preferred of "Z" Co	<del></del>	c. Date sold (Mo., day, yr.)	d. Gross sales price less expense of sale	1 - 5-4	her 6.10	e) is more abtract (d)	g. CAIN if column (d) is than (e) subtrac from (d)	moi ct (e)
		<u> </u>	-	-				Т
· · · · · · · · · · · · · · · · · · ·	_	<del></del>						1
								1
				_				
				_				. _
		·	_	_				. _
			_					. _
			_	-				- _
		-		-				- -
				-		—		- -
		<u> </u>		<del></del>	<del></del>			- -
	or exchange of a pri				2a			
	s 7 or 11			' ' ' '  -	2b			╌
	tal gain from install			21 07 29 .  -	3	ana aman		┢
	gain or (loss) from			[-	4 (	-		╌
	ough 3 in column f			or (loss)		5		╌
Combine line 4.	column f and line 4	, column g and e	enter the net gain	or (ioss)		•		- -
			-!4 1050					1
Short-term capi Net short-term (	tal loss carryover fi gain or (loss), comb term Capital Gain:	ine lines 5 and 6	<u> </u>	• • • • •	e Year	: 6		1
Short-term capit Net short-term part il Long-t	gain or (loss), comb	ine lines 5 and 6	<u> </u>	• • • • •	e Year	• —		<u> </u>
Short-term capi Net short-term part il Long-t	gain or (loss), comb	ine lines 5 and 6	<u> </u>	• • • • •	e Year	• —		<u> </u>
Short-term capi Net short-term part il Long-t	gain or (loss), comb	ine lines 5 and 6	<u> </u>	• • • • •	e Year	• —		<u> </u>
Short-term capi Net short-term part il Long-t	gain or (loss), comb	ine lines 5 and 6	<u> </u>	• • • • •	e Year	• —		
Short-term capi Net short-term part il Long-t	gain or (loss), comb	ine lines 5 and 6	<u> </u>	• • • • •	e Year	• —		
Short-term capit Net short-term part il Long-t	gain or (loss), comb	ine lines 5 and 6	<u> </u>	• • • • •	e Year	• —		
Short-term capi Net short-term part il Long-t	gain or (loss), comb	ine lines 5 and 6	<u> </u>	• • • • •	e Year	• —		
Short-term capit Net short-term part il Long-t	gain or (loss), comb	ine lines 5 and 6	<u> </u>	• • • • •	e Year	• —		
Short-term capit Net short-term part il Long-t	gain or (loss), comb	ine lines 5 and 6	<u> </u>	• • • • •	e Year	• —		
Short-term capit Net short-term part il Long-t	gain or (loss), comb	ine lines 5 and 6	<u> </u>	• • • • •	e Year	• —		
Short-term capi Net short-term part il Long-t	gain or (loss), comb	ine lines 5 and 6	<u> </u>	• • • • •	e Year	• —		
Short-term capi Net short-term o	gein or (loss), comb	ine lines 5 and 6	-Assets Held M	ore Than One	e Year	• —		
Short-term capi Net short-term : Part II Long-t	gein or (loss), comb	ine lines 5 and 6 s and Losses—	-Assets Held Mo	ore Than One	e Year	• —		
Short-term capi Net short-term :  Part II Long-t  Long-t  Gain from sale from Form 211:	gain or (loss), comb	rincipal residence	-Assets Held M	ore Than One		• —		
Short-term capi Net short-term :  Part II Long-t  a Gain from sale from Form 211 b Long-term capit	gein or (loss), comb	ine lines 5 and 6 s and Losses—  rincipal residence 18	-Assets Held Mo	n one year,	9a	• —		
Short-term capi Net short-term i Part II Long-t  a Gain from sale from Form 211: b Long-term capit Net long-term capit	gain or (loss), comb	ine lines 5 and 6 s and Losses  rincipal residence 18	-Assets Held Mo	n one year,	9a 9b	• —		
Short-term capi Net short-term gart II Long-t  a Gain from sale from Form 211: b Long-term capit Net long-term gart Add lines 8 thro	or exchange of a py stines 7, 11, 16 or all gain from installingaln or (loss) from	rincipal residence 18	-Assets Held Mo	n one year,	9a 9b	. 12		
Short-term capi Net short-term is Part II Long-t  a Gain from sele from Form 21): b Long-term capi Net long-term is Add lines 8 thro Combine line 13	or exchange of a pigning from install gain or (loss), comb	rincipal residence 18	-Assets Held Mo	n one year,	9a 9b	. 7		
Short-term capi Net short-term is Part II Long-t  a Gain from sale from Form 211: b Long-term capit Net long-term capit Add ling-term the Combine line 11: Capital gain did	or exchange of a popular gain or 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10 to 10	rincipal residence 18	Assets Held More than the held more than form 6252, line and fiduciaries and enter the net go	n one year,	9a 9b	. 7		
Short-term capi Net short-term i Part II Long-t  a Gain from sele from Form 211: b Long-term capit Net long-term capit Net long-term capit Combine line 1: Capital gain de Enter gain from	or exchange of a p. 9, tines 7, 11, 16 or all gain from installing gain or (loss) from bugh 10 in column f and line stributions	rincipal residence 18	Assets Held Mo	n one year,	9a 9b 10 11 (	. 7		
Short-term capi Net short-term ( Part II Long-t  a Gain from sele from Form 211: b Long-term capit Net long-term capit Net long-term ( Combine line 1) Capital gain di Enter gain from Enter your shar	or exchange of a piggin from installing gain or (loss) from ungh 10 in column f 1, column f and line stributions	rincipal residence 18 ment sales from partnerships are and column g. 11, column g ar. 5(a)(1) gain from small	Assets Held Mo	n one year,	9a 9b 10 11 (	) 12 14 15 16		
Part II Long-t  Ba Gain from sale from Form 211:  b Long-term capi  Add lines 8 thro  Combine lines 1:  Capital gain del terr gain from 5 enter your share 5 Combine lines 5 Long-term capi  Long-term capi  Long-term capi  Long-term capi  Long-term capi  Long-term capi	or exchange of a piggin from installing gain or (loss) from sugh 10 in column f and line stributions	rincipal residence 18	Assets Held Money than the held more than form 6252, line and fiduciaries and enter the net go business corpora	ore Than One	9a 9b 10 11 (	. 7	( 15,000 ( 15,000	

For Paperwork Reduction Act Notice, see Form 1040 instructions

363-066-1

£ 10	)40			ressury—internet al income 1			2	PROBLE	м т. а	LT. T	wo s	SHORT YE	AR A
For the y	ear Janua			32, or other tax ye		3/1		, ending	12/3		19		1545-0074
Use IRS label.	INSC	LVEN	FARMER	return, also give spou			Las	t name		_ _		cial security	
Other- wise, please	13 Gu	tter	Street	street, including aper	tment number, or	fural route)				Sp	ouse's	social secu	rity no.
print			Mice, State and 2					Your occ	upation	<b>A</b>			
or type.	Spend	thri	t, IL 61	.701				Spouse's	occupation				
President Election	ial Campaign	Do If je	rou want \$1 i int return, do	to go to this fun ses your spouse	d? want \$1 to go	to this fund?		Yes		No	not inc duce y	rease your our refund.	
Filing S	Status	1	X Single			Ĺ	For Priv	acy Act and	d Paperworl	k Reduction	n Act	Notice, see In	structions.
Check on		2	<del></del> i	ed filing joint ret	•	•		•					
one box.	,	1 4		filing separate re									
		*		of household (v							lifyin	g person is	your un-
		5	marrid	ed child but not ying widow(er)	your depende	ent, enter chi ent child (Yes	id's na	ıme ▶	► 10			6 of instruct	ione 1
-		6a	X Yours			65 or over	<u></u>	1	Blin		) Ent	ter number o	<u>,                                    </u>
Exempti	ons	ь	Spous			65 or over		-	Blin		} box	kes checked 6a and b b	1
Always ci the box is Yourself.		1	First names o	of your depende	nt children wh		ou 🕨	_  			} of	ter number children ed on 6c	
Check of boxes if t		d	Other depend			(3) Number of	(4) Did	dependent	(5) Dld ye	u provide		-	
epply.	aloy.		(1) Nan		(2) Relationship	months lived in your home	\$1,000	ncome of or more?	(5) Did yo more than dependent	s support?	_ of	ter number other	
											dep	endents	• 📖
		<b> </b>				L					l ent	ered in	1,1
				r of exemptions						• • • •		es above	لٺاخ
income		7		ies, tips, etc						• •	<u>-</u>  -	11,00	<u>                                     </u>
Please att	ach			me (attach Sched						· ·   200	<u>B</u> _		
Copy B of	f your			tach Schedule E							//// 9c		
Forms W-		10		9b from line 9a tate and local i							<del>-</del> -		-
if you do • W-2, s		10	_	taxes in an ear		-				1	اه		
page 5 of	f	11		ived	•			,		1		· · · · · · · · · · · · · · · · · · ·	
Instruction	ir <b>s.</b>	)		ome or (loss) (a						12	2	<del></del>	- <del> </del>
		13		or (loss) (attac							3		
		14		gain distribution							4		
		15		I gains or (loss							5		
		16	Fully taxable	pensions, IRA	listributions, a	and annuities	not re	ported o	n line 17	10	5_ _		_
		17a	Other pension	ns and annuitie	s. Total recei	ived	17a	<u></u>			<i>[</i> []		]
•		b	faxable amor	unt, if any, from	worksheet o	n page 10 of	Instru	ctions			<u> 75                                     </u>	<del> </del>	_
_				ies, partnership				hedule E	)				-
Please				or (loss) (atta					;	► 1º	777	<del></del>	_
ttach ch	eck			nt compensatio									
or money order her	e.			unt, if any, from						• • 📆	<b>~</b>		-
		~1	Auter income	state nature and	source—see pay	Re to Ot IURILAG	tions) į	<b>-</b> .,		2			1
		22	otal income	Add amounts i	n column for	lines 7 throu	th 21 .		·····	2		11,00	<u> </u>
		23		nse (attach For			23		T		<b>///</b> /	, , , ,	i
Adjustm	ents	24		siness expenses			24						1
to Inco	me	25	syments to	an IRA. You mi	est enter code	from page							
See			1 () .				25		[_				ļ
nstruc- ions on	1	26	ayments to	a Keogh (H.R.	lO) retiremen	t plan	26			///	<b>///</b>		1
page 11)			-	rly withdrawal e	_		27		-	//			
							28	<u> </u>	-	///			ł
	$\overline{}$			r a married cou	•	h work (at-	20	1	}				1
				e W)			30	<u> </u>		///			1
				ome exclusion ( ents. Add lines			30	<u>'</u>		—   <i>3</i> 2			1
Adiuste	1	32	djusted gro	ss income. Sub	tract line 31	from line 2	2. II t	his line	is less th		+		+
Gross I		l	10,000, see	ss income. Sub Earned inco RS to figure you	me Credit"	(line 62) on	page	15 of 1	nstructio	ns. 32	,	11,00	od
					see pag	vi institut		<u></u>		34			

## REPORT ON TAX ASPECTS OF FARMERS IN BANKRUPTCY

Form 1040 (19	82)	·		F	*** 2
Tax Computation (See Instructions on page 12)	33 34a	Amount from line 32 (adjusted gross income)  If you itemize, complete Schedule A (Form 1040) and enter the amount from Schedule A, line 30  Caution: If you have unearned income and can be claimed as a dependent on your parent's return, check here	34b 35 36 37	-0- 11,000 -0- 11,000 1,000 10,000	
	40	Total. Add lines 38 and 39	<i>L</i> ////////////////////////////////////	1	
Credits (See Instructions on page 13)	41 42 43 44 45 46 47	Credit for the elderly (attach Schedules R&RP)			
	49	Total credits. Add lines 41 through 48	. 49	-0-	
	50	Balance. Subtract line 49 from line 40 and enter difference (but not less than zero) .	50	1,238	
Other Taxes (Including Advance EIC Payments)	51 52 53 54 55 56	Self-employment tax (attach Schedule SE)			
,,	57	Uncollected employee FICA and RRTA tax on tips (from Form W-2)	57		-
	58	Advance earned income credit (EIC) payments received (from Form W-2)	58		_
06	59	Total tax. Add lines 50 through 58	59	1,238	
Payments Attach Forms W-2, W-2G, and W-2P to front.	60 61 62 63 64 65	Total Federal income tax withheld	-		
	66 67	Form 4136)	67	1,240	
Refund or Amount You Owe	68 69 70 71	If line 67 is larger than line 59, enter amount OVERPAID.  Amount of line 68 to be REFUNDED TO YOU.  Amount of line 68 to be applied to your 1983 estimated tax.  [70]  If line 59 is larger than line 67, enter AMOUNT YOU OWE. Attach check or money order for full amoun payable to Internal Revenue Service. Write your social security number and "1982 Form 1040" on it. (Check >   if Form 2210 (2210F) is attached. See page 16 of Instructions.) > \$		2 2 -0-	
Please Sign Here	Whic	er prinaîties or perjury, I declare that I have examined this return, including accompanying achedule y knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpe) h preparer has any knowledge.			he best
Paid Preparer's Use Only	Prep sign Firm your	our signature  Date  Spouse lagrature (rist self-employed) 's name (or   E.I. No.   Solid self-employed)  E.I. No.   ZIP code   ZIP code   ZIP code   ZIP code   Spouse lagrature (rist self-employed)	Prep	parer's social secu	rity no.
U.S. GOVERNMEN		G OFFICE: 13t. ~ ( >-363~)62	-	363	A64.5

				ALT. TWO				
SCHEDULE F	Farm	Income aı	nd I	Expenses		OMB No. 1545~	-0074	
(Form 1040)						198		
Department of the Treesury Internal Revenue Service  Attach to Form 1040, Form 1041, or Form 1065.  See Instructions for Schedule F (Form 1040).								
Name of proprietor(s)		~~~		T I	Social seci	urity number		
I	NSOLVENT FARMER'S TR	USTEE		j				
Farm name and address	<b></b>			Empl	over identifi	cation number		
,				1		1 1 1 1		
Farm Inc	come—Cash Method			Part II Farm De	ductions	Cach		
	include sales of livestock hel	d for draft broom	linσ		rual Meth			
sport, or	dairy purposes; report these	sales on Form 47	97.	Do not include perso			ich as	
	ock and Other Items You B			taxes, insurance, repa	irs, etc., on	your home), wh	ich do	
e. Description	b. Amount	c. Cost or other b	4115	not produce farm inc				
			Ť	farm deductions by a the deduction below.	iy reminuts	sement before en	itering	
1 Livestock	1	-	·}	items		I Amount		
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,						Palipolit	<del></del>	
- Alb. 4 b				32 a Labor hired			-	
2 Other items >		·		b Jobs credit		I	-	
		·}		c Balance (subt		į	1	
2 Tatala		·		32b from line 3	•			
3 Totals	· · · · · · · · · · · · · · · · · · ·	ļ <del></del>		33 Repairs, maintena				
line 3, column b	btract line 3, column c, from			34 Interest				
	and Produce You Reised and	Other Ferm Incom		35 Rent of farm, pas		•••••		
OBIGS OF ENTERIOR	Kind	<del>,</del>	-	36 Feed purchased .				
		Amount		37 Seeds, plants pur				
5 Cattle and calves .	· · · · · · · · · · ·			38 Fertilizers, lime, ch	emicals .			
6 Sheep	· · · · · · · · · · ·			39 Machine hire				
7 Swine			J <b></b> ]	40 Supplies purchase	d			
8 Poultry				41 Breeding fees			-	
9 Dairy products				42 Veterinary fees, m	edicine .			
10 Eggs			<u>]</u>	43 Gasoline, fuel, oil .	!		.]	
11 Wool				44 Storage, warehous	ing		.	
12 Cotton				45 Taxes				
13 Tobacco			[	46 Insurance			.[	
14 Vegetables				47 Utilities ,				
15 Soybeans				48 Freight, trucking .				
16 Com		160,000		49 Conservation expe	nses			
17 Other grains		***************************************		50 Land clearing expe	nses			
18 Hay and straw		***************************************	<b></b>	51 Pension and profi	t-sharing		1	
19 Fruits and nuts	. <b></b>			pians	[	******************	.[	
20 Machine work	,	umumumumumumu	ומנימנו	52 Employee benefit p	rograms			
21 a Patronage divide				other than line 51				
b Less: Nonincome				53 Other (specify)	<b>&gt;</b>			
c Net petronage di								
22 Per-unit retains		J	•	******************************		***************************************	ļ	
	ons from exempt cooperatives		[	***************************************	[	***************************************		
	n payments: a Cash					******************		
b Materials and ser							J	
	under election (or forfeited)	. <b></b>						
26 Federal gasoline ta					es 32c	-0-		
27 State gasoline tax re				through 53)				
28 Crop insurance proc	-			55 Depreciation, include	ding Sec-		}	
29 Other (specify) ▶				tion 179 expense of		-0-	1	
	for the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the contract of the			(from Form 4562)	<u></u>		<u> </u>	
	umn for lines 5 through 29 .			56 Total deductions (	add lines	-0-	ļ	
	lines 4 and 30) ▶			54 and 55)	<u></u>		<b> </b>	
57 Net farm profit or (I	loss) (subtract line 56 from line 31)	. If a profit, enter on f	orm 10	940, line 19, and on Schedule	SE,	160 000	1	
rart (, sine 1. If a loss,	go on to line 58. (Fiduciaries and pa	rtnerships, see the In:	structio	ins.)	. 57	160,000		
if you nave a loss, (	do you have amounts for which " enter the loss on Form 1040	n you are not "at	risk" Schad	in this farm (see instruc	tions)? .	🗀 Yes [	] No	
Use amount on line 31 for	r optional method of computing net	earnings from self-e	molova	nent (See Schedule SF Dad	II fire 4 \			
For Paperwork Reducti	on Act Notice, see Form 1040	Instructions		(GEO GENOUSE SE, FAII	, 4.)			
.,						363-	-068-1	

REPORT ON TAX ASPECTS OF FARMERS IN BANKRUPTCY

#### PROBLEM I, ALT. TWO **Computation of Investment Credit**

➤ Attach to your tax return.
➤ Schedule B (Business Energy Investment Credit) on back.

Vame(s) as shown on return INSOLVENT FARMER'S TRUSTEE						dentifying number			
Elections	A The corporation elects the B I elect to increase my qual C I elect to increase my qual Enter total qualified progre D I claim full credit on certa	basic or basic lified investmen ified investmen as expenditures	t to 1 t by a	00% for certa Il qualified pro ded in column	in commuter hig gress expenditure (4), Part II ▶	hway vehi s made th	cles u nis an	inder d all	section 46(c)(6)
#	1 Recovery Property			(1) (2) Line Class of Property Unadjusted Basis		(3) Applicable Percentage		(4) Qualified Investment (Column 2 × column 3)	
	New Regular Property			3-year Other			10		
stme	Percentage	Used Property	(d)	3-year Other			100 40 80 40 80		
Inve	§48(q) Election to Reduce Credit (instead of adjusting basis) FY 1982-83 filers only (see instr.)	New Property	(e) (f)	3-year Other					
alified	FY 1982-83 filers only (see instr.)	Used Property	(g) (h)	3-year Other					
PART II.—Qualified Investmen	2 Nonrecovery property—E 3 New commuter highway 4 Used commuter highway	vehicle—Enter 1	total c	pualified invest	ment (See Instru	ction D(2)		3 4	
	5 Total qualified investment in 10% property—Add lines 1(a) through 1(h), 2, 3, and 4 (See instructions for special limits)								
	a 30-year-old buildings b 40-year-old buildings c Certified historic structures 7 Corporations checking election	(Enter the Dept. o	 f Interi	or assigned project				6a 6b 6c	
negulai it	8 10% of line 5 9 15% of line 6a 10 20% of line 6b	9 10 11							
nvestment Cred	11 25% of line 6c.  12 Corporations checking election box A (See Instruction D(1))—  a Basic 1% credit—Enter 1% of line 7 (1982-83 fiscal-year filers, see instructions for line 12).  b Matching credit (not more than 0.5%)—Allowable percentage times adjusted line 7 (attach schedule).								
Investm	13 Credit from cooperative—Enter regular investment credit from cooperatives								12, 300
Ž	16 Carryback of unused cre 17 Tentative regular investr	dits	 Id line	s 14, 15, and	 16		<u> </u>	16 17	
tions	18 a Individuals—From Form 10 b Estates and trusts—From c Corporations (1120 fil d Other organizations—	ers)—From For Enter tax before	rm 11: e cred	20, Schedule J its from return	, enter tax from I	ine 3	-	18	
y Limitations	19 a Individuals—From Form 1040, enter credits from lines 41 and 42 of page 2 b Estates and trusts—From Form 1041, enter any foreign tax credit from line 27a c Corporations (1120 filers)—From Form 1120, Schedule J, enter any foreign tax credit from line 4(a), plus any possessions tax credit from line 4(f) d Other organizations—Enter any foreign or possessions tax credit								
Liability	20 Income tax liability as a 21 a Enter smaller of line	djusted (subtra 20 or \$25,000.	ct line See ir	19 from line estruction for i	18) ine 21	· · · ·	' :	20 21a 21b	
IV.—Tax	b If line 20 is more that 22 Regular investment cree 23 Allowed regular investm	dit limitation—	Add li	nes 21a and 2	21b	  		22 23	
PART IV.	24 Business energy investr 25 Business energy investr	ment credit lim nent credit—Fr	itatior om lir	-Subtract line 14 of Sched	ie 23 from line 2 ule B (Form 346	20 8)		24 25 26	
Ā	26 Allowed business energy 27 Total allowed regular and on Form 1040, line 43; Sc	business energy i	investm	ent credit-Add	lines 23 and 26.	Enter here	and .	27	

or Paperwork Reduction Act Notice, see separate instructions.

363-167-2

Form 3468 (1982)

#### AKRON TAX JOURNAL

[Vol. 2

PROBLEM I, ALT. TWO

Form 4255 Rec. (Rev. Nov. 1981) Department of the Treasury Internal Revenue Service			apture of I	1	OMB No. 1545-0166 Expires 11–30–83		
_	Attach separate s	schedules for recapture	of investment cred	it from dispose		ess expenditure pro	perty and property
ceasing to be at risk (see instructions for lines 13a and 13b).  Name INSOLVENT FARMER'S TRUSTEE						er as shown on page 1	of your tax return
_	Properties	Kind of property (St	ate whether recover		ry. If energy prop nditure property.)		roperty. Indicate if
A Farm Machinery							
	В						
	C						
	D						
	E						
					Properties		
	Computation St	eps:	A -	<u> </u>	-  <u>c</u>	D	E
	1 Original rate	1 Original rate of credit					
		rty was placed in	1077				
	service		1977			-	
ed.	3 Cost or othe	r basis	30,000				
<u>ت</u>	_	mated useful life or	ì		į	1	
men	tions)	operty (see instruc-	7				
inal Investment Credit	5 Applicable percentage		100%				
nai L	6 Original qu	ualified investment	30,000				
وتق	, .	line 5)		<del></del>	-		
9			3,000			-	
		y ceased to be invest- property (see instruc-			ľ		
			3/1/82		_	_]	
		ull years between the 2 and the date on line			1		ļ
	_		4				
		percentage (see in-	66.6%		1		1
J	ſ	capture tax-Line 7					
Tax	times line 10	<b>)</b>	<u>i</u>		_!		-
Recapture	12 Add line 11	l, columns A through	12,000				
	13 a Entertax	from disposed qualified	progress expenditu	re property (att	ach separate comp	outation)	-0-
9	b Enter tax	from any part of prope	rty ceasing to be at	risk (attach sej	parate computatio	n)	-0-
b Enter tax from any part of property ceasing to be at risk (attach separate computation)							2,000
							-0-
_	not use this	se in tax—Subtract line amount to reduce cur	rent year's investme	ent credit figure	ed on Form 3468,	Computation of In-	1
	I vestment Cr	edit. Any unused credit	t on line 15 cannot	be used in any	year as a carryba	k or carryover	2,000

For Paperwork Reduction Act Notice, see Instructions on back.

Form 4255 (Rev. 11-81)

#### REPORT ON TAX ASPECTS OF FARMERS IN BANKRUPTCY

181

PROBLEM I, ALT. TWO

Form 4797
Department of the Treasury
Internal Revenue Service

e. Kind of property and description

160 acres

80 acres

b. Date acquired (mo., day, yr.)

3/8/79

3/1/75

### **Supplemental Schedule of Gains and Losses**

(Includes Gains and Losses From Sales or Exchanges of Assets Used in a Trade or Business and Involuntary Conversions) To be filed with Form 1040, 1041, 1065, 1120, etc.—See Separate Instructions 19**82** 

h. CAIN (d plus e minus f)

......

20,000

92,000

Name(s) as shown on return

INSOLVENT FARMER'S TRUSTEE

Part S Sales or Exchanges of Property Used in a Trade or Business, and Involuntary Conversions From Other

Sales or Exchanges of Property Used in a Trade or Business, and Involuntary Conversions From Other Than Casualty and Theft—Property Held More Than 1 Year (Except for Certain Livestock)

Note: Use Form 4684 to report involuntary conversions from casualty and theft.
Caution: If you sold property on which you claimed the investment credit, you may be liable for recapture of that credit. See Form 4255 for additional information.

d. Gross sales price minus expense of sale

352,000

160,000

c. Date sold (mo., day, yr.) f. Cost or other basis, plus improvements

444,000

140,000

Improvements	6715777	3/1/82	150,000		115,000		35,000
***************************************							 
(a) Gain, if any, from (b) Section 1231 gain	n from installmer	nt sales from For	m 6252, line 21	or 29			
Gain, if any, from line				casualty an	d theft		
Add lines 1 through 3	3 in column g an	id column h				(92,000)	55,000
(a) For all except part (b) For all except part (c) If line 5 is a (d) If line 5 is zer (e) For partnership r	tnership returns: gain, enter the g ro or a loss, enter	ain as a long-term that amount on l	n capital gain or ine 6.	Schedule D	. See instructio	n E.	(37,000)
Part II Ordinary G	ains and Losse	25					
a. Kind of property and description	b. Date acquired (mo., day, yr.)	e. Date sold (mo., day, yr.)	d. Gross sales price minus expense of sale	e. Deprecia- tion allowed (or allow- able) since acquisition	f. Cost or other busis, plus improvements	g. LOSS (f minus the sum of d and e)	h. GAIN (d pins e minus f)
Loss, if any, from lin	e 5(a)(2)				• • • •	37,000	
Gain, if any, from line (a) Net gain or (loss)	-,						69,600
(b) Ordinary gain fro							
Other ordinary gains a	nd losses (includ	e property held 1	year or less):	ſ	1		
**************************			***************************************				
*	************						
***************************************					***************************************		
*************************						*************************	
			***************************************				
Add lines 6 through 9	In column g an	d column h				(37,000)	69.600
(a) For all except ind tion F for specific (b) For individual reti	ividual returns: E line reference.	, column h. Enter Enter the gain or	rgain or (loss) h (loss) from line	ere, and on t 11, on the r	the appropriate eturn being file	line as follows: d. See instruc-	32,600
(1) If the loss on	line 6 includes a						-0-
and on line 2 (2) Redetermine	_	(Form 1040), id	•				-0-
	ine 15	<u> </u>	<u> </u>			<u> </u>	32,600

863-189-1

Form 4797 (1982)

Form 4797 (1982)  Part III Gain From Disposition of Property Und  Skip lines 20 and 21 if you did not dispose of farm				Page 2
12 Description of sections 1245, 1250, 1251, 1252, 1254	, and 1255 property:		Date acquired (mo., day, yr.)	Date sold (mo., day, yr.)
(A) Farm Machinery				
(B) (C)				************************
(D)				
Relate lines 12(A) through 12(D) to these columns ▶ ▶	Property (A)	Property (B)	Property (C)	Property (D)
13 Gross sales price minus expense of sale	177,000			
14 Cost or other basis	192,000			
15 Depreciation (or depletion) allowed (or allowable) .	84,000			
16 Adjusted basis, subtract line 15 from line 14	107 /00			
17 Total gain, subtract line 16 from line 13	69,600			
18 if section 1245 property:  (a) Depreciation allowed (or allowable) after applic date (see instructions)				
(b) Enter smaller of line 17 or 18(a)	69,600			
19 If section 1250 property: (If straight line depreciation under the transfer on line 19(f).) <ul> <li>(a) Additional depreciation after 12/31/75</li> </ul>				· · · · · · · · · · · · · · · · · · ·
(b) Applicable percentage times the smaller of line 1	_			***************************************
line 19(a) (see instruction G.4)	<b>I</b>			
(c) Subtract line 19(a) from line 17. If line 17 is not r	more			
than line 19(a), skip lines 19(d) and 19(e)	i			
(d) Additional depreciation after 12/31/69 and be	sfore		1	
1/1/76	• •			
(e) Applicable percentage times the smaller of line 1	.9(c)	l		
or 19(d) (see instruction G.4)	• •			
(f) Add lines 19(b), and 19(e)	·			
(a) If farmland, enter soil, water, and land clearing penses for current year and the four preceding ye (b) if farm property other than land, subtract line 1 from line 17; if farmland, enter smaller of line 1 20(a)	ars			***************************************
(c) Excess deductions account (see instruction G.5) (d) Enter smaller of line 20(b) or 20(c)	<u>: :                                  </u>			
21 If section 1252 property:				
(a) Soil, water, and land clearing expenses				
(b) Amount from line 20(d), if none enter zero .	• •			
(c) Subtract line 21(b) from line 21(a). If line 21(	b) is			
more than line 21(a), enter zero	· ·			
(d) Line 21(c) times applicable percentage (see ins	truc-			
tion G.5)	• •			***************************************
(f) Enter smaller of line 21(d) or 21(e)		-		
if section 1254 property:     (a) Intangible drilling and development costs dedu after 12/31/75 (see instruction G.6)	icted			
(b) Enter smaller of line 17 or 22(a)				
23 if section 1255 property: (a) Applicable percentage of payments excluded from come under section 126 (see instruction G.7) .	n in-			
(b) Enter the smaller of line 17 or 23(a)	, , l	Abanasah II-r G	 	r to line 24)
Summary of Part III Gains (Complete Property colu		through line 2	o(n) nerore Roll	
24 Total gains for all properties (add columns (A) throug				69,600
25 Add columns (A) through (D), lines 18(b), 19(f), 20(d)				69,600
26 Subtract line 25 from line 24. Enter the portion from c from other than casualty and theft on Form 4797, Part				1
Part IV Complete this Part Only if You Elect Ou	at of the Installment	Method And Re	port a Note or O	ther Obligation
at Less Than Full Face Value			,	
Check here if you elect out of the installment metho	nd.			
Enter the face amount of the note or other obligat			<del>-</del>	
Enter the percentage of valuation of the note or				
U.S. GOVER	BUILDIT PROFIDIG OFFICE - 1982 3	13-180		363-169-1