

TABLE OF CONTENTS

INDIVIDUAL PRACTICE SET #1 – William and Annette Kelly

Filled-in tax return solution.....	1-2
Solution notes for instructor.....	1-31

INDIVIDUAL PRACTICE SET #2 – Leopold and Gretchen Klein

Filled-in tax return solution.....	2-1
Solution notes for instructor.....	2-30

INDIVIDUAL PRACTICE SET #1
WILLIAM AND ANNETTE KELLY
SOLUTION NOTES FOR INSTRUCTOR
INDIVIDUAL FEDERAL INCOME TAX RETURN
2013-2014 ANNUAL EDITION

1-2 ♦ Solution to Individual Practice Set #1

Form 1040 Department of the Treasury—Internal Revenue Service (99) 2012		OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.																				
For the year Jan. 1–Dec. 31, 2012, or other tax year beginning , 2012, ending , 20																							
Your first name and initial William D		Last name Kelly																					
If a joint return, spouse's first name and initial Annette F		Last name Kelly																					
Home address (number and street). If you have a P.O. box, see instructions. 450 Railroad Avenue		Apt. no.																					
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Sandpoint ID 83864		Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse																					
Foreign country name		Foreign province/state/county																					
		Foreign postal code																					
Filing Status 1 <input type="checkbox"/> Single 4 <input type="checkbox"/> Head of household (with qualifying person). (See instr.) If the qualifying person is a child but not your dependent, enter this child's name here. 2 <input checked="" type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. 5 <input type="checkbox"/> Qualifying widow(er) with dependent child Check only one box.																							
Exemptions 6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a b <input checked="" type="checkbox"/> Spouse c Dependents: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>(1) First name</th> <th>Last name</th> <th>(2) Dependent's social security number</th> <th>(3) Dependent's relationship to you</th> <th>(4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)</th> </tr> </thead> <tbody> <tr> <td>Sean</td> <td>Kelly</td> <td>123-45-6786</td> <td>Son</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> If more than four dependents, see instructions and check here <input type="checkbox"/> d Total number of exemptions claimed 3				(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)	Sean	Kelly	123-45-6786	Son											
(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)																			
Sean	Kelly	123-45-6786	Son																				
Income 7 Wages, salaries, tips, etc. Attach Form(s) W-2 7 88,150 8a Taxable interest. Attach Schedule B if required 8a 1,374 b Tax-exempt interest. Do not include on line 8a 8b 16,255 9a Ordinary dividends. Attach Schedule B if required 9a 7,700 b Qualified dividends 9b 6,510 10 Taxable refunds, credits, or offsets of state and local income taxes 10 0 11 Alimony received 11 12 Business income or (loss). Attach Schedule C or C-EZ 12 116,920 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/> 13 41,100 14 Other gains or (losses). Attach Form 4797 14 15a IRA distributions 15a 31,700 b Taxable amount 15b 5,000 16a Pensions and annuities 16a 31,700 b Taxable amount 16b 23,380 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E 17 1,200 18 Farm income or (loss). Attach Schedule F 18 0 19 Unemployment compensation 19 20a Social security benefits 20a b Taxable amount 20b 21 Other income. List type and amount SEE ATTACHED 21 14,199 22 Combine the amounts in the far right column for lines 7 through 21. This is your total income 22 299,023																							
Adjusted Gross Income 23 Educator expenses 23 0 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ 24 0 25 Health savings account deduction. Attach Form 8889 25 0 26 Moving expenses. Attach Form 3903 26 0 27 Deductible part of self-employment tax. Attach Schedule SE 27 8,259 28 Self-employed SEP, SIMPLE, and qualified plans 28 0 29 Self-employed health insurance deduction 29 4,400 30 Penalty on early withdrawal of savings 30 0 31a Alimony paid b Recipient's SSN 31a 0 32 IRA deduction 32 0 33 Student loan interest deduction 33 34 Tuition and fees. Attach Form 8917. 34 35 Domestic production activities deduction. Attach Form 8903 35 10,523 36 Add lines 23 through 35 36 23,182 37 Subtract line 36 from line 22. This is your adjusted gross income 37 275,841																							

KIA For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2012)

Form 1040 (2012)		William D Kelly		123-45-6781		Page 2	
Tax and Credits		38	Amount from line 37 (adjusted gross income)	38	275,841		
39a Check <input type="checkbox"/> You were born before January 2, 1948, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1948, <input type="checkbox"/> Blind. Total boxes checked <input type="checkbox"/> 39a <input type="checkbox"/> 0							
b If your spouse itemizes on a separate return or you were a dual-status alien, check here <input type="checkbox"/> 39b <input type="checkbox"/>							
40 Itemized deductions (from Schedule A) or your standard deduction (see left margin)		40	34,487				
41 Subtract line 40 from line 38		41	241,354				
42 Exemptions. Multiply \$3,800 by the number on line 6d		42	11,400				
43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-		43	229,954				
44 Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/> 962 election		44	47,641				
45 Alternative minimum tax (see instructions). Attach Form 6251		45	1,045				
46 Add lines 44 and 45		46	48,686				
47 Foreign tax credit. Attach Form 1116 if required		47	0				
48 Credit for child and dependent care expenses. Attach Form 2441		48					
49 Education credits from Form 8863, line 19		49					
50 Retirement savings contributions credit. Attach Form 8880		50	0				
51 Child tax credit. Attach Schedule 8812, if required		51					
52 Residential energy credits. Attach Form 5695		52	1,680				
53 Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>		53	0				
54 Add lines 47 through 53. These are your total credits		54	1,680				
55 Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-		55	47,006				
Other Taxes		56	14,361				
56 Self-employment tax. Attach Schedule SE		56					
57 Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919		57	0				
58 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required		58	0				
59a Household employment taxes from Schedule H		59a	0				
b First-time homebuyer credit repayment. Attach Form 5405 if required		59b	0				
60 Other taxes Enter code(s) from instructions		60					
61 Add lines 55 through 60. This is your total tax		61	61,367				
Payments		62	18,512				
62 Federal income tax withheld from Forms W-2 and 1099		62					
63 2012 estimated tax payments and amount applied from 2011 return		63	44,000				
64a Earned income credit (EIC)		64a					
b Nontaxable combat pay election <input type="checkbox"/> 64b <input type="checkbox"/>		64b					
65 Additional child tax credit. Attach Schedule 8812		65					
66 American opportunity credit from Form 8863, line 8		66					
67 Reserved		67					
68 Amount paid with request for extension to file		68					
69 Excess social security and tier 1 RRTA tax withheld		69	0				
70 Credit for federal tax on fuels. Attach Form 4136		70					
71 Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Reserved c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885		71	0				
72 Add lines 62, 63, 64a, and 65 through 71. These are your total payments		72	62,512				
Refund		73	1,145				
73 If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid		73					
74a Amount of line 73 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>		74a	1,145				
b Routing number XXXXXXXXXX c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings							
d Account number XXXXXXXXXXXXXXXXXXXX							
75 Amount of line 73 you want applied to your 2013 estimated tax		75	0				
Amount You Owe		76					
76 Amount you owe. Subtract line 72 from line 61. For details on how to pay, see instructions		76					
77 Estimated tax penalty (see instructions)		77	0				
Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below <input checked="" type="checkbox"/> No							
Third Party Designee							
Designee's name <input type="text"/>		Phone no. <input type="text"/>		Personal identification number (PIN) <input type="text"/>			
Sign Here							
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.							
Your signature <input type="text"/>		Date <input type="text"/>		Your occupation <input type="text"/>		Daytime phone number <input type="text"/>	
Spouse's signature. If a joint return, both must sign. <input type="text"/>		Date <input type="text"/>		Spouse's occupation <input type="text"/>		If the IRS sent you an Identity Protection PIN, enter it here (see inst.) <input type="text"/>	
Paid Preparer Use Only							
Print/Type preparer's name <input type="text"/>		Preparer's signature <input type="text"/>		Date <input type="text"/>		Check <input type="checkbox"/> if self-employed PTIN <input type="text"/>	
Firm's name <input type="text"/>		Firm's EIN <input type="text"/>					
Firm's address <input type="text"/>		Phone no. <input type="text"/>					

SCHEDULE A
(Form 1040)Department of the Treasury
Internal Revenue Service (99)**Itemized Deductions**► Information about Schedule A and its separate instructions is at www.irs.gov/form1040.

► Attach to Form 1040.

OMB No. 1545-0074

2012
Attachment
Sequence No. **07**

Name(s) shown on Form 1040

William D Kelly

Your social security number
123-45-6781

Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.			
	1	Medical and dental expenses (see instructions)	1	3,200
	2	Enter amount from Form 1040, line 38	2	275,841
	3	Multiply line 2 by 7.5% (.075)	3	20,688
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4	0
Taxes You Paid	5 State and local (check only one box):			
	a.	<input checked="" type="checkbox"/> Income taxes or	5	5,801
	b.	<input type="checkbox"/> General sales taxes	6	6,690
	6	Real estate taxes (see instructions)	7	200
	7	Personal property taxes	8	0
	8	Other taxes. List type and amount		
	9	Add lines 5 through 8	9	12,691
Interest You Paid	10	Home mortgage interest and points reported to you on Form 1098	10	0
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address	11	0
	12	Points not reported to you on Form 1098. See instructions for special rules	12	0
	13	Mortgage insurance premiums (see instructions)	13	0
	14	Investment interest. Attach Form 4952 if required. (See instructions).	14	
	15	Add lines 10 through 14	15	9,800
Gifts to Charity If you made a gift and got a benefit for it, see instructions.	16	Gifts by cash or check. If you made any gift of \$250 or more, see instructions	16	6,600
	17	Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500	17	
	18	Carryover from prior year	18	
	19	Add lines 16 through 18	19	6,600
Casualty and Theft Losses	20	Casualty or theft loss(es). Attach Form 4684. (See instructions.)	20	5,116
Job Expenses and Certain Miscellaneous Deductions	21	Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.)	21	0
	22	Tax preparation fees	22	
	23	Other expenses—investment, safe deposit box, etc. List type and amount	23	955
	24	Add lines 21 through 23	24	955
	25	Enter amount from Form 1040, line 38	25	275,841
	26	Multiply line 25 by 2% (.02)	26	5,517
	27	Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-	27	0
Other Miscellaneous Deductions	28	Other—from list in instructions. List type and amount	28	280
Total Itemized Deductions	29	Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40	29	34,487
	30	If you elect to itemize deductions even though they are less than your standard deduction, check here		

KIA For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule A (Form 1040) 2012

SCHEDULE B
(Form 1040A or 1040)**Interest and Ordinary Dividends**

OMB No. 1545-0074

2012Attachment
Sequence No. **08**Department of the Treasury
Internal Revenue Service (99)▶ Attach to Form 1040A or 1040.
▶ Information about Schedule B (1040A or 1040) and its instructions is a www.irs.gov/form1040.Name(s) shown on return
William D KellyYour social security number
123-45-6781**Part I**
Interest

- 1**
- List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions and list this interest first. Also, show that buyer's social security number and address

First Bank of Boise ▶

First Sandpoint State Bank

Safe Securities, LLC

From K-1

(See instructions for Schedule B, and the instructions for Form 1040A, or Form 1040, line 8a.)

Note: If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.**Amount**

13

16

0

1,345

1

- 2**
- Add the amounts on line 1

1,374

- 3**
- Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815

- 4**
- Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a ▶

1,374

Note: If line 4 is over \$1,500, you must complete Part III.**Amount****Part II****Ordinary Dividends**

- 5**
- List name of payer ▶

Future Tycoons, LLC

Jpohn Schiff and Associates, LLC

Acme Data, Inc.

(See the instructions for Schedule B, and the instructions for Form 1040A, or Form 1040, line 9a.)

Note: If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

3,660

3,600

440

5

- 6**
- Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a ▶

7,700

Note. If line 6 is over \$1,500, you must complete Part III.**Part III**
Foreign Accounts and Trusts

(See instructions.)

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

- 7a**
- At any time during 2012, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions.

Yes **No**

If "Yes," are you required to file Form TD F 90-22.1 to report that financial interest or signature authority? See Form TD F 90-22.1 and its instructions for filing requirements and exceptions to those requirements

- b**
- If you are required to file Form TD F 90-22.1, enter the name of the foreign country where the financial account is located ▶

- 8**
- During 2012, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions.

KIA For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule B (Form 1040A or 1040) 2012

**SCHEDULE C
(Form 1040)**Department of the Treasury
Internal Revenue Service (99)**Profit or Loss From Business**

(Sole Proprietorship)

► For information on Schedule C and its instructions, go to www.irs.gov/schedulec
► Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

OMB No. 1545-0074

2012Attachment
Sequence No. **09**

Name of proprietor William D Kelly		Social security number (SSN) 123-45-6781
A Principal business or profession, including product or service (see instructions) Brewery		B Enter code from instructions 311900
C Business name. If no separate business name, leave blank. Top of the Chimney Brewing Company, LLC		D Employer ID number (EIN), (see instr.) 11-1234567
E Business address (including suite or room no.) ► 2330 Goethe City, town or post office, state, and ZIP code Sandpoint ID 83864		
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ►		
G Did you "materially participate" in the operation of this business during 2012? If "No," see instructions for limit on losses <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
H If you started or acquired this business during 2012, check here <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
I Did you make any payments in 2012 that would require you to file Form(s) 1099? (see instructions) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
J If "Yes," did you or will you file required Forms 1099? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on form W-2 and the "Statutory employee" box on that form was checked. <input type="checkbox"/>	1	1,090,077
2 Returns and allowances (see instructions)	2	
3 Subtract line 2 from line 1	3	1,090,077
4 Cost of goods sold (from line 42)	4	278,000
5 Gross profit. Subtract line 4 from line 3	5	812,077
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	
7 Gross income. Add lines 5 and 6	7	812,077

Part II Expenses.

Enter expenses for business use of your home only on line 30.

8 Advertising	8	4,540	18 Office expense (see instructions)	18	
9 Car and truck expenses (see instructions)	9	13,280	19 Pension and profit-sharing plans	19	
10 Commissions and fees	10		20 Rent or lease (see instructions):		
11 Contract labor (see instructions)	11		a Vehicles, machinery, & equipment	20a	0
12 Depreciation	12		b Other business property	20b	5,900
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	565,122	21 Repairs and maintenance	21	7,120
14 Employee benefit programs (other than on line 19)	14	5,800	22 Supplies (not included in Part III)	22	780
15 Insurance (other than health)	15	12,340	23 Taxes and licenses	23	1,345
16 Interest:			24 Travel, meals, and entertainment:		
a Mortgage (paid to banks, etc.)	16a		a Travel	24a	19,450
b Other	16b		b Deductible meals and entertainment (see instructions)	24b	2,640
17 Legal and professional services	17		25 Utilities	25	2,700
			26 Wages (less employment credits)	26	39,450
			27a Other expenses (from line 48)	27a	14,690
			b Reserved for future use	27b	
28 Total expenses before expenses for business use of home. Add lines 8 through 27a	28	695,157			
29 Tentative profit or (loss). Subtract line 28 from line 7	29	116,920			
30 Expenses for business use of your home. Attach Form 8829. Do not report such expenses elsewhere	30	0			
31 Net profit or (loss). Subtract line 30 from line 29.	31	116,920			
• If a profit, enter on both Form 1040, line 12 (or Form 1040NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see instr.) Estates and trusts, enter on Form 1041, line 3. • If a loss, you must go to line 32.					
32 If you have a loss, check the box that describes your investment in this activity (see instructions). • If you checked 32a, enter the loss on both Form 1040, line 12, (or Form 1040NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on Form 1041, line 3. • If you checked 32b, you must attach Form 6198. Your loss may be limited.			32a <input type="checkbox"/> All investment is at risk. 32b <input type="checkbox"/> Some investment is not at risk.		

KIA For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule C (Form 1040) 2012

Schedule C (Form 1040) 2012

William D Kelly

123-45-6781

Page 2

Part III Cost of Goods Sold (see instructions)

33 Method(s) used to value closing inventory: a ☒ Cost b ☐ Lower of cost or market c ☐ Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? ☐ Yes ☒ No
If "Yes," attach explanation

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35	
36 Purchases less cost of items withdrawn for personal use	36	308,700
37 Cost of labor. Do not include any amounts paid to yourself	37	
38 Materials and supplies	38	
39 Other costs	39	
40 Add lines 35 through 39	40	308,700
41 Inventory at end of year	41	30,700
42 Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4	42	278,000

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year) ▶ _____

44 Of the total number of miles you drove your vehicle during 2012, enter the number of miles you used your vehicle for:

a Business _____ b Commuting (see instructions) _____ c Other _____

45 Was your vehicle available for personal use during off-duty hours? ☐ Yes ☐ No

46 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☐ No

47a Do you have evidence to support your deduction? ☐ Yes ☐ No

b If "Yes," is the evidence written? ☐ Yes ☐ No

Part V Other Expenses. List below business expenses not included on lines 8–26 or line 30.

Telecommunications	14,100
Miscellaneous	490
Professional Journal	100
48 Total other expenses. Enter here and on line 27a	48 14,690

KIA

Schedule C (Form 1040) 2012

**SCHEDULE D
(Form 1040)**Department of the Treasury
Internal Revenue Service (99)**Capital Gains and Losses**

► Attach to Form 1040 or Form 1040NR.
► Information about Schedule D and its separate instructions is at www.irs.gov/form1040.
► Use Form 8949 to list your transactions for lines 1, 2, 3, 8, 9, and 10.

OMB No. 1545-0074

2012Attachment
Sequence No. **12**

Name(s) shown on return

William D Kelly

Your social security number

123-45-6781

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

Complete Form 8949 before completing line 1, 2, or 3.

This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price) from Form(s) 8949, Part I, line 2, column (d)	(e) Cost or other basis from Form(s) 8949, Part I, line 2, column (e)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1 Short-term totals from all Forms 8949 with box A checked in Part I	9,500	1,000	0	8,500
2 Short-term totals from all Forms 8949 with box B checked in Part I	7,700	3,400	0	4,300
3 Short-term totals from all Forms 8949 with box C checked in Part I	0	0	0	0
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824				4 0
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions.				6 (0)
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on next page				7 12,800

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

Complete Form 8949 before completing line 8, 9, or 10.

This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price) from Form(s) 8949, Part II, line 4, column (d)	(e) Cost or other basis from Form(s) 8949, Part II, line 4, column (e)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 4, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8 Long-term totals from all Forms 8949 with box A checked in Part II	22,960	16,360	0	6,600
9 Long-term totals from all Forms 8949 with box B checked in Part II	0	0	0	0
10 Long-term totals from all Forms 8949 with box C checked in Part II	69,000	41,300	0	27,700
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				11 0
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				12 -21,000
13 Capital gain distributions. See the instructions				13 18,100
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions				14 (-3,100)
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (h). Then go to Part III on page 2				15 28,300

KIA For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule D (Form 1040) 2012

Part III Summary

16	Combine lines 7 and 15 and enter the result	16	41,100
	<ul style="list-style-type: none"> • If line 16 is a gain, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below. • If line 16 is a loss, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22. • If line 16 is zero, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22. 		
17	Are lines 15 and 16 both gains? <input checked="" type="checkbox"/> Yes. Go to line 18. <input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.		
18	Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet in the instructions ▶	18	0
19	Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet in the instructions ▶	19	0
20	Are lines 18 and 19 both zero or blank? <input checked="" type="checkbox"/> Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). Do not complete lines 21 and 22 below. <input type="checkbox"/> No. Complete the Schedule D Tax Worksheet in the instructions. Do not complete lines 21 and 22 below.		
21	If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the smaller of: <ul style="list-style-type: none"> • The loss on line 16 or • (\$3,000), or if married filing separately, (\$1,500) } Note. When figuring which amount is smaller, treat both amounts as positive numbers.	21	()
22	Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b? <input type="checkbox"/> Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). <input type="checkbox"/> No. Complete the rest of Form 1040 and Form 1040NR.		

SCHEDULE E
(Form 1040)Department of the Treasury
Internal Revenue Service (99)

Name(s) shown on return

William

D Kelly

Supplemental Income and Loss

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040, 1040NR, or Form 1041.

▶ Information about Schedule E and its separate instructions is at www.irs.gov/form1040.

OMB No. 1545-0074

2012Attachment
Sequence No. **13**Your social security number
123-45-6781**Part I** **Income or Loss From Rental Real Estate and Royalties** **Note.** If you are in the business of renting personal property, use **Schedule C or C-EZ** (see instructions). If you are an individual, report farm rental income or loss from **Form 4835** on page 2, line 40.**A** Did you make any payments in 2012 that would require you to file Form(s) 1099? (see instructions)☐ Yes ☐ No**B** If "Yes," did you or will you file all required Forms 1099?☐ Yes ☐ No**1a** Physical address of each property (street, city, state, and ZIP code)

A	
B	
C	

1b Type of Property (from list below)	2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	Fair Rental Days	Personal Use Days	QJV
A		A		
B		B		
C		C		

Type of Property:

1 Single Family Residence

3 Vacation/Short-Term Rental

5 Land

7 Self-Rental

2 Multi-Family Residence

4 Commercial

6 Royalties

8 Other (describe)

Income:		Properties:		A	B	C
3 Rents received	3					
4 Royalties received	4	0	0	0		
Expenses:						
5 Advertising	5					
6 Auto and travel (see instructions)	6					
7 Cleaning and maintenance	7					
8 Commissions	8					
9 Insurance	9					
10 Legal and other professional fees	10					
11 Management fees	11					
12 Mortgage interest paid to banks, etc. (see instructions)	12					
13 Other interest	13					
14 Repairs	14					
15 Supplies	15					
16 Taxes	16					
17 Utilities	17					
18 Depreciation expense or depletion	18					
19 Other (list) ▶	19					
20 Total expenses. Add lines 5 and 19	20	0	0	0		
21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	0	0	0		
22 Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	()	()	()		
23a Total of all amounts reported on line 3 for all rental properties	23a	0				
b Total of all amounts reported on line 4 for all royalty properties	23b	0				
c Total of all amounts reported on line 12 for all properties	23c	0				
d Total of all amounts reported on line 18 for all properties	23d	0				
e Total of all amounts reported on line 20 for all properties	23e	0				
24 Income. Add positive amounts shown on line 21. Do not include any losses	24				0	
25 Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here.	25	()	0			
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26				0	

KIA For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule E (Form 1040) 2012

Schedule E (Form 1040) 2012

Attachment Sequence No. 13

Page 2

Name(s) shown on return. Do not enter name and social security number if shown on page 1.

William D Kelly

Your Social security number

123-45-6781

Caution. The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.**Part II Income or Loss From Partnerships and S Corporations** Note. If you report a loss from an at-risk activity for which any amount is not at risk, you must check the box in column (e) on line 28 and attach Form 6198. See instructions.27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section. ☐ Yes ☒ No

	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
A	Johns Realty Investors, LP	P		23-1111134	
B	Kelly Brothers, Inc.	S		37-1111121	
C					
D					

Passive Income and Loss			Nonpassive Income and Loss		
	(f) Passive loss allowed (attach Form 8582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4562	(j) Nonpassive income from Schedule K-1
A					
B					1,200
C					
D					
29a Totals		0			1,200
b Totals	0		0	0	
30 Add columns (g) and (j) of line 29a					1,200
31 Add columns (f), (h), and (i) of line 29b					(0)
32 Total partnership and S corporation income or (loss). Combine lines 30 and 31. Enter the result here and include in the total on line 41 below					1,200

Part III Income or Loss From Estates and Trusts

	(a) Name	(b) Employer identification number
A		
B		

Passive Income and Loss			Nonpassive Income and Loss		
	(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1	
A					
B					
34a Totals		0			0
b Totals	0		0		
35 Add columns (d) and (f) of line 34a					0
36 Add columns (c) and (e) of line 34b					(0)
37 Total estate and trust income or (loss). Combine lines 35 and 36. Enter the result here and include in the total on line 41 below					0

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)—Residual Holder

	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
38			0	0	0
39 Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below					0

Part V Summary

40 Net farm rental income or (loss) from Form 4835. Also, complete line 42 below	40	0
41 Total income or (loss). Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Form 1040, line 17, or Form 1040NR, line 18	41	1,200
42 Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120S), box 17, code U; and Schedule K-1 (Form 1041), line 14, code F (see instructions)	42	
43 Reconciliation for real estate professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040 or Form 1040NR from all rental real estate activities in which you materially participated under the passive activity loss rules	43	0

KIA

Schedule E (Form 1040) 2012

SCHEDULE SE
(Form 1040)Department of the Treasury
Internal Revenue Service (99)**Self-Employment Tax**▶ Information about Schedule SE and its separate instructions is at www.irs.gov/form1040.

▶ Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

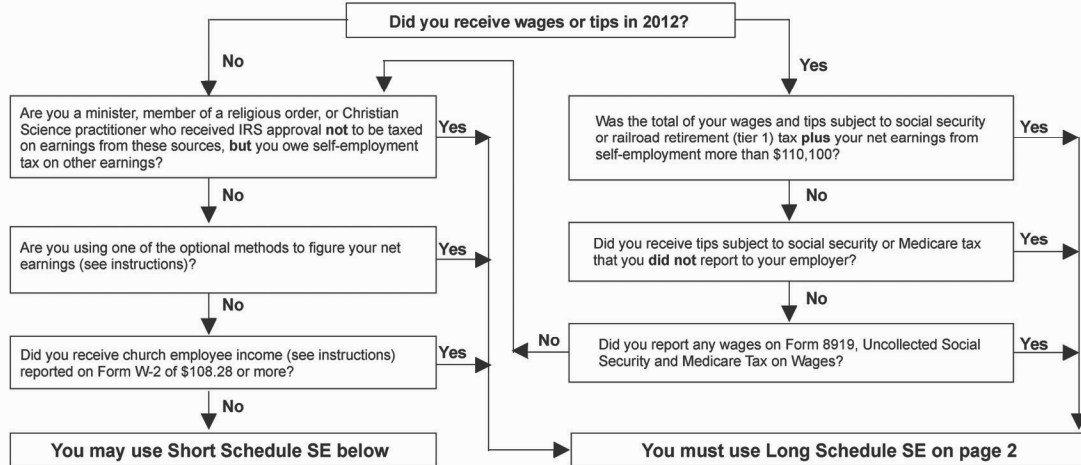
2012Attachment
Sequence No. **17**

Name of person with self-employment income (as shown on Form 1040)

William D Kelly

Social security number of person
with self-employment income ▶

123-45-6781

Before you begin: To determine if you must file Schedule SE, see the instructions.**May I Use Short Schedule SE or Must I Use Long Schedule SE?****Note.** Use this flowchart **only** if you must file Schedule SE. If unsure, see *Who Must File Schedule SE in the instructions*.**Section A—Short Schedule SE.** Caution. Read above to see if you can use Short Schedule SE.

1a Net farm profit or (loss) from Schedule F, line 34, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A.	1a	0
b If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code Y	1b	(0)
2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see instructions for types of income to report on this line. See instructions for other income to report	2	116,920
3 Combine lines 1a, 1b, and 2.	3	116,920
4 Multiply line 3 by 92.35% (.9235). If less than \$400, you do not owe self-employment tax; do not file this schedule unless you have an amount on line 1b Note. If line 4 is less than \$400 due to Conservation Reserve Program payments on line 1b, see instructions.	4	107,976
5 Self-employment tax. If the amount on line 4 is: • \$110,100 or less, multiply line 4 by 13.3% (.133). Enter the result here and on Form 1040, line 56 , or Form 1040NR, line 54 . • More than \$110,100, multiply line 4 by 2.9% (.029). Then, add \$11,450.40 to the result. Enter the total here and on Form 1040, line 56 , or Form 1040NR, line 54 .	5	14,361
6 Deduction for employer-equivalent portion of self-employment tax. If the amount on line 5 is: • \$14,643.30 or less, multiply line 5 by 57.51% (.5751) • More than \$14,643.30, multiply line 5 by 50% (.50) and add \$1,100 to the result. Enter the result here and on Form 1040, line 27 , or Form 1040NR, line 27	6	8,259

KIA For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule SE (Form 1040) 2012

Form 4562 Department of the Treasury Internal Revenue Service (99)	Depreciation and Amortization (Including Information on Listed Property) ▶ See separate instructions. ▶ Attach to your tax return.	OMB No. 1545-0172 2012 Attachment Sequence No. 179				
Name(s) shown on return William D Kelly		Business or activity to which this form relates Identifying number 123-45-6781				
Part I Election To Expense Certain Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I.						
1 Maximum amount. (see instructions)		1 500,000				
2 Total cost of section 179 property placed in service (see instructions)		2 500,000				
3 Threshold cost of section 179 property before reduction in limitation (see instructions)		3 2,000,000				
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-		4 0				
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions		5 500,000				
6 (a) Description of property		(b) Cost (business use only)				
(c) Elected cost						
7 Listed property. Enter the amount from line 29		7 0				
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7		8 0				
9 Tentative deduction. Enter the smaller of line 5 or line 8		9 0				
10 Carryover of disallowed deduction from line 13 of your 2011 Form 4562		10				
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)		11 500,000				
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11		12 500,000				
13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12		13 0				
Note: Do not use Part II or Part III below for listed property. Instead, use Part V.						
Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)						
14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)		14 50,000				
15 Property subject to section 168(f)(1) election		15				
16 Other depreciation (including ACRS)		16				
Part III MACRS Depreciation (Do not include listed property.) (See instructions.)						
Section A						
17 MACRS deductions for assets placed in service in tax years beginning before 2012		17				
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		<input type="checkbox"/>				
Section B—Assets Placed in Service During 2012 Tax Year Using the General Depreciation System						
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		31,500	5.00	Mid	MACRS	3,150
c 7-year property		68,500	7.00	Mid	MACRS	4,894
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property	02/01/12	315,000	39 yrs.	MM	S/L	7,078
				MM	S/L	
Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System						
20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	
Part IV Summary (See instructions.)						
21 Listed property. Enter amount from line 28		21 0				
22 Total. Add amounts from line 12, lines 14 through 17, line 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions		22 565,122				
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs		23				
KIA For Paperwork Reduction Act Notice, see separate Instructions.		Form 4562 (2012)				

Form 4562 Department of the Treasury Internal Revenue Service (99)	Depreciation and Amortization (Including Information on Listed Property)	OMB No. 1545-0172 2012 Attachment Sequence No. 179
Name(s) shown on return William D Kelly		Business or activity to which this form relates SCH C 1
Identifying number 123-45-6781		

▶ See separate instructions. ▶ Attach to your tax return.

Part I Election To Expense Certain Property Under Section 179
Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. (see instructions)	1	500,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	500,000

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost	
Brewing Vats	122,000	100,000	
All other assets	400,000	400,000	

7 Listed property. Enter the amount from line 29	7	0
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	500,000
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	500,000
10 Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	500,000
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	500,000
13 Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12	13	0

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	50,000
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2012	17	
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B—Assets Placed in Service During 2012 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		15,750	5.00	HY	200DB	3,150
c 7-year property		23,250	7.00	HY	200DB	3,321
d 10-year property		11,000	10.00	HY	200DB	1,100
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System

20a Class life	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21 Listed property. Enter amount from line 28	21	0
22 Total. Add amounts from line 12, lines 14 through 17, line 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	557,571
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

KIA For Paperwork Reduction Act Notice, see separate instructions. Form **4562** (2012)

Form 4684 Department of the Treasury Internal Revenue Service	Casualties and Thefts ► Information about Form 4684 and its separate instructions is at www.irs.gov/form4684 . ► Attach to your tax return. ► Use a separate Form 4684 for each casualty or theft.	OMB No. 1545-0177 <div style="font-size: 2em; font-weight: bold;">2012</div> Attachment Sequence No. 26
Name(s) shown on tax return William D Kelly		Identifying number 123-45-6781

SECTION A—Personal Use Property (Use this section to report casualties and thefts of property **not** used in a trade or business or for income-producing purposes.)

1 Description of properties (show type, location, and date acquired for each property). Use a separate line for each property lost or damaged from the same casualty or theft.
 Property A Home in Sandpoint
 Property B
 Property C
 Property D

		Properties			
		A	B	C	D
2	Cost or other basis of each property	145,000			
3	Insurance or other reimbursement (whether or not you filed a claim) (see instructions)	9,200			
Note: If line 2 is more than line 3, skip line 4.					
4	Gain from casualty or theft. If line 3 is more than line 2, enter the difference here and skip lines 5 through 9 for that column. See instructions if line 3 includes insurance or other reimbursement you did not claim, or you received payment for your loss in a later tax year	0	0	0	0
5	Fair market value before casualty or theft	353,000			
6	Fair market value after casualty or theft	311,000			
7	Subtract line 6 from line 5	42,000	0	0	0
8	Enter the smaller of line 2 or line 7	42,000	0	0	0
9	Subtract line 3 from line 8. If zero or less, enter -0-	32,800	0	0	0
10	Casualty or theft loss. Add the amounts on line 9 in columns A through D				32,800
11	Enter the smaller of line 10 or \$100				100
12	Subtract line 11 from line 10				32,700
Caution: Use only one Form 4684 for lines 13 through 18.					
13	Add the amounts on line 12 of all Forms 4684				32,700
14	Add the amounts on line 4 of all Forms 4684				0
15	<ul style="list-style-type: none"> • If line 14 is more than line 13, enter the difference here and on Schedule D. Do not complete the rest of this section (see instructions). • If line 14 is less than line 13, enter -0- here and go to line 16. • If line 14 is equal to line 13, enter -0- here. Do not complete the rest of this section. 				0
16	If line 14 is less than line 13, enter the difference				32,700
17	Enter 10% of your adjusted gross income from Form 1040, line 38, or Form 1040NR, line 37. Estates and trusts, see instructions				27,584
18	Subtract line 17 from line 16. If zero or less, enter -0-. Also enter the result on Schedule A (Form 1040), line 20, or Form 1040NR, Schedule A, line 6. Estates and trusts, enter the results on the "Other deductions" line of your tax return				5,116

KIA For Paperwork Reduction Act Notice, see instructions. Form **4684** (2012)

Name(s) shown on tax return. Do not enter name and identifying number if shown on first page of this form.

William D Kelly

Identifying number

123-45-6781

SECTION B—Business and Income-Producing Property**Part I Casualty or Theft Gain or Loss** (Use a separate Part I for each casualty or theft.)

19 Description of properties (show type, location, and date acquired for each property). Use a separate line for each property lost or damaged from the same casualty or theft.

Property A

Property B

Property C

Property D

		Properties			
		A	B	C	D
20	Cost or adjusted basis of each property	20			
21	Insurance or other reimbursement (whether or not you filed a claim). See the instructions for line 3 Note: If line 20 is more than line 21, skip line 22.	21			
22	Gain from casualty or theft. If line 21 is more than line 20, enter the difference here and on line 29 or line 34, column (c), except as provided in the instructions for line 33. Also, skip lines 23 through 27 for that column. See the instructions for line 4 if line 21 includes insurance or other reimbursement you did not claim, or you received payment for your loss in a later tax year	22	0	0	0
23	Fair market value before casualty or theft	23			
24	Fair market value after casualty or theft	24			
25	Subtract line 24 from line 23	25	0	0	0
26	Enter the smaller of line 20 or line 25 Note: If the property was totally destroyed by casualty or lost from theft, enter on line 26 the amount from line 20.	26	0	0	0
27	Subtract line 21 from line 26. If zero or less, enter -0-	27	0	0	0
28	Casualty or theft loss. Add the amounts on line 27. Enter the total here and on line 29 or line 34 (see instructions).	28			0

Part II Summary of Gains and Losses (from separate Parts I)

(a) Identify casualty or theft		(b) Losses from casualties or thefts		(c) Gains from casualties or thefts includible in income
		(i) Trade, business, rental or royalty property	(ii) Income-producing and employee property	
Casualty or Theft of Property Held One Year or Less				
29		(0)	(0)	0
30	Totals. Add the amounts on line 29	30	(0)	(0)
31	Combine line 30, columns (b)(i) and (c). Enter the net gain or (loss) here and on Form 4797, line 14. If Form 4797 is not otherwise required, see instructions	31		0
32	Enter the amount from line 30, column (b)(ii) here. Individuals, enter the amount from income-producing property on Schedule A (Form 1040), line 28, or Form 1040NR, Schedule A, line 14, and enter the amount from property used as an employee on Schedule A (Form 1040), line 23, or Form 1040NR, Schedule A, line 9. Estates and trusts, partnerships, and S corporations, see instructions	32		0

Casualty or Theft of Property Held More Than One Year

33	Casualty or theft gains from Form 4797, line 32	33		0
34			(0)	(0)
35	Total losses. Add amounts on line 34, columns (b)(i) and (b)(ii)	35	(0)	(0)
36	Total gains. Add lines 33 and 34, column (c)	36		0
37	Add amounts on line 35, columns (b)(i) and (b)(ii)	37		0
38	If the loss on line 37 is more than the gain on line 36:			
a	Combine line 35, column (b)(i) and line 36, and enter the net gain or (loss) here. Partnerships (except electing large partnerships) and S corporations, see the note below. All others, enter this amount on Form 4797, line 14. If Form 4797 is not otherwise required, see instructions	38a		0
b	Enter the amount from line 35, column (b)(ii) here. Individuals, enter the amount from income-producing property on Schedule A (Form 1040), line 28, or Form 1040NR, Schedule A, line 14, and enter the amount from property used as an employee on Schedule A (Form 1040), line 23, or Form 1040NR, Schedule A, line 9. Estates and trusts, enter on the "Other deductions" line of your tax return. Partnerships (except electing large partnerships) and S corporations, see the note below. Electing large partnerships, enter on Form 1065-B, Part II, line 11	38b		0
39	If the loss on line 37 is less than or equal to the gain on line 36, combine lines 36 and 37 and enter here. Partnerships (except electing large partnerships), see the note below. All others, enter this amount on Form 4797, line 3 Note: Partnerships, enter the amount from line 38a, 38b, or line 39 on Form 1065, Schedule K, line 11. S corporations, enter the amount from line 38a or 38b on Form 1120S, Schedule K, line 10.	39		0