Appendix

II

Form **1040** Department of the Treasury—Internal Revenue Service **U.S. Individual Income Tax Return 1998** (99) IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 1998, or other tax year beginning , 1998, ending , 19 OMB No. 1545-0074

Label

(See instructions on page 18.)

Use the IRS label. Otherwise, please print or type.

LABEL HERE

Your first name and initial	Last name	Your social security number
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
Home address (number and street). If you have a P.O. box, see page 18.	Apt. no.	
City, town or post office, state, and ZIP code. If you have a foreign address, see page 18.		

IMPORTANT! You **must** enter your SSN(s) above.

Presidential Election Campaign (See page 18.)

	Yes	No
Do you want $3 to go to this fund?		
If a joint return, does your spouse want $3 to go to this fund?		

Note: *Checking "Yes" will not change your tax or reduce your refund.*

Filing Status

Check only one box.

1 ☐ Single

2 ☐ Married filing joint return (even if only one had income)

3 ☐ Married filing separate return. Enter spouse's social security no. above and full name here. ▶

4 ☐ Head of household (with qualifying person). (See page 18.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶

5 ☐ Qualifying widow(er) with dependent child (year spouse died ▶ 19). (See page 18.)

Exemptions

6a ☐ **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, **do not** check box 6a

b ☐ **Spouse**

No. of boxes checked on 6a and 6b

c **Dependents:**

If more than six dependents, see page 19.

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see page 19)
			☐
			☐
			☐
			☐
			☐
			☐

No. of your children on 6c who:
- lived with you
- did not live with you due to divorce or separation (see page 19)

Dependents on 6c not entered above

Add numbers entered on lines above ▶

d Total number of exemptions claimed

Income

Attach Copy B of your Forms W-2, W-2G, and 1099-R here.

If you did not get a W-2, see page 20.

Enclose, but do not staple, any payment. Also, please use **Form 1040-V.**

7	Wages, salaries, tips, etc. Attach Form(s) W-2		7
8a	**Taxable** interest. Attach Schedule B if required		8a
b	**Tax-exempt** interest. DO NOT include on line 8a	8b	
9	Ordinary dividends. Attach Schedule B if required		9
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 21)		10
11	Alimony received		11
12	Business income or (loss). Attach Schedule C or C-EZ		12
13	Capital gain or (loss). Attach Schedule D		13
14	Other gains or (losses). Attach Form 4797		14
15a	Total IRA distributions	15a	b Taxable amount (see page 22) 15b
16a	Total pensions and annuities	16a	b Taxable amount (see page 22) 16b
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17
18	Farm income or (loss). Attach Schedule F		18
19	Unemployment compensation		19
20a	Social security benefits	20a	b Taxable amount (see page 24) 20b
21	Other income. List type and amount—see page 24		21
22	Add the amounts in the far right column for lines 7 through 21. This is your **total income** ▶		22

Adjusted Gross Income

If line 33 is under $30,095 (under $10,030 if a child did not live with you), see EIC inst. on page 36.

23	IRA deduction (see page 25)	23	
24	Student loan interest deduction (see page 27)	24	
25	Medical savings account deduction. Attach Form 8853	25	
26	Moving expenses. Attach Form 3903	26	
27	One-half of self-employment tax. Attach Schedule SE	27	
28	Self-employed health insurance deduction (see page 28)	28	
29	Keogh and self-employed SEP and SIMPLE plans	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid b Recipient's SSN ▶	31a	
32	Add lines 23 through 31a		32
33	Subtract line 32 from line 22. This is your **adjusted gross income** ▶		33

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 51.

Tax and Credits

Standard Deduction for Most People
Single: $4,250
Head of household: $6,250
Married filing jointly or Qualifying widow(er): $7,100
Married filing separately: $3,550

34	Amount from line 33 (adjusted gross income)			34
35a	Check if: ☐ **You** were 65 or older, ☐ Blind; ☐ **Spouse** was 65 or older, ☐ Blind. Add the number of boxes checked above and enter the total here ▶ 35a			
b	If you are married filing separately and your spouse itemizes deductions or you were a dual-status alien, see page 29 and check here ▶ 35b ☐			
36	Enter the **larger** of your **itemized deductions** from Schedule A, line 28, **OR standard deduction** shown on the left. **But** see page 30 to find your standard deduction if you checked any box on line 35a or 35b **or** if someone can claim you as a dependent			36
37	Subtract line 36 from line 34			37
38	If line 34 is $93,400 or less, multiply $2,700 by the total number of exemptions claimed on line 6d. If line 34 is over $93,400, see the worksheet on page 30 for the amount to enter			38
39	**Taxable income.** Subtract line 38 from line 37. If line 38 is more than line 37, enter -0-			39
40	**Tax.** See page 30. Check if any tax from **a** ☐ Form(s) 8814 **b** ☐ Form 4972 ▶			40
41	Credit for child and dependent care expenses. Attach Form 2441	41		
42	Credit for the elderly or the disabled. Attach Schedule R	42		
43	Child tax credit (see page 31)	43		
44	Education credits. Attach Form 8863	44		
45	Adoption credit. Attach Form 8839	45		
46	Foreign tax credit. Attach Form 1116 if required	46		
47	Other. Check if from **a** ☐ Form 3800 **b** ☐ Form 8396 **c** ☐ Form 8801 **d** ☐ Form (specify) _____	47		
48	Add lines 41 through 47. These are your **total credits**			48
49	Subtract line 48 from line 40. If line 48 is more than line 40, enter -0- ▶			49

Other Taxes

50	Self-employment tax. Attach Schedule SE	50
51	Alternative minimum tax. Attach Form 6251	51
52	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	52
53	Tax on IRAs, other retirement plans, and MSAs. Attach Form 5329 if required	53
54	Advance earned income credit payments from Form(s) W-2	54
55	Household employment taxes. Attach Schedule H	55
56	Add lines 49 through 55. This is your **total tax** ▶	56

Payments

Attach Forms W-2 and W-2G on the front. Also attach Form 1099-R if tax was withheld.

57	Federal income tax withheld from Forms W-2 and 1099	57	
58	1998 estimated tax payments and amount applied from 1997 return	58	
59a	**Earned income credit.** Attach Schedule EIC if you have a qualifying child **b** Nontaxable earned income: amount ▶ and type ▶	59a	
60	Additional child tax credit. Attach Form 8812	60	
61	Amount paid with Form 4868 (request for extension)	61	
62	Excess social security and RRTA tax withheld (see page 43)	62	
63	Other payments. Check if from **a** ☐ Form 2439 **b** ☐ Form 4136	63	
64	Add lines 57, 58, 59a, and 60 through 63. These are your **total payments** ▶		64

Refund

Have it directly deposited! See page 44 and fill in 66b, 66c, and 66d.

65	If line 64 is more than line 56, subtract line 56 from line 64. This is the amount you **OVERPAID**	65
66a	Amount of line 65 you want **REFUNDED TO YOU** ▶	66a
▶ b	Routing number ▶ **c** Type: ☐ Checking ☐ Savings	
▶ d	Account number	
67	Amount of line 65 you want **APPLIED TO YOUR 1999 ESTIMATED TAX** ▶ 67	

Amount You Owe

68	If line 56 is more than line 64, subtract line 64 from line 56. This is the **AMOUNT YOU OWE.** For details on how to pay, see page 44 ▶	68
69	Estimated tax penalty. Also include on line 68 69	

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.

Joint return? See page 18. Keep a copy for your records.

Your signature	Date	Your occupation	Daytime telephone number (optional)
Spouse's signature. If a joint return, BOTH must sign.	Date	Spouse's occupation	( )

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed ☐	Preparer's social security no.
Firm's name (or yours if self-employed) and address ▶			EIN
			ZIP code

SCHEDULES A&B
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Schedule A—Itemized Deductions

(Schedule B is on back)

▶ **Attach to Form 1040.** ▶ **See Instructions for Schedules A and B (Form 1040).**

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1998

Attachment Sequence No. **07**

Name(s) shown on Form 1040

Your social security number

Medical and Dental Expenses		**Caution:** *Do not include expenses reimbursed or paid by others.*		
	1	Medical and dental expenses (see page A-1)	1	
	2	Enter amount from Form 1040, line 34 . 2		
	3	Multiply line 2 above by 7.5% (.075)	3	
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-		4
Taxes You Paid (See page A-2.)	5	State and local income taxes	5	
	6	Real estate taxes (see page A-2)	6	
	7	Personal property taxes	7	
	8	Other taxes. List type and amount ▶	8	
	9	Add lines 5 through 8		9
Interest You Paid (See page A-3.)	10	Home mortgage interest and points reported to you on Form 1098	10	
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 and show that person's name, identifying no., and address ▶	11	
Note: Personal interest is not deductible.	12	Points not reported to you on Form 1098. See page A-3 for special rules	12	
	13	Investment interest. Attach Form 4952 if required. (See page A-3.)	13	
	14	Add lines 10 through 13		14
Gifts to Charity	15	Gifts by cash or check. If you made any gift of $250 or more, see page A-4	15	
If you made a gift and got a benefit for it, see page A-4.	16	Other than by cash or check. If any gift of $250 or more, see page A-4. You **MUST** attach Form 8283 if over $500	16	
	17	Carryover from prior year	17	
	18	Add lines 15 through 17		18
Casualty and Theft Losses	19	Casualty or theft loss(es). Attach Form 4684. (See page A-5.)		19
Job Expenses and Most Other Miscellaneous Deductions	20	Unreimbursed employee expenses—job travel, union dues, job education, etc. You **MUST** attach Form 2106 or 2106-EZ if required. (See page A-5.) ▶	20	
	21	Tax preparation fees	21	
(See page A-6 for expenses to deduct here.)	22	Other expenses—investment, safe deposit box, etc. List type and amount ▶	22	
	23	Add lines 20 through 22	23	
	24	Enter amount from Form 1040, line 34 . 24		
	25	Multiply line 24 above by 2% (.02)	25	
	26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-		26
Other Miscellaneous Deductions	27	Other—from list on page A-6. List type and amount ▶		27
Total Itemized Deductions	28	Is Form 1040, line 34, over $124,500 (over $62,250 if married filing separately)? **NO.** Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter on Form 1040, line 36, the **larger** of this amount or your standard deduction. **YES.** Your deduction may be limited. See page A-6 for the amount to enter.	▶	28

For Paperwork Reduction Act Notice, see Form 1040 instructions. Cat. No. 11330X **Schedule A (Form 1040) 1998**

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side. | Your social security number

Schedule B—Interest and Ordinary Dividends

Attachment Sequence No. 08

Part I Interest

(See pages 20 and B-1.)

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.

Note: *If you had over $400 in taxable interest income, you must also complete Part III.*

		Amount
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 page B-1 and list this interest first. Also, show that buyer's social security number and address ▶	1	
2 Add the amounts on line 1	2	
3 Excludable interest on series EE U.S. savings bonds issued after 1989 from Form 8815, line 14. You MUST attach Form 8815 to Form 1040	3	
4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶	4	

Part II Ordinary Dividends

(See pages 21 and B-1.)

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.

Note: *If you had over $400 in ordinary dividends, you must also complete Part III.*

		Amount
5 List name of payer. Include only ordinary dividends. Report any capital gain distributions on Schedule D, line 13 ▶	5	
6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9 ▶	6	

Part III Foreign Accounts and Trusts

(See page B-2.)

You must complete this part if you **(a)** had over $400 of 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.

	Yes	No
7a At any time during 1998, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1		
b If "Yes," enter the name of the foreign country ▶		
8 During 1998, 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 page B-2		

SCHEDULE C (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Business

(Sole Proprietorship)

▶ **Partnerships, joint ventures, etc., must file Form 1065 or Form 1065-B.**

▶ **Attach to Form 1040 or Form 1041.** ▶ **See Instructions for Schedule C (Form 1040).**

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Attachment Sequence No. **09**

Name of proprietor

Social security number (SSN)

A Principal business or profession, including product or service (see page C-1)

B Enter NEW code from pages C-8 & 9 ▶

C Business name. If no separate business name, leave blank.

D Employer ID number (EIN), if any

E Business address (including suite or room no.) ▶
City, town or post office, state, and ZIP code

F Accounting method: **(1)** ☐ Cash **(2)** ☐ Accrual **(3)** ☐ Other (specify) ▶

G Did you "materially participate" in the operation of this business during 1998? If "No," see page C-2 for limit on losses . ☐ **Yes** ☐ **No**

H If you started or acquired this business during 1998, check here . . . . . ▶ ☐

Part I Income

1	Gross receipts or sales. **Caution:** *If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see page C-3 and check here* ▶ ☐	1	
2	Returns and allowances	2	
3	Subtract line 2 from line 1	3	
4	Cost of goods sold (from line 42 on page 2)	4	
5	**Gross profit.** Subtract line 4 from line 3	5	
6	Other income, including Federal and state gasoline or fuel tax credit or refund (see page C-3)	6	
7	**Gross income.** Add lines 5 and 6 ▶	7	

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8	Advertising	8		19	Pension and profit-sharing plans	19	
9	Bad debts from sales or services (see page C-3)	9		20	Rent or lease (see page C-5):		
10	Car and truck expenses (see page C-3)	10		a	Vehicles, machinery, and equipment	20a	
11	Commissions and fees	11		b	Other business property	20b	
12	Depletion	12		21	Repairs and maintenance	21	
13	Depreciation and section 179 expense deduction (not included in Part III) (see page C-4)	13		22	Supplies (not included in Part III)	22	
14	Employee benefit programs (other than on line 19)	14		23	Taxes and licenses	23	
15	Insurance (other than health)	15		24	Travel, meals, and entertainment:		
16	Interest:			a	Travel	24a	
a	Mortgage (paid to banks, etc.)	16a		b	Meals and entertainment		
b	Other	16b		c	Enter 50% of line 24b subject to limitations (see page C-6)		
17	Legal and professional services	17		d	Subtract line 24c from line 24b	24d	
18	Office expense	18		25	Utilities	25	
				26	Wages (less employment credits)	26	
				27	Other expenses (from line 48 on page 2)	27	

28	**Total expenses** before expenses for business use of home. Add lines 8 through 27 in columns ▶	28	
29	Tentative profit (loss). Subtract line 28 from line 7	29	
30	Expenses for business use of your home. Attach **Form 8829**	30	
31	**Net profit or (loss).** Subtract line 30 from line 29. • If a profit, enter on **Form 1040, line 12,** and ALSO on **Schedule SE, line 2** (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3. • If a loss, you MUST go on to line 32.	31	

32 If you have a loss, check the box that describes your investment in this activity (see page C-6).
• If you checked 32a, enter the loss on **Form 1040, line 12,** and ALSO on **Schedule SE, line 2** (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.
• If you checked 32b, you MUST attach **Form 6198.**

32a ☐ All investment is at risk.
32b ☐ Some investment is not at risk.

Part III Cost of Goods Sold (see page C-7)

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? If "Yes," attach explanation . . . ☐ Yes ☐ No

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	
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	
41	Inventory at end of year	41	
42	**Cost of goods sold.** Subtract line 41 from line 40. Enter the result here and on page 1, line 4	42	

Part IV Information on Your Vehicle.

Complete this part **ONLY** if you are claiming car or truck expenses on line 10 and are not required to file Form 4562 for this business. See the instructions for line 13 on page C-4 to find out if you must file.

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 1998, enter the number of miles you used your vehicle for:

a Business _____ b Commuting _____ c Other _____

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

46 Was your vehicle available for use during off-duty hours? . . . ☐ 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.

48 **Total other expenses.** Enter here and on page 1, line 27	48	

SCHEDULE D (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040).

▶ Use Schedule D-1 for more space to list transactions for lines 1 and 8.

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1998

Attachment Sequence No. **12**

Name(s) shown on Form 1040

Your social security number

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

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6)	(e) Cost or other basis (see page D-6)	(f) GAIN or (LOSS) Subtract (e) from (d)
1					

2 Enter your short-term totals, if any, from Schedule D-1, line 2	2		
3 **Total short-term sales price amounts.** Add column (d) of lines 1 and 2	3		
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4		
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 1997 Capital Loss Carryover Worksheet	6	( )	
7 **Net short-term capital gain or (loss).** Combine lines 1 through 6 in column (f). ▶	7		

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

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6)	(e) Cost or other basis (see page D-6)	(f) GAIN or (LOSS) Subtract (e) from (d)	(g) 28% RATE GAIN or (LOSS) * (see instr. below)
8						

9 Enter your long-term totals, if any, from Schedule D-1, line 9	9			
10 **Total long-term sales price amounts.** Add column (d) of lines 8 and 9	10			
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			
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12			
13 Capital gain distributions. See page D-2	13			
14 Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from line 13 of your 1997 Capital Loss Carryover Worksheet	14	( )	( )	
15 Combine lines 8 through 14 in column (g)	15			
16 **Net long-term capital gain or (loss).** Combine lines 8 through 14 in column (f). ▶	16			

Next: Go to Part III on the back.

* **28% Rate Gain or Loss** includes **all** "collectibles gains and losses" (as defined on page D-6) and up to 50% of the eligible gain on qualified small business stock (see page D-5).

Part III Summary of Parts I and II

17	Combine lines 7 and 16. If a loss, go to line 18. If a gain, enter the gain on Form 1040, line 13 **Next:** Complete Form 1040 through line 39. Then, go to **Part IV** to figure your tax if: • Both lines 16 and 17 are gains, **and** • Form 1040, line 39, is more than zero.	17	
18	If line 17 is a loss, enter here and as a (loss) on Form 1040, line 13, the **smaller** of these losses: • The loss on line 17; **or** • ($3,000) or, if married filing separately, ($1,500) **Next:** Complete Form 1040 through line 37. Then, complete the **Capital Loss Carryover Worksheet** on page D-6 if: • The loss on line 17 exceeds the loss on line 18, **or** • Form 1040, line 37, is a loss.	18	(

Part IV Tax Computation Using Maximum Capital Gains Rates

19	Enter your taxable income from Form 1040, line 39			19	
20	Enter the **smaller** of line 16 or line 17 of Schedule D	20			
21	If you are filing Form 4952, enter the amount from Form 4952, line 4e	21			
22	Subtract line 21 from line 20. If zero or less, enter -0-	22			
23	Combine lines 7 and 15. If zero or less, enter -0-	23			
24	Enter the **smaller** of line 15 or line 23, but not less than zero	24			
25	Enter your unrecaptured section 1250 gain, if any (see page D-7)	25			
26	Add lines 24 and 25	26			
27	Subtract line 26 from line 22. If zero or less, enter -0-			27	
28	Subtract line 27 from line 19. If zero or less, enter -0-			28	
29	Enter the **smaller** of: • The amount on line 19, **or** • $25,350 if single; $42,350 if married filing jointly or qualifying widow(er); $21,175 if married filing separately; or $33,950 if head of household			29	
30	Enter the **smaller** of line 28 or line 29			30	
31	Subtract line 22 from line 19. If zero or less, enter -0-			31	
32	Enter the **larger** of line 30 or line 31			32	
33	Figure the tax on the amount on line 32. Use the Tax Table or Tax Rate Schedules, whichever applies ▶			33	
34	Enter the amount from line 29			34	
35	Enter the amount from line 28			35	
36	Subtract line 35 from line 34. If zero or less, enter -0-			36	
37	Multiply line 36 by 10% (.10) ▶			37	
38	Enter the **smaller** of line 19 or line 27			38	
39	Enter the amount from line 36			39	
40	Subtract line 39 from line 38			40	
41	Multiply line 40 by 20% (.20) ▶			41	
42	Enter the **smaller** of line 22 or line 25			42	
43	Add lines 22 and 32	43			
44	Enter the amount from line 19	44			
45	Subtract line 44 from line 43. If zero or less, enter -0-			45	
46	Subtract line 45 from line 42. If zero or less, enter -0-			46	
47	Multiply line 46 by 25% (.25) ▶			47	
48	Enter the amount from line 19			48	
49	Add lines 32, 36, 40, and 46			49	
50	Subtract line 49 from line 48			50	
51	Multiply line 50 by 28% (.28) ▶			51	
52	Add lines 33, 37, 41, 47, and 51			52	
53	Figure the tax on the amount on line 19. Use the Tax Table or Tax Rate Schedules, whichever applies			53	
54	**Tax on taxable income (including capital gains).** Enter the **smaller** of line 52 or line 53 here and on Form 1040, line 40. ▶			54	

SCHEDULE E (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Supplemental Income and Loss

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

▶ **Attach to Form 1040 or Form 1041.** ▶ **See Instructions for Schedule E (Form 1040).**

OMB No. 1545-0074

1998

Attachment Sequence No. **13**

Name(s) shown on return

Your social security number

Part I **Income or Loss From Rental Real Estate and Royalties** **Note:** *Report income and expenses from your business of renting personal property on* ***Schedule C*** *or* ***C-EZ*** *(see page E-1). Report farm rental income or loss from* ***Form 4835*** *on page 2, line 39.*

1	Show the kind and location of each **rental real estate property:**
A	
B	
C	

2	For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of: • 14 days, **or** • 10% of the total days rented at fair rental value? (See page E-1.)	Yes	No
A			
B			
C			

		Properties A	Properties B	Properties C	Totals (Add columns A, B, and C.)
Income:					
3 Rents received	3				
4 Royalties received	4				4
Expenses:					
5 Advertising	5				
6 Auto and travel (see page E-2)	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 page E-2)	12				12
13 Other interest	13				
14 Repairs	14				
15 Supplies	15				
16 Taxes	16				
17 Utilities	17				
18 Other (list) ▶	18				
19 Add lines 5 through 18	19				19
20 Depreciation expense or depletion (see page E-3)	20				20
21 Total expenses. Add lines 19 and 20	21				
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-3 to find out if you must file **Form 6198**	22				
23 Deductible rental real estate loss. **Caution:** *Your rental real estate loss on line 22 may be limited. See page E-3 to find out if you must file* ***Form 8582****. Real estate professionals must complete line 42 on page 2*	23	( )	( )	( )	
24 **Income.** Add positive amounts shown on line 22. **Do not** include any losses					24
25 **Losses.** Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here					25 ( )
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 39 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 40 on page 2					26

Name(s) shown on return. Do not enter name and social security number if shown on other side. | **Your social security number**

Note: *If you report amounts from farming or fishing on Schedule E, you must enter your gross income from those activities on line 41 below. Real estate professionals must complete line 42 below.*

Part II Income or Loss From Partnerships and S Corporations

Note: *If you report a loss from an at-risk activity, you MUST check either column **(e)** or **(f)** on line 27 to describe your investment in the activity. See page E-5. If you check column **(f)**, you must attach **Form 6198**.*

27	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	Investment At Risk? (e) All is at risk	(f) Some is not at risk
A						
B						
C						
D						
E						

	Passive Income and Loss				Nonpassive Income and Loss					
	(g) Passive loss allowed (attach **Form 8582** if required)		(h) Passive income from **Schedule K-1**		(i) Nonpassive loss from **Schedule K-1**		(j) Section 179 expense deduction from **Form 4562**		(k) Nonpassive income from **Schedule K-1**	
A										
B										
C										
D										
E										
28a Totals										
b Totals										

29	Add columns (h) and (k) of line 28a	29	
30	Add columns (g), (i), and (j) of line 28b	30	( )
31	Total partnership and S corporation income or (loss). Combine lines 29 and 30. Enter the result here and include in the total on line 40 below	31	

Part III Income or Loss From Estates and Trusts

32	(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								
33a Totals								
b Totals								

34	Add columns (d) and (f) of line 33a	34	
35	Add columns (c) and (e) of line 33b	35	( )
36	Total estate and trust income or (loss). Combine lines 34 and 35. Enter the result here and include in the total on line 40 below	36	

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

37	(a) Name	(b) Employer identification number	(c) Excess inclusion from **Schedules Q**, line 2c (see page E-6)	(d) Taxable income (net loss) from **Schedules Q**, line 1b	(e) Income from **Schedules Q**, line 3b

38	Combine columns (d) and (e) only. Enter the result here and include in the total on line 40 below	38	

Part V Summary

39	Net farm rental income or (loss) from **Form 4835**. Also, complete line 41 below	39	
40	TOTAL income or (loss). Combine lines 26, 31, 36, 38, and 39. Enter the result here and on Form 1040, line 17 ▶	40	
41	**Reconciliation of Farming and Fishing Income.** Enter your **gross** farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), line 15b; Schedule K-1 (Form 1120S), line 23; and Schedule K-1 (Form 1041), line 14 (see page E-6)	41	
42	**Reconciliation for Real Estate Professionals.** If you were a real estate professional (see page E-4), enter the net income or (loss) you reported anywhere on Form 1040 from all rental real estate activities in which you materially participated under the passive activity loss rules	42	

Form **1065**
Department of the Treasury
Internal Revenue Service

U.S. Partnership Return of Income

For calendar year 1998, or tax year beginning ....., 1998, and ending ....., 19 ....
▶ See separate instructions.

OMB No. 1545-0099

1998

A Principal business activity	**Use the IRS label. Otherwise, please print or type.**	Name of partnership	**D Employer identification number**
B Principal product or service		Number, street, and room or suite no. If a P.O. box, see page 10 of the instructions.	**E** Date business started
C NEW business code no. (see pages 25–27 of instructions)		City or town, state, and ZIP code	**F** Total assets (see page 10 of the instructions) $

G Check applicable boxes: **(1)** ☐ Initial return **(2)** ☐ Final return **(3)** ☐ Change in address **(4)** ☐ Amended return

H Check accounting method: **(1)** ☐ Cash **(2)** ☐ Accrual **(3)** ☐ Other (specify) ▶.....

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶.....

Caution: *Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.*

Income	**1a** Gross receipts or sales	**1a**			
	b Less returns and allowances	**1b**		**1c**	
	2 Cost of goods sold (Schedule A, line 8)			**2**	
	3 Gross profit. Subtract line 2 from line 1c			**3**	
	4 Ordinary income (loss) from other partnerships, estates, and trusts *(attach schedule)*			**4**	
	5 Net farm profit (loss) *(attach Schedule F (Form 1040))*			**5**	
	6 Net gain (loss) from Form 4797, Part II, line 18			**6**	
	7 Other income (loss) *(attach schedule)*			**7**	
	8 **Total income (loss).** Combine lines 3 through 7			**8**	
Deductions (see page 11 of the instructions for limitations)	**9** Salaries and wages (other than to partners) (less employment credits)			**9**	
	10 Guaranteed payments to partners			**10**	
	11 Repairs and maintenance			**11**	
	12 Bad debts			**12**	
	13 Rent			**13**	
	14 Taxes and licenses			**14**	
	15 Interest			**15**	
	16a Depreciation (if required, attach Form 4562)	**16a**			
	b Less depreciation reported on Schedule A and elsewhere on return	**16b**		**16c**	
	17 Depletion **(Do not deduct oil and gas depletion.)**			**17**	
	18 Retirement plans, etc.			**18**	
	19 Employee benefit programs			**19**	
	20 Other deductions *(attach schedule)*			**20**	
	21 **Total deductions.** Add the amounts shown in the far right column for lines 9 through 20			**21**	
	22 **Ordinary income (loss)** from trade or business activities. Subtract line 21 from line 8			**22**	

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

▶ Signature of general partner or limited liability company member ▶ Date

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed ▶ ☐	Preparer's social security no.
Firm's name (or yours if self-employed) and address ▶		EIN ▶	
		ZIP code ▶	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11390Z Form **1065** (1998)

Schedule A Cost of Goods Sold (see page 14 of the instructions)

1	Inventory at beginning of year	1		
2	Purchases less cost of items withdrawn for personal use	2		
3	Cost of labor	3		
4	Additional section 263A costs *(attach schedule)*	4		
5	Other costs *(attach schedule)*	5		
6	**Total.** Add lines 1 through 5	6		
7	Inventory at end of year	7		
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on page 1, line 2	8		

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (specify method used and attach explanation) ▶

b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶ ☐

c Check this box if the LIFO inventory method was adopted this tax year for any goods *(if checked, attach Form 970)* ▶ ☐

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ **Yes** ☐ **No**

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ **Yes** ☐ **No**
If "Yes," attach explanation.

Schedule B Other Information

		Yes	No
1	What type of entity is filing this return? Check the applicable box: **a** ☐ General partnership **b** ☐ Limited partnership **c** ☐ Limited liability company **d** ☐ Limited liability partnership **e** ☐ Other ▶		
2	Are any partners in this partnership also partnerships?		
3	Is this partnership a partner in another partnership?		
4	Is this partnership subject to the consolidated audit procedures of sections 6221 through 6233? If "Yes," see **Designation of Tax Matters Partner** below		
5	Does this partnership meet **ALL THREE** of the following requirements? **a** The partnership's total receipts for the tax year were less than $250,000; **b** The partnership's total assets at the end of the tax year were less than $600,000; **AND** **c** Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return. If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item J on Schedule K-1		
6	Does this partnership have any foreign partners?		
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		
8	Has this partnership filed, or is it required to file, **Form 8264,** Application for Registration of a Tax Shelter?		
9	At any time during calendar year 1998, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See page 14 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ▶		
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See page 15 of the instructions		
11	Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under **Elections Made By the Partnership** on page 6 of the instructions		

Designation of Tax Matters Partner (see page 15 of the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶ Identifying number of TMP ▶

Address of designated TMP ▶

Schedule K Partners' Shares of Income, Credits, Deductions, etc.

	(a) Distributive share items		(b) Total amount
Income (Loss)	1 Ordinary income (loss) from trade or business activities (page 1, line 22)	1	
	2 Net income (loss) from rental real estate activities *(attach Form 8825)*	2	
	3a Gross income from other rental activities	3a	
	b Expenses from other rental activities *(attach schedule)*	3b	
	c Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c	
	4 Portfolio income (loss):		
	a Interest income	4a	
	b Ordinary dividends	4b	
	c Royalty income	4c	
	d Net short-term capital gain (loss) *(attach Schedule D (Form 1065))*	4d	
	e Net long-term capital gain (loss) *(attach Schedule D (Form 1065))*:		
	(1) 28% rate gain (loss) ▶ (2) Total for year ▶	4e(2)	
	f Other portfolio income (loss) *(attach schedule)*	4f	
	5 Guaranteed payments to partners	5	
	6 Net section 1231 gain (loss) (other than due to casualty or theft) *(attach Form 4797)*	6	
	7 Other income (loss) *(attach schedule)*	7	
Deductions	8 Charitable contributions *(attach schedule)*	8	
	9 Section 179 expense deduction *(attach Form 4562)*	9	
	10 Deductions related to portfolio income (itemize)	10	
	11 Other deductions *(attach schedule)*	11	
Credits	12a Low-income housing credit:		
	(1) From partnerships to which section 42(j)(5) applies for property placed in service before 1990	12a(1)	
	(2) Other than on line 12a(1) for property placed in service before 1990	12a(2)	
	(3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989	12a(3)	
	(4) Other than on line 12a(3) for property placed in service after 1989	12a(4)	
	b Qualified rehabilitation expenditures related to rental real estate activities *(attach Form 3468)*	12b	
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c	
	d Credits related to other rental activities	12d	
	13 Other credits	13	
Investment Interest	14a Interest expense on investment debts	14a	
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	14b(1)	
	(2) Investment expenses included on line 10 above	14b(2)	
Self-Employment	15a Net earnings (loss) from self-employment	15a	
	b Gross farming or fishing income	15b	
	c Gross nonfarm income	15c	
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986	16a	
	b Adjusted gain or loss	16b	
	c Depletion (other than oil and gas)	16c	
	d (1) Gross income from oil, gas, and geothermal properties	16d(1)	
	(2) Deductions allocable to oil, gas, and geothermal properties	16d(2)	
	e Other adjustments and tax preference items *(attach schedule)*	16e	
Foreign Taxes	17a Type of income ▶		
	b Name of foreign country or U.S. possession ▶		
	c Total gross income from sources outside the United States *(attach schedule)*	17c	
	d Total applicable deductions and losses *(attach schedule)*	17d	
	e Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued	17e	
	f Reduction in taxes available for credit *(attach schedule)*	17f	
	g Other foreign tax information *(attach schedule)*	17g	
Other	18 Section 59(e)(2) expenditures: a Type ▶ b Amount ▶	18b	
	19 Tax-exempt interest income	19	
	20 Other tax-exempt income	20	
	21 Nondeductible expenses	21	
	22 Distributions of money (cash and marketable securities)	22	
	23 Distributions of property other than money	23	
	24 Other items and amounts required to be reported separately to partners *(attach schedule)*		

Analysis of Net Income (Loss)

1	Net income (loss). Combine Schedule K, lines 1 through 7 in column (b). From the result, subtract the sum of Schedule K, lines 8 through 11, 14a, 17e, and 18b	1	

2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a General partners						
b Limited partners						

Schedule L Balance Sheets per Books (Not required if Question 5 on Schedule B is answered "Yes.")

Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1 Cash				
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets *(attach schedule)*				
7 Mortgage and real estate loans				
8 Other investments *(attach schedule)*				
9a Buildings and other depreciable assets				
b Less accumulated depreciation				
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)				
12a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets *(attach schedule)*				
14 **Total** assets				
Liabilities and Capital				
15 Accounts payable				
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities *(attach schedule)*				
18 All nonrecourse loans				
19 Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities *(attach schedule)*				
21 Partners' capital accounts				
22 **Total** liabilities and capital				

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

(Not required if Question 5 on Schedule B is answered "Yes." See page 23 of the instructions.)

1	Net income (loss) per books	6	Income recorded on books this year not included on Schedule K, lines 1 through 7 (itemize):
2	Income included on Schedule K, lines 1 through 4, 6, and 7, not recorded on books this year (itemize):	a	Tax-exempt interest $
3	Guaranteed payments (other than health insurance)	7	Deductions included on Schedule K, lines 1 through 11, 14a, 17e, and 18b, not charged against book income this year (itemize):
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 11, 14a, 17e, and 18b (itemize):	a	Depreciation $
a	Depreciation $	8	Add lines 6 and 7
b	Travel and entertainment $	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5
5	Add lines 1 through 4		

Schedule M-2 Analysis of Partners' Capital Accounts (Not required if Question 5 on Schedule B is answered "Yes.")

1	Balance at beginning of year	6	Distributions: a Cash
2	Capital contributed during year		b Property
3	Net income (loss) per books	7	Other decreases (itemize):
4	Other increases (itemize):	8	Add lines 6 and 7
5	Add lines 1 through 4	9	Balance at end of year. Subtract line 8 from line 5

SCHEDULE D (Form 1065)

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

▶ **Attach to Form 1065.**

OMB No. 1545-0099

1998

Name of partnership

Employer identification number

Part I Short-Term Capital Gains and Losses—Assets Held 1 Year or Less

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) ((d) minus (e))
1					

2 Short-term capital gain from installment sales from Form 6252, line 26 or 37 . .	2	
3 Short-term capital gain (loss) from like-kind exchanges from Form 8824 . . .	3	
4 Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships, estates, and trusts . . .	4	
5 **Net short-term capital gain or (loss).** Combine lines 1 through 4 in column (f). Enter here and on Form 1065, Schedule K, line 4d or 7	5	

Part II Long-Term Capital Gains and Losses—Assets Held More Than 1 Year

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) ((d) minus (e))	(g) 28% rate gain or (loss) *(see instr. below)
6						

7 Long-term capital gain from installment sales from Form 6252, line 26 or 37 . .	7		
8 Long-term capital gain (loss) from like-kind exchanges from Form 8824. . . .	8		
9 Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts . .	9		
10 Capital gain distributions	10		
11 Combine lines 6 through 10 in column (g). Enter here and on Form 1065, Schedule K, line 4e(1) or 7	11		
12 **Net long-term capital gain or (loss).** Combine lines 6 through 10 in column (f). Enter here and on Form 1065, Schedule K, line 4e(2) or 7	12		

***28% rate gain or (loss)** includes all "collectibles gains and losses" as defined in the instructions.

SCHEDULE K-1 (Form 1065)
Department of the Treasury
Internal Revenue Service

Partner's Share of Income, Credits, Deductions, etc.

▶ See separate instructions.

For calendar year 1998 or tax year beginning , 1998, and ending , 19

OMB No. 1545-0099

1998

Partner's identifying number ▶	Partnership's identifying number ▶
Partner's name, address, and ZIP code	Partnership's name, address, and ZIP code

A This partner is a ☐ general partner ☐ limited partner ☐ limited liability company member

B What type of entity is this partner? ▶ .....

C Is this partner a ☐ domestic or a ☐ foreign partner?

D Enter partner's percentage of:

	(i) Before change or termination	(ii) End of year
Profit sharing	%	%
Loss sharing	%	%
Ownership of capital	%	%

E IRS Center where partnership filed return:

F Partner's share of liabilities (see instructions):
Nonrecourse $
Qualified nonrecourse financing $
Other $

G Tax shelter registration number ▶

H Check here if this partnership is a publicly traded partnership as defined in section 469(k)(2) ☐

I Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1

J Analysis of partner's capital account:

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year (combine columns (a) through (d))
			( )	

	(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activities	1		See page 6 of Partner's Instructions for Schedule K-1 (Form 1065).
	2 Net income (loss) from rental real estate activities	2		
	3 Net income (loss) from other rental activities	3		
	4 Portfolio income (loss):			
	a Interest	4a		Sch. B, Part I, line 1
	b Ordinary dividends	4b		Sch. B, Part II, line 5
	c Royalties	4c		Sch. E, Part I, line 4
	d Net short-term capital gain (loss)	4d		Sch. D, line 5, col. (f)
	e Net long-term capital gain (loss):			
	(1) 28% rate gain (loss)	e(1)		Sch. D, line 12, col. (g)
	(2) Total for year	e(2)		Sch. D, line 12, col. (f)
	f Other portfolio income (loss) *(attach schedule)*	4f		Enter on applicable line of your return.
	5 Guaranteed payments to partner	5		See page 6 of Partner's Instructions for Schedule K-1 (Form 1065).
	6 Net section 1231 gain (loss) (other than due to casualty or theft)	6		
	7 Other income (loss) *(attach schedule)*	7		Enter on applicable line of your return.
Deductions	8 Charitable contributions (see instructions) *(attach schedule)*	8		Sch. A, line 15 or 16
	9 Section 179 expense deduction	9		See pages 7 and 8 of Partner's Instructions for Schedule K-1 (Form 1065).
	10 Deductions related to portfolio income *(attach schedule)*	10		
	11 Other deductions *(attach schedule)*	11		
Credits	12a Low-income housing credit:			
	(1) From section 42(j)(5) partnerships for property placed in service before 1990	a(1)		Form 8586, line 5
	(2) Other than on line 12a(1) for property placed in service before 1990	a(2)		
	(3) From section 42(j)(5) partnerships for property placed in service after 1989	a(3)		
	(4) Other than on line 12a(3) for property placed in service after 1989	a(4)		
	b Qualified rehabilitation expenditures related to rental real estate activities	12b		See page 8 of Partner's Instructions for Schedule K-1 (Form 1065).
	c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities	12c		
	d Credits related to other rental activities	12d		
	13 Other credits	13		

	(a) Distributive share item		(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Investment Interest	14a Interest expense on investment debts	14a		Form 4952, line 1
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f	b(1)		See page 9 of Partner's Instructions for Schedule K-1 (Form 1065).
	(2) Investment expenses included on line 10	b(2)		
Self-employment	15a Net earnings (loss) from self-employment	15a		Sch. SE, Section A or B
	b Gross farming or fishing income	15b		See page 9 of Partner's Instructions for Schedule K-1 (Form 1065).
	c Gross nonfarm income	15c		
Adjustments and Tax Preference Items	16a Depreciation adjustment on property placed in service after 1986	16a		See page 9 of Partner's Instructions for Schedule K-1 (Form 1065) and Instructions for Form 6251.
	b Adjusted gain or loss	16b		
	c Depletion (other than oil and gas)	16c		
	d (1) Gross income from oil, gas, and geothermal properties	d(1)		
	(2) Deductions allocable to oil, gas, and geothermal properties	d(2)		
	e Other adjustments and tax preference items *(attach schedule)*	16e		
Foreign Taxes	17a Type of income ▶			Form 1116, check boxes
	b Name of foreign country or possession ▶			Form 1116, Part I
	c Total gross income from sources outside the United States *(attach schedule)*	17c		
	d Total applicable deductions and losses *(attach schedule)*	17d		
	e Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued	17e		Form 1116, Part II
	f Reduction in taxes available for credit *(attach schedule)*	17f		Form 1116, Part III
	g Other foreign tax information *(attach schedule)*	17g		See Instructions for Form 1116.
Other	18 Section 59(e)(2) expenditures: a Type ▶			See page 9 of Partner's Instructions for Schedule K-1 (Form 1065).
	b Amount	18b		
	19 Tax-exempt interest income	19		Form 1040, line 8b
	20 Other tax-exempt income	20		See pages 9 and 10 of Partner's Instructions for Schedule K-1 (Form 1065).
	21 Nondeductible expenses	21		
	22 Distributions of money (cash and marketable securities)	22		
	23 Distributions of property other than money	23		
	24 Recapture of low-income housing credit:			
	a From section 42(j)(5) partnerships	24a		Form 8611, line 8
	b Other than on line 24a	24b		

Supplemental Information

25 Supplemental information required to be reported separately to each partner *(attach additional schedules if more space is needed):*

Form **1120**
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 1998 or tax year beginning _____ , 1998, ending _____ , 19 __
▶ Instructions are separate. See page 1 for Paperwork Reduction Act Notice.

OMB No. 1545-0123

1998

A Check if a:
1 Consolidated return (attach Form 851) ☐
2 Personal holding co. (attach Sch. PH) ☐
3 Personal service corp. (as defined in Temporary Regs. sec. 1.441-4T—see instructions) ☐

Use IRS label. Otherwise, print or type.

Name

Number, street, and room or suite no. (If a P.O. box, see page 5 of instructions.)

City or town, state, and ZIP code

B Employer identification number

C Date incorporated

D Total assets (see page 5 of instructions) $

E Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Change of address

Income	1a	Gross receipts or sales	b Less returns and allowances	c Bal ▶	1c
	2	Cost of goods sold (Schedule A, line 8)			2
	3	Gross profit. Subtract line 2 from line 1c			3
	4	Dividends (Schedule C, line 19)			4
	5	Interest			5
	6	Gross rents			6
	7	Gross royalties			7
	8	Capital gain net income (attach Schedule D (Form 1120))			8
	9	Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)			9
	10	Other income (see page 6 of instructions—attach schedule)			10
	11	**Total income.** Add lines 3 through 10		▶	11
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (Schedule E, line 4)			12
	13	Salaries and wages (less employment credits)			13
	14	Repairs and maintenance			14
	15	Bad debts			15
	16	Rents			16
	17	Taxes and licenses			17
	18	Interest			18
	19	Charitable contributions (see page 8 of instructions for 10% limitation)			19
	20	Depreciation (attach Form 4562)	20		
	21	Less depreciation claimed on Schedule A and elsewhere on return	21a		21b
	22	Depletion			22
	23	Advertising			23
	24	Pension, profit-sharing, etc., plans			24
	25	Employee benefit programs			25
	26	Other deductions (attach schedule)			26
	27	**Total deductions.** Add lines 12 through 26		▶	27
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11			28
	29	**Less:** a Net operating loss deduction (see page 9 of instructions)	29a		
		b Special deductions (Schedule C, line 20)	29b		29c
Tax and Payments	30	**Taxable income.** Subtract line 29c from line 28			30
	31	**Total tax** (Schedule J, line 12)			31
	32	**Payments:** a 1997 overpayment credited to 1998	32a		
	b	1998 estimated tax payments	32b		
	c	Less 1998 refund applied for on Form 4466	32c ( )	d Bal ▶	32d
	e	Tax deposited with Form 7004			32e
	f	Credit for tax paid on undistributed capital gains (attach Form 2439)			32f
	g	Credit for Federal tax on fuels (attach Form 4136). See instructions			32h
	33	Estimated tax penalty (see page 10 of instructions). Check if Form 2220 is attached ▶ ☐			33
	34	**Tax due.** If line 32h is smaller than the total of lines 31 and 33, enter amount owed			34
	35	**Overpayment.** If line 32h is larger than the total of lines 31 and 33, enter amount overpaid			35
	36	Enter amount of line 35 you want: **Credited to 1999 estimated tax** ▶		**Refunded** ▶	36

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer | Date | ▶ Title

Paid Preparer's Use Only

Preparer's signature ▶ | Date | Check if self-employed ☐ | Preparer's social security number

Firm's name (or yours if self-employed) and address ▶ | EIN ▶ | ZIP code ▶

Schedule A Cost of Goods Sold (See page 10 of instructions.)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	**Total.** Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO — 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☐ No

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

Schedule C Dividends and Special Deductions (See page 11 of instructions.)

		(a) Dividends received	(b) %	(c) Special deductions (a) × (b)
1	Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)		70	
2	Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)		80	
3	Dividends on debt-financed stock of domestic and foreign corporations (section 246A)		see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction		70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction		80	
8	Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b))		100	
9	**Total.** Add lines 1 through 8. See page 12 of instructions for limitation			
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1))		100	
12	Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3))		100	
13	Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11			
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15	Foreign dividend gross-up (section 78)			
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d))			
17	Other dividends			
18	Deduction for dividends paid on certain preferred stock of public utilities			
19	**Total dividends.** Add lines 1 through 17. Enter here and on line 4, page 1 ▶			
20	**Total special deductions.** Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1 ▶			

Schedule E Compensation of Officers (See instructions for line 12, page 1.)

Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are $500,000 or more

	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned (d) Common	(e) Preferred	(f) Amount of compensation
1			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	

2	Total compensation of officers	
3	Compensation of officers claimed on Schedule A and elsewhere on return	
4	Subtract line 3 from line 2. Enter the result here and on line 12, page 1	

Schedule J Tax Computation (See page 13 of instructions.)

1	Check if the corporation is a member of a controlled group (see sections 1561 and 1563) . . . . ▶ ☐ **Important:** Members of a controlled group, see instructions on page 13.		
2a	If the box on line 1 is checked, enter the corporation's share of the $50,000, $25,000, and $9,925,000 taxable income brackets (in that order): (1) $ (2) $ (3) $		
b	Enter the corporation's share of: (1) Additional 5% tax (not more than $11,750) $ (2) Additional 3% tax (not more than $100,000) $		
3	Income tax. Check if a qualified personal service corporation under section 448(d)(2) (see page 13) . ▶ ☐	3	
4a	Foreign tax credit (attach Form 1118)	4a	
b	Possessions tax credit (attach Form 5735)	4b	
c	Check: ☐ Nonconventional source fuel credit ☐ QEV credit (attach Form 8834)	4c	
d	General business credit. Enter here and check which forms are attached: ☐ 3800 ☐ 3468 ☐ 5884 ☐ 6478 ☐ 6765 ☐ 8586 ☐ 8830 ☐ 8826 ☐ 8835 ☐ 8844 ☐ 8845 ☐ 8846 ☐ 8820 ☐ 8847 ☐ 8861	4d	
e	Credit for prior year minimum tax (attach Form 8827)	4e	
5	**Total credits.** Add lines 4a through 4e	5	
6	Subtract line 5 from line 3	6	
7	Personal holding company tax (attach Schedule PH (Form 1120))	7	
8	Recapture taxes. Check if from: ☐ Form 4255 ☐ Form 8611	8	
9	Alternative minimum tax (attach Form 4626)	9	
10	Add lines 6 through 9	10	
11	Qualified zone academy bond credit (attach Form 8860)	11	
12	**Total tax.** Subtract line 11 from line 10. Enter here and on line 31, page 1	12	

Schedule K Other Information (See page 15 of instructions.)

		Yes	No
1	Check method of accounting: a ☐ Cash b ☐ Accrual c ☐ Other (specify) ▶ _____		
2	See page 17 of the instructions and state the:		
a	Business activity code no. (**NEW**) ▶ _____		
b	Business activity ▶ _____		
c	Product or service ▶ _____		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) . . . . . If "Yes," attach a schedule showing: **(a)** name and identifying number, **(b)** percentage owned, and **(c)** taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		
4	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? . . . . . If "Yes," enter employer identification number and name of the parent corporation ▶ _____		
5	At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) . . . . . If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in **4** above.) Enter percentage owned ▶ _____		
6	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) . . . If "Yes," file Form 5452. If this is a consolidated return, answer here for the parent corporation and on **Form 851,** Affiliations Schedule, for each subsidiary.		
7	Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) . . . If "Yes," attach Form 5471 for each such corporation. Enter number of Forms 5471 attached ▶ _____		
8	At any time during the 1998 calendar year, did the corporation have an interest in or a signature or other authority over a financial account (such as a bank account, securities account, or other financial account) in a foreign country? If "Yes," the corporation may have to file Form TD F 90-22.1. If "Yes," enter name of foreign country ▶ _____		
9	During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520 . .		
10	At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of: **(a)** the total voting power of all classes of stock of the corporation entitled to vote, or **(b)** the total value of all classes of stock of the corporation? If "Yes,"		
a	Enter percentage owned ▶ _____		
b	Enter owner's country ▶ _____		
c	The corporation may have to file Form 5472. Enter number of Forms 5472 attached ▶ _____		
11	Check this box if the corporation issued publicly offered debt instruments with original issue discount . . ▶ ☐ If so, the corporation may have to file Form 8281.		
12	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $ _____		
13	If there were 35 or fewer shareholders at the end of the tax year, enter the number ▶ _____		
14	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ ☐		
15	Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ $		

Schedule L Balance Sheets per Books

		Beginning of tax year		End of tax year	
	Assets	(a)	(b)	(c)	(d)
1	Cash				
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	( )		( )	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule)				
7	Loans to stockholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets				
b	Less accumulated depreciation	( )		( )	
11a	Depletable assets				
b	Less accumulated depletion	( )		( )	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	( )		( )	
14	Other assets (attach schedule)				
15	Total assets				
	Liabilities and Stockholders' Equity				
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach schedule)				
19	Loans from stockholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach schedule)				
22	Capital stock: a Preferred stock				
	b Common stock				
23	Additional paid-in capital				
24	Retained earnings—Appropriated (attach schedule)				
25	Retained earnings—Unappropriated				
26	Adjustments to shareholders' equity (attach schedule)				
27	Less cost of treasury stock		( )		( )
28	Total liabilities and stockholders' equity				

Note: *You are not required to complete Schedules M-1 and M-2 below if the total assets on line 15, column (d) of Schedule L are less than $25,000.*

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (See page 16 of instructions.)

1	Net income (loss) per books		7	Income recorded on books this year not included on this return (itemize): Tax-exempt interest $
2	Federal income tax			
3	Excess of capital losses over capital gains			
4	Income subject to tax not recorded on books this year (itemize):		8	Deductions on this return not charged against book income this year (itemize):
5	Expenses recorded on books this year not deducted on this return (itemize):		a	Depreciation $
a	Depreciation $		b	Contributions carryover $
b	Contributions carryover $			
c	Travel and entertainment $			
6	Add lines 1 through 5		9	Add lines 7 and 8
			10	Income (line 28, page 1)—line 6 less line 9

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year		5	Distributions: a Cash	
2	Net income (loss) per books			b Stock	
3	Other increases (itemize):			c Property	
			6	Other decreases (itemize):	
4	Add lines 1, 2, and 3		7	Add lines 5 and 6	
			8	Balance at end of year (line 4 less line 7)	

Form **1120S**

Department of the Treasury
Internal Revenue Service

U.S. Income Tax Return for an S Corporation

▶ **Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.**

▶ **See separate instructions.**

OMB No. 1545-0130

1998

For calendar year 1998, or tax year beginning , 1998, and ending , 19

A Effective date of election as an S corporation	**Use IRS label. Otherwise, please print or type.**	Name	**C Employer identification number**
B NEW bus. code no. (see pages 26–28)		Number, street, and room or suite no. (If a P.O. box, see page 10 of the instructions.)	**D** Date incorporated
		City or town, state, and ZIP code	**E** Total assets (see page 10) $

F Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Change in address (4) ☐ Amended return

G Enter number of shareholders in the corporation at end of the tax year ▶

Caution: *Include **only** trade or business income and expenses on lines 1a through 21. See the instructions for more information.*

Income	**1a** Gross receipts or sales **b** Less returns and allowances **c** Bal ▶		1c	
	2 Cost of goods sold (Schedule A, line 8)		2	
	3 Gross profit. Subtract line 2 from line 1c		3	
	4 Net gain (loss) from Form 4797, Part II, line 18 *(attach Form 4797)*		4	
	5 Other income (loss) *(attach schedule)*		5	
	6 **Total income (loss).** Combine lines 3 through 5 ▶		6	
Deductions (see page 11 of the instructions for limitations)	**7** Compensation of officers		7	
	8 Salaries and wages (less employment credits)		8	
	9 Repairs and maintenance		9	
	10 Bad debts		10	
	11 Rents		11	
	12 Taxes and licenses		12	
	13 Interest		13	
	14a Depreciation *(if required, attach Form 4562)*	14a		
	b Depreciation claimed on Schedule A and elsewhere on return	14b		
	c Subtract line 14b from line 14a		14c	
	15 Depletion **(Do not deduct oil and gas depletion.)**		15	
	16 Advertising		16	
	17 Pension, profit-sharing, etc., plans		17	
	18 Employee benefit programs		18	
	19 Other deductions *(attach schedule)*		19	
	20 **Total deductions.** Add the amounts shown in the far right column for lines 7 through 19 ▶		20	
	21 Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6		21	
Tax and Payments	**22** **Tax: a** Excess net passive income tax *(attach schedule)*	22a		
	b Tax from Schedule D (Form 1120S)	22b		
	c Add lines 22a and 22b (see page 14 of the instructions for additional taxes)		22c	
	23 **Payments: a** 1998 estimated tax payments and amount applied from 1997 return	23a		
	b Tax deposited with Form 7004	23b		
	c Credit for Federal tax paid on fuels *(attach Form 4136)*	23c		
	d Add lines 23a through 23c		23d	
	24 Estimated tax penalty. Check if Form 2220 is attached ▶ ☐		24	
	25 **Tax due.** If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See page 4 of the instructions for depository method of payment ▶		25	
	26 **Overpayment.** If line 23d is larger than the total of lines 22c and 24, enter amount overpaid ▶		26	
	27 Enter amount of line 26 you want: **Credited to 1999 estimated tax** ▶	**Refunded** ▶	27	

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer | Date ▶ Title

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed ▶ ☐	Preparer's social security number
Firm's name (or yours if self-employed) and address ▶		EIN ▶	
		ZIP code ▶	

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11510H

Form **1120S** (1998)

Schedule A Cost of Goods Sold (see page 15 of the instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs *(attach schedule)*	4	
5	Other costs *(attach schedule)*	5	
6	**Total.** Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:
(i) ☐ Cost as described in Regulations section 1.471-3
(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
(iii) ☐ Other (specify method used and attach explanation) ▶ _____

b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods *(if checked, attach Form 970)* ▶ ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO | 9d | |

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No
If "Yes," attach explanation.

Schedule B Other Information

		Yes	No
1	Check method of accounting: **(a)** ☐ Cash **(b)** ☐ Accrual **(c)** ☐ Other (specify) ▶ _____		
2	Refer to the list on pages 26 through 28 of the instructions and state the corporation's principal: **(a)** Business activity ▶ _____ **(b)** Product or service ▶ _____		
3	Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: **(a)** name, address, and employer identification number and **(b)** percentage owned.		
4	Was the corporation a member of a controlled group subject to the provisions of section 1561?		
5	At any time during calendar year 1998, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 15 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶ _____		
6	During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520. See page 15 of the instructions.		
7	Check this box if the corporation has filed or is required to file **Form 8264,** Application for Registration of a Tax Shelter ▶ ☐		
8	Check this box if the corporation issued publicly offered debt instruments with original issue discount ▶ ☐ If so, the corporation may have to file **Form 8281,** Information Return for Publicly Offered Original Issue Discount Instruments.		
9	If the corporation: **(a)** filed its election to be an S corporation after 1986, **(b)** was a C corporation before it elected to be an S corporation **or** the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and **(c)** has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 16 of the instructions) ▶ $ _____		
10	Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 16 of the instructions) ▶ ☐		

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

	(a) Pro rata share items		(b) Total amount
Income (Loss)	1 Ordinary income (loss) from trade or business activities (page 1, line 21)	1	
	2 Net income (loss) from rental real estate activities *(attach Form 8825)*	2	
	3a Gross income from other rental activities 3a		
	b Expenses from other rental activities *(attach schedule)* 3b		
	c Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c	
	4 Portfolio income (loss):		
	a Interest income	4a	
	b Ordinary dividends	4b	
	c Royalty income	4c	
	d Net short-term capital gain (loss) *(attach Schedule D (Form 1120S))*	4d	
	e Net long-term capital gain (loss) *(attach Schedule D (Form 1120S))*:		
	(1) 28% rate gain (loss) ▶ _____ (2) Total for year ▶	4e(2)	
	f Other portfolio income (loss) *(attach schedule)*	4f	
	5 Net section 1231 gain (loss) (other than due to casualty or theft) *(attach Form 4797)*	5	
	6 Other income (loss) *(attach schedule)*	6	
Deductions	7 Charitable contributions *(attach schedule)*	7	
	8 Section 179 expense deduction *(attach Form 4562)*	8	
	9 Deductions related to portfolio income (loss) (itemize)	9	
	10 Other deductions *(attach schedule)*	10	
Investment Interest	11a Interest expense on investment debts	11a	
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	11b(1)	
	(2) Investment expenses included on line 9 above	11b(2)	
Credits	12a Credit for alcohol used as a fuel *(attach Form 6478)*	12a	
	b Low-income housing credit:		
	(1) From partnerships to which section 42(j)(5) applies for property placed in service before 1990	12b(1)	
	(2) Other than on line 12b(1) for property placed in service before 1990	12b(2)	
	(3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989	12b(3)	
	(4) Other than on line 12b(3) for property placed in service after 1989	12b(4)	
	c Qualified rehabilitation expenditures related to rental real estate activities *(attach Form 3468)*	12c	
	d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d	
	e Credits related to other rental activities	12e	
	13 Other credits	13	
Adjustments and Tax Preference Items	14a Depreciation adjustment on property placed in service after 1986	14a	
	b Adjusted gain or loss	14b	
	c Depletion (other than oil and gas)	14c	
	d (1) Gross income from oil, gas, or geothermal properties	14d(1)	
	(2) Deductions allocable to oil, gas, or geothermal properties	14d(2)	
	e Other adjustments and tax preference items *(attach schedule)*	14e	
Foreign Taxes	15a Type of income ▶ _____		
	b Name of foreign country or U.S. possession _____		
	c Total gross income from sources outside the United States *(attach schedule)*	15c	
	d Total applicable deductions and losses *(attach schedule)*	15d	
	e Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued	15e	
	f Reduction in taxes available for credit *(attach schedule)*	15f	
	g Other foreign tax information *(attach schedule)*	15g	
Other	16 Section 59(e)(2) expenditures: a Type ▶ _____ b Amount ▶	16b	
	17 Tax-exempt interest income	17	
	18 Other tax-exempt income	18	
	19 Nondeductible expenses	19	
	20 Total property distributions (including cash) other than dividends reported on line 22 below	20	
	21 Other items and amounts required to be reported separately to shareholders *(attach schedule)*		
	22 Total dividend distributions paid from accumulated earnings and profits	22	
	23 **Income (loss).** (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15e, and 16b	23	

Schedule L Balance Sheets per Books

	Assets	Beginning of tax year (a)	Beginning of tax year (b)	End of tax year (c)	End of tax year (d)
1	Cash				
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. Government obligations				
5	Tax-exempt securities				
6	Other current assets *(attach schedule)*				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments *(attach schedule)*				
10a	Buildings and other depreciable assets				
b	Less accumulated depreciation				
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets *(attach schedule)*				
15	Total assets				
	Liabilities and Shareholders' Equity				
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities *(attach schedule)*				
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities *(attach schedule)*				
22	Capital stock				
23	Additional paid-in capital				
24	Retained earnings				
25	Adjustments to shareholders' equity *(attach schedule)*				
26	Less cost of treasury stock		( )		( )
27	Total liabilities and shareholders' equity				

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

(You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than $25,000.)

1	Net income (loss) per books		5	Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):	
2	Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize):		a	Tax-exempt interest $	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16b (itemize):		6	Deductions included on Schedule K, lines 1 through 11a, 15e, and 16b, not charged against book income this year (itemize):	
a	Depreciation $		a	Depreciation $	
b	Travel and entertainment $		7	Add lines 5 and 6	
4	Add lines 1 through 3		8	Income (loss) (Schedule K, line 23). Line 4 less line 7	

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed

(see page 24 of the instructions)

		(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year			
2	Ordinary income from page 1, line 21			
3	Other additions			
4	Loss from page 1, line 21	( )		
5	Other reductions	( )	( )	
6	Combine lines 1 through 5			
7	Distributions other than dividend distributions			
8	Balance at end of tax year. Subtract line 7 from line 6			

SCHEDULE D (Form 1120S)

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses and Built-In Gains

▶ Attach to Form 1120S.

▶ See separate instructions.

OMB No. 1545-0130

1998

Name

Employer identification number

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

(a) Description of property (Example, 100 shares of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) ((d) minus (e))
1					

2	Short-term capital gain from installment sales from Form 6252, line 26 or 37	2	
3	Short-term capital gain or (loss) from like-kind exchanges from Form 8824	3	
4	Combine lines 1 through 3 in column (f) and enter here	4	
5	Tax on short-term capital gain included on line 32 below	5	( )
6	**Net short-term capital gain or (loss).** Combine lines 4 and 5. Enter here and on Form 1120S, Schedule K, line 4d or 6	6	

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

(a) Description of property (Example, 100 shares of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) ((d) minus (e))	(g) 28% rate gain or (loss) (see instr. below)
7						

8	Long-term capital gain from installment sales from Form 6252, line 26 or 37	8		
9	Long-term capital gain or (loss) from like-kind exchanges from Form 8824	9		
10	Combine lines 7 through 9 in column (f) and enter here	10		
11	Tax on long-term capital gain included on lines 24 and 32 below	11	( )	(
12	Combine lines 7 through 11 in column (g). Enter here and on Form 1120S, Schedule K, line 4e(1) or 6	12		
13	**Net long-term capital gain or (loss).** Combine lines 10 and 11 in column (f). Enter here and on Form 1120S, Schedule K, line 4e(2) or 6	13		

* **28% rate gain or (loss)** includes **ALL** "collectibles gains and losses" (as defined in the instructions).

Part III Capital Gains Tax (See instructions **before** completing this part.)

14	Enter section 1231 gain from Form 4797, line 9, column (g)	14	
15	Net long-term capital gain or (loss). Combine lines 10 and 14	15	
	Note: *If the corporation is liable for the excess net passive income tax (Form 1120S, page 1, line 22a) or the built-in gains tax (Part IV below), see the line 16 instructions before completing line 16.*		
16	Net capital gain. Enter excess of net long-term capital gain (line 15) over net short-term capital loss (line 4)	16	
17	Statutory minimum	17	$25,000
18	Subtract line 17 from line 16	18	
19	Enter 34% of line 18	19	
20	Taxable income (attach computation schedule)	20	
21	Enter tax on line 20 amount (attach computation schedule)	21	
22	Net capital gain from substituted basis property (attach computation schedule)	22	
23	Enter 35% of line 22	23	
24	**Tax.** Enter the smallest of line 19, 21, or 23 here and on Form 1120S, page 1, line 22b	24	

Part IV Built-In Gains Tax (See instructions **before** completing this part.)

25	Excess of recognized built-in gains over recognized built-in losses (attach computation schedule)	25	
26	Taxable income (attach computation schedule)	26	
27	Net recognized built-in gain. Enter the smallest of line 25, line 26, or line 9 of Schedule B	27	
28	Section 1374(b)(2) deduction	28	
29	Subtract line 28 from line 27. If zero or less, enter -0- here and on line 32	29	
30	Enter 35% of line 29	30	
31	Business credit and minimum tax credit carryforwards under section 1374(b)(3) from C corporation years	31	
32	**Tax.** Subtract line 31 from line 30 (if zero or less, enter -0-). Enter here and on Form 1120S, page 1, line 22b	32	

SCHEDULE K-1 (Form 1120S)

Department of the Treasury
Internal Revenue Service

Shareholder's Share of Income, Credits, Deductions, etc.

▶ See separate instructions.

For calendar year 1998 or tax year beginning , 1998, and ending , 19

OMB No. 1545-0130

1998

Shareholder's identifying number ▶	Corporation's identifying number ▶
Shareholder's name, address, and ZIP code	Corporation's name, address, and ZIP code

A Shareholder's percentage of stock ownership for tax year (see instructions for Schedule K-1) . . . . . ▶ ..... %

B Internal Revenue Service Center where corporation filed its return ▶ .....

C Tax shelter registration number (see instructions for Schedule K-1) . . . . . ▶ .....

D Check applicable boxes: **(1)** ☐ Final K-1 **(2)** ☐ Amended K-1

		(a) Pro rata share items		(b) Amount	(c) Form 1040 filers enter the amount in column (b) on:
Income (Loss)	1	Ordinary income (loss) from trade or business activities	1		See pages 4 and 5 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	2	Net income (loss) from rental real estate activities	2		
	3	Net income (loss) from other rental activities	3		
	4	Portfolio income (loss):			
	a	Interest	4a		Sch. B, Part I, line 1
	b	Ordinary dividends	4b		Sch. B, Part II, line 5
	c	Royalties	4c		Sch. E, Part I, line 4
	d	Net short-term capital gain (loss)	4d		Sch. D, line 5, col. (f)
	e	Net long-term capital gain (loss):			
		(1) 28% rate gain (loss)	e(1)		Sch. D, line 12, col. (g)
		(2) Total for year	e(2)		Sch. D, line 12, col. (f)
	f	Other portfolio income (loss) *(attach schedule)*	4f		(Enter on applicable line of your return.)
	5	Net section 1231 gain (loss) (other than due to casualty or theft)	5		See Shareholder's Instructions for Schedule K-1 (Form 1120S).
	6	Other income (loss) *(attach schedule)*	6		(Enter on applicable line of your return.)
Deductions	7	Charitable contributions *(attach schedule)*	7		Sch. A, line 15 or 16
	8	Section 179 expense deduction	8		See page 6 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	9	Deductions related to portfolio income (loss) *(attach schedule)*	9		
	10	Other deductions *(attach schedule)*	10		
Investment Interest	11a	Interest expense on investment debts	11a		Form 4952, line 1
	b	(1) Investment income included on lines 4a, 4b, 4c, and 4f above	b(1)		See Shareholder's Instructions for Schedule K-1 (Form 1120S).
		(2) Investment expenses included on line 9 above	b(2)		
Credits	12a	Credit for alcohol used as fuel	12a		Form 6478, line 10
	b	Low-income housing credit:			
		(1) From section 42(j)(5) partnerships for property placed in service before 1990	b(1)		Form 8586, line 5
		(2) Other than on line 12b(1) for property placed in service before 1990	b(2)		
		(3) From section 42(j)(5) partnerships for property placed in service after 1989	b(3)		
		(4) Other than on line 12b(3) for property placed in service after 1989	b(4)		
	c	Qualified rehabilitation expenditures related to rental real estate activities	12c		See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	d	Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12d		
	e	Credits related to other rental activities	12e		
	13	Other credits	13		

	(a) Pro rata share items		(b) Amount	(c) Form 1040 filers enter the amount in column (b) on:
Adjustments and Tax Preference Items	14a Depreciation adjustment on property placed in service after 1986	14a		See page 7 of the Shareholder's Instructions for Schedule K-1 (Form 1120S) and Instructions for Form 6251
	b Adjusted gain or loss	14b		
	c Depletion (other than oil and gas)	14c		
	d (1) Gross income from oil, gas, or geothermal properties	d(1)		
	(2) Deductions allocable to oil, gas, or geothermal properties	d(2)		
	e Other adjustments and tax preference items *(attach schedule)*	14e		
Foreign Taxes	15a Type of income ▶			Form 1116, Check boxes
	b Name of foreign country or U.S. possession ▶			
	c Total gross income from sources outside the United States *(attach schedule)*	15c		Form 1116, Part I
	d Total applicable deductions and losses *(attach schedule)*	15d		
	e Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued	15e		Form 1116, Part II
	f Reduction in taxes available for credit *(attach schedule)*	15f		Form 1116, Part III
	g Other foreign tax information *(attach schedule)*	15g		See Instructions for Form 1116
Other	16 Section 59(e)(2) expenditures: a Type ▶			See Shareholder's Instructions for Schedule K-1 (Form 1120S).
	b Amount	16b		
	17 Tax-exempt interest income	17		Form 1040, line 8b
	18 Other tax-exempt income	18		See pages 7 and 8 of the Shareholder's Instructions for Schedule K-1 (Form 1120S).
	19 Nondeductible expenses	19		
	20 Property distributions (including cash) other than dividend distributions reported to you on Form 1099-DIV	20		
	21 Amount of loan repayments for "Loans From Shareholders"	21		
	22 Recapture of low-income housing credit:			
	a From section 42(j)(5) partnerships	22a		Form 8611, line 8
	b Other than on line 22a	22b		

Supplemental Information

23 Supplemental information required to be reported separately to each shareholder *(attach additional schedules if more space is needed)*: