

August 28, 2018

Sample Tax Return with Tax Cuts and Jobs Act changes. 2018 draft forms as available are used as supporting forms to the federal income tax return.

Story: Bill and Jill Farmer operate a diversified livestock and crop farm.

- 2018 Schedule F reports income and expenses, net farm income is \$37,470.
- Jill works part-time and earns \$20,000, the family's health insurance is acquired through Jill's employer. Additionally the Farmers have \$535 in interest income.
- Other income received is the sale of cull breeding livestock raised on the farm, \$13,188 and \$25,000 from the "sale" of a traded planter (Some question exists as to correct reporting of this transaction). The author chose to recognize the trade value as the sale dollars, the \$60,733 is the "full price" of the new planter as reported on Form 4562.
- The Bill and Jill have two sons, Will (16) and Gill (13), both qualify for the child tax credit of \$2,000 per qualifying child.
- The Farmer's elected not to make an IRA contribution.

As with any example, alternate scenarios dependent upon presenter and audience needs are abundant. This example is intentional in simplicity with the options available to add to the explanation as a teaching point or moment can be incorporated without much difficulty.

- IRS Form 4562 assumes the only item purchased is the new planter for \$60,733. Neither IRC section 179 nor Bonus Depreciation [Additional First Year Depreciation under IRC § 168(k)] was taken. However, either can be illustrated.
- IRS Form 4562, Line 17, the amount of \$42,150 represents the allowable 2018 depreciation of assets which were purchased and placed into service prior to 2018.
- IRS Form 4797, Part 1, illustrates the sale of Raised Breeding Livestock which are culled from the herd. The "sale" of the old planter is treated as a deemed sale of trade value and reported as IRC section 1245 depreciation recapture on IRS Form 4797, Part 3.
- The simplifying assumption is that Qualifying Business Income (QBI) is 20% of net farm income and is subtracted from taxable income as illustrated. Addition of a patronage dividend may or may not change this calculation significantly.

See notes on Page 2 of IRS DRAFT FORM 1040 for comments and income tax calculation.

Married filing separate return Qualifying widow(er) Head of household

Your first name and initial: BILL Last name: FARMER Your social security number: SAMPLEFARM

Standard deduction: Someone can claim you as a dependent You were born before January 2, 1954 You are blind

Spouse or qualifying person's first name and initial (see inst.): JILL Last name: FARMER Spouse's social security number: . . .

Standard deduction: Someone can claim your spouse as a dependent Your spouse was born before January 2, 1954 Your spouse is blind Your spouse itemizes on a separate return or you are a nonresident alien

Home address (number and street), P.O. box, see instructions. Apt. no. Federal Election Campaign. You want \$3 to go to this fund (see inst.) You Spouse

City, town or post office, state, and ZIP code. If you have a foreign address, attach Schedule 6. YOUR TOWN, YOUR STATE, YOUR ZIP CODE Full-year health care coverage (see instructions)

Dependents (see instructions)	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> Qualifies for (see inst.):
(1) First name WILL FARMER	Last name FARMER	Child <input checked="" type="checkbox"/> Credit for other dependents <input type="checkbox"/>	
GILL FARMER		SON <input checked="" type="checkbox"/>	

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 accurately report all income I received during the year and all deductions and credits. I am the preparer (other than a paid preparer) based on all information which preparer has any knowledge.

Your signature: _____ Date: _____ Your occupation: _____ the IRS sent you an Identity Protection PIN, enter it here (see inst.) [] [] [] [] [] []

Spouse's signature: _____ Date: _____ Spouse's occupation: _____ the IRS sent you an Identity Protection PIN, enter it here (see inst.) [] [] [] [] [] []

Paid Preparers Print/Type preparer's name: _____ Preparer's signature: _____ PTIN: _____ Check if: 3rd Party Designee Self-employed

Firm's name: _____ Firm's EIN: _____

1	Wages, salaries, tips, etc. Attach Form W-2	1	20,000
2a	Tax-exempt interest	2a	
		b	Taxable interest
		2b	535
3a	Qualified dividends	3a	
		b	Ordinary dividends
		3b	
4a	IRAs, pensions, and annuities	4a	
		b	Taxable amount
		4b	
5a	Social security benefits	5a	
		b	Taxable amount
		5b	
6	Additional income and adjustments to income. Attach Schedule 1	6	73,011
7	Adjusted gross income. Combine lines 1 through 6	7	93,546
8	Enter the standard deduction; otherwise, attach Schedule A	8	24,000
9	Qualified business income deduction (see instructions)	9	7,494
10	Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0-	10	62,052
11	Tax (see instructions). Attach Schedule 2 if required	11	5,482
12	If your only nonrefundable credit is the child tax credit and/or credit for other dependents, enter the total here; otherwise, attach Schedule 3	12	4,000
13	Subtract line 12 from line 11	13	1,482
14	Other taxes. Attach Schedule 4	14	5,294
15	Total tax. Add lines 13 and 14	15	6,776
16	Federal income tax withheld from Forms W-2 and 1099	16	
17	Refundable credits: a EIC (see inst.) b Sch 8812 c Form 8863 d Other payments or refundable credits from Schedule 5		
18	Add lines 16 and 17 a through d. These are your total payments	18	-0-
19	If line 18 is more than line 15, subtract line 15 from line 18. This is the amount you overpaid	19	
20a	Amount of line 19 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	20a	
20b	Routing number <input type="text"/> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
20d	Account number <input type="text"/>		
21	Amount of line 19 you want applied to your 2019 estimated tax <input type="checkbox"/>	21	
Amount You Owe	22 Amount you owe. Subtract line 18 from line 15. For details on how to pay, see instructions <input type="checkbox"/>	22	6,776
23	Estimated tax penalty (see instructions) <input type="checkbox"/>	23	

50% WAGES = \$7,645

GUIDANCE AS TO QBI CALCULATION IS EXPECTED, ASSUMED TO BE 20% OF NET SCHEDULE F

CAPITAL GAIN ON CULL BREEDING LIVESTOCK IS 0, MADE ASSUMPTION TO SUBTRACT \$1,583 FROM INCOME TAX (\$13,188 x 12%)

FEDERAL INCOME TAX CALCULATION AS ILLUSTRATED

\$0 - \$19,050 @ 10%	\$ 1,905
\$19,501 - \$62,052 @ 12%	5,160
	\$7,065
less LTCG ADJUSTMENT	1,583
FEDERAL INCOME TAX	\$5,482*

*FEDERAL INCOME TAX AFTER LTCG ADJUSTMENT TO ACCOUNT FOR THAT INCOME @ 0% RATE

SCHEDULE 1
(Form 1040)

Additional Income and Adjustments to Income

OMB No. 1545-0074

2018
Attachment
Sequence No. **01**

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040.

▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

Name(s) shown on Form 1040

BILL / JILL FARMER

Your social security number

SAMPLE FARM

Additional Income		1-9b		1-9b	
	Reserved				
10	Taxable refunds, credits, or offsets of state and local income taxes	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 if required. If not required, check here <input type="checkbox"/>	13		13,188	
14	Other gains or (losses). Attach Form 4797	14		25,000	
15a	Reserved	15b			
16a	Reserved	16b			
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17			
18	Farm income or (loss). Attach Schedule F	18		37,470	
19	Unemployment compensation	19			
20a	Reserved	20b			
21	Other income. List type and amount ▶	21			
22	Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and on Form 1040, line 6. Otherwise, go to line 23	22		75,658	
Adjustments to Income		23		23	
23	Educator expenses	23			
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	24			
25	Health savings account deduction. Attach Form 8889	25			
26	Moving expenses for members of the armed forces. Attach Form 3903	26			
27	Deductible part of self-employment tax. Attach Schedule SE	27		2,647	
28	Self-employed SEP, SIMPLE, and qualified plans	28			
29	Self-employed health insurance deduction	29			
30	Penalty on early withdrawal of savings	30			
31a	Alimony paid b Recipient's SSN ▶	31a			
32	IRA deduction	32			
33	Student loan interest deduction	33			
34	Reserved	34			
35	Reserved	35			
36	Add lines 23 through 35	36		2,647	
37	Subtract line 36 from line 22. Enter here and on Form 1040, line 6	37		73,011	

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

Cat. No. 71479F

Schedule 1 (Form 1040) 2018

SCHEDULE 3
(Form 1040)

Department of the Treasury
Internal Revenue Service

Nonrefundable Credits

▶ **Attach to Form 1040.**
▶ **Go to www.irs.gov/Form1040 for instructions and the latest information.**

OMB No. 1545-0074

2018
Attachment
Sequence No. **03**

Name(s) shown on Form 1040
BILL / JILL FARMER

Your social security number
SAMPLE FARM

Nonrefundable Credits			
48	Foreign tax credit. Attach Form 1116 if required	48	
49	Credit for child and dependent care expenses. Attach Form 2441	49	
50	Education credits from Form 8863, line 19	50	
51	Retirement savings contributions credit. Attach Form 8880	51	
52	Child tax credit and credit for other dependents	52	4,000
53	Residential energy credit. Attach Form 5695	53	
54a	General business credit. Attach Form 3800	54a	
b	Credit for prior year minimum tax. Attach Form 8801	54b	
c	Other credits (see instructions)	54c	
55	Add lines 48 through 54. These are your total nonrefundable credits . Enter here and on Form 1040, line 12	55	4,000

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

Cat. No. 71480G

Schedule 3 (Form 1040) 2018

DO NOT FILE

SCHEDULE 4
(Form 1040)

Other Taxes

OMB No. 1545-0074

2018
Attachment
Sequence No. **04**

Department of the Treasury
Internal Revenue Service

▶ **Attach to Form 1040.**

▶ **Go to www.irs.gov/Form1040 for instructions and the latest information.**

Name(s) shown on Form 1040
BILL / JILL FARMER

Your social security number
SAMPLE FARM

Other Taxes		57	5,294
57 Self-employment tax. Attach Schedule SE		57	5,294
58a Social security and Medicare tax on tip income not reported to employer. Attach Form 4137		58a	
b Uncollected social security and Medicare tax on wages. Attach Form 8919		58b	
59 Additional tax on IRAs, other qualified retirement plans, and other tax-favored accounts. Attach Form 5329 if required		59	
60a Household employment taxes. Attach Schedule H		60a	
b Repayment of first-time homebuyer credit from Form 5405. Attach Form 5405 if required		60b	
61 Health care: individual responsibility (see instructions)		61	
62a Additional Medicare tax from Form 8959		62a	
b Net investment income tax from Form 8960		62b	
c Instructions; enter code(s) ▶		62c	
63 Section 965 net tax liability installment from Form 965-A		63	
64 Add lines 57 through 63. These are your total other taxes . Enter here and on Form 1040, line 14		64	5,294

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

Cat. No. 71481R

Schedule 4 (Form 1040) 2018

**SCHEDULE D
(Form 1040)**

Capital Gains and Losses

OMB No. 1545-0074

2018

Attachment
Sequence No. **12**

Department of the Treasury
Internal Revenue Service (99)

▶ **Attach to Form 1040 or Form 1040NR.**
▶ **Go to www.irs.gov/ScheduleD for instructions and the latest information.**
▶ **Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.**

Name(s) shown on return
BILL / JILL FARMER

Your social security number
SAMPLE FARM

Part I Short-Term Capital Gains and Losses—Generally Assets Held One Year or Less (see instructions)

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(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)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked				
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 Capital Loss Carryover Worksheet in the instructions				6 ()
7 Net short-term capital gain or (loss). Combine lines 1a 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 the back				7

Part II Long-Term Capital Gains and Losses—Generally Assets Held More Than One Year (see instructions)

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked				
9 Totals for all transactions reported on Form(s) 8949 with Box E checked				
10 Totals for all transactions reported on Form(s) 8949 with Box F checked				
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 13,188
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 the instructions				13
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions				14 ()
15 Net long-term capital gain or (loss). Combine lines 8a through 14 in column (h). Then go to Part III on the back				15 13,188

Part III Summary

<p>16 Combine lines 7 and 15 and enter the result</p> <ul style="list-style-type: none"> • If line 16 is a gain, enter the amount from line 16 on Schedule 1 (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 Schedule 1 (Form 1040), line 13, or Form 1040NR, line 14. Then go to line 22. <p>17 Are lines 15 and 16 both gains? <input type="checkbox"/> Yes. Go to line 18. <input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.</p> <p>18 If you are required to complete the 28% Rate Gain Worksheet (see instructions), enter the amount, if any, from line 7 of that worksheet ▶</p> <p>19 If you are required to complete the Unrecaptured Section 1250 Gain Worksheet (see instructions), enter the amount, if any, from line 18 of that worksheet ▶</p> <p>20 Are lines 18 and 19 both zero or blank? <input type="checkbox"/> Yes. Complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 11a (or in the instructions for Form 1040NR, line 42). Don't complete lines 21 and 22 below. <input type="checkbox"/> No. Complete the Schedule D Tax Worksheet in the instructions. Don't complete lines 21 and 22 below.</p> <p>21 If line 16 is a loss, enter here and on Schedule 1 (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) } <p>Note: When figuring which amount is smaller, treat both amounts as positive numbers.</p> <p>22 Do you have qualified dividends on Form 1040, line 3a, 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 11a (or in the instructions for Form 1040NR, line 42). <input type="checkbox"/> No. Complete the rest of Form 1040 or Form 1040NR.</p> </p>	<p>16</p> <p>18</p> <p>19</p> <p>21</p>	<p>13,188</p> <p>()</p>
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DRAFT AS OF August 21, 2018 DO NOT FILE

**SCHEDULE F
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Farming

▶ Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B.
▶ Go to www.irs.gov/ScheduleF for instructions and the latest information.

OMB No. 1545-0074

2018
Attachment
Sequence No. **14**

Name of proprietor BILL FARMER		Social security number (SSN) SAMPLE FARM	
A Principal crop or activity CORN / SOYBEANS	B Enter code from Part IV 1 1 1 1 0 0	C Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	D Employer ID number (EIN), (see instr)
E Did you "materially participate" in the operation of this business during 2018? If "No," see instructions for limit on passive losses		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
F Did you make any payments in 2018 that would require you to file Form(s) 1099 (see instructions)?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
G If "Yes," did you or will you file required Forms 1099?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

Part I Farm Income—Cash Method. Complete Parts I and II (Accrual method. Complete Parts II and III, and Part I, line 9.)

1a Sales of livestock and other resale items (see instructions)	1a	21,476	
b Cost or other basis of livestock or other items reported on line 1a	1b	7,500	
c Subtract line 1b from line 1a			13,976
2 Sales of livestock, produce, and other products produced	2		426,617
3a Cooperative distributions (Form(s) 1099-PA(s))	3a		
3b Taxable amount	3b		
4a Agricultural program payments (see instructions)	4a	20,649	
4b Taxable amount	4b		20,649
5a Commodity Credit Corporation (CCC) loans reported under election	5a		
b CCC loans forfeited	5b		
5c Taxable amount	5c		
6 Crop insurance proceeds and federal crop disaster payments (see instructions)			
a Amount received in 2018	6a		
6b Taxable amount	6b		11,454
c If election to defer to 2019 is attached, check here <input type="checkbox"/>	6d	Amount deferred from 2017	6d
7 Custom hire (machine work) income	7		18,477
8 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	8		29,082
9 Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50. See instructions	9		520,255

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses. See instructions.

10 Car and truck expenses (see instructions). Also attach Form 4562	10		23 Pension and profit-sharing plans	23	
11 Chemicals	11	54,372	24 Rent or lease (see instructions):		
12 Conservation expenses (see instructions)	12	1,500	a Vehicles, machinery, equipment	24a	
13 Custom hire (machine work)	13	18,046	b Other (land, animals, etc.)	24b	47,280
14 Depreciation and section 179 expense (see instructions)	14	51,260	25 Repairs and maintenance	25	35,329
15 Employee benefit programs other than on line 23	15		26 Seeds and plants	26	66,290
16 Feed	16	36,548	27 Storage and warehousing	27	
17 Fertilizers and lime	17	59,267	28 Supplies	28	
18 Freight and trucking	18		29 Taxes	29	11,017
19 Gasoline, fuel, and oil	19	19,788	30 Utilities	30	6,389
20 Insurance (other than health)	20	25,839	31 Veterinary, breeding, and medicine	31	5,515
21 Interest (see instructions)			32 Other expenses (specify):		
a Mortgage (paid to banks, etc.)	21a	19,137	a ORG FEES, PUBLICATIONS	32a	4,627
b Other	21b		b MISC CROP EXP	32b	2,040
22 Labor hired (less employment credits)	22	15,289	c MISC LIVESTOCK EXP	32c	3,552
			d	32d	
			e	32e	
			f	32f	
33 Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions	33			33	482,785
34 Net farm profit or (loss). Subtract line 33 from line 9	34			34	37,470

If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36.

35 Reserved for future use.

36 Check the box that describes your investment in this activity and see instructions for where to report your loss.

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

**SCHEDULE SE
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Self-Employment Tax

► Go to www.irs.gov/ScheduleSE for instructions and the latest information.
► Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

2018
Attachment
Sequence No. **17**

Name of person with self-employment income (as shown on Form 1040 or Form 1040NR)
BILL FARMER

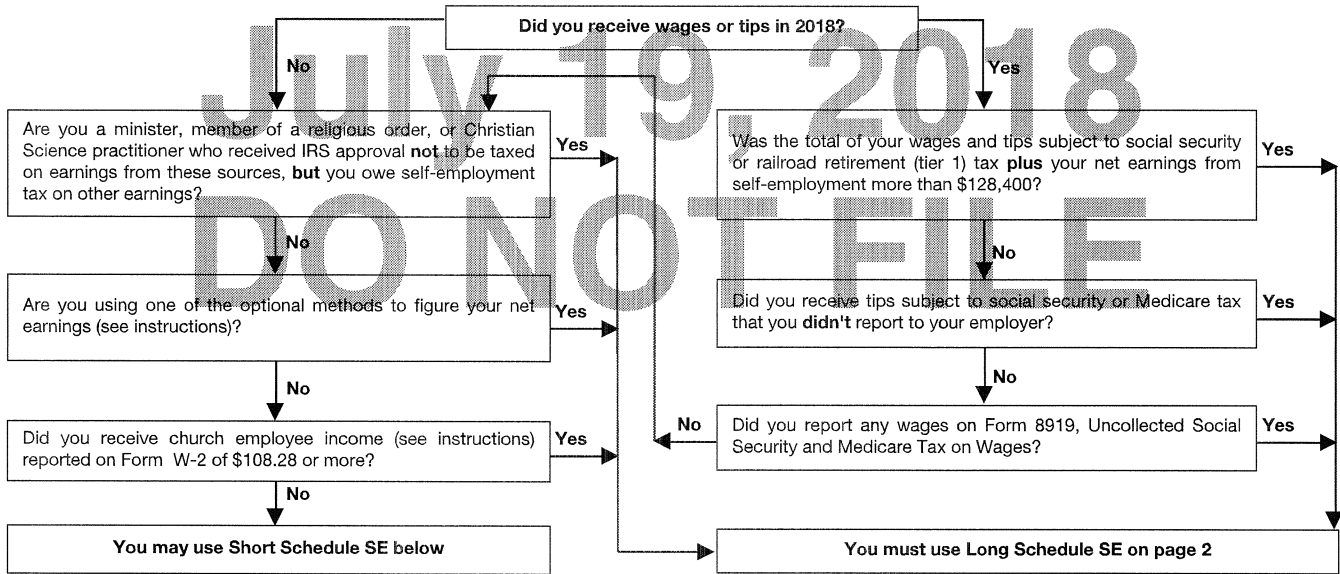
Social security number of person
with self-employment income ►

SAMPLE FARM

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	37,470	
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 AH	1b ()
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		
3 Combine lines 1a, 1b, and 2	3	37,470	
4 Multiply line 3 by 92.35% (0.9235). If less than \$400, you don't owe self-employment tax; don't 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	34,604	
5 Self-employment tax. If the amount on line 4 is: • \$128,400 or less, multiply line 4 by 15.3% (0.153). Enter the result here and on Schedule 4 (Form 1040), line 57, or Form 1040NR, line 55 • More than \$128,400, multiply line 4 by 2.9% (0.029). Then, add \$15,921.60 to the result. Enter the total here and on Schedule 4 (Form 1040), line 57, or Form 1040NR, line 55	5	5,294	
6 Deduction for one-half of self-employment tax. Multiply line 5 by 50% (0.50). Enter the result here and on Schedule 1 (Form 1040), line 27, or Form 1040NR, line 27	6	2,647	

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

Department of the Treasury
Internal Revenue Service

▶ Attach to your tax return.
▶ Go to www.irs.gov/Form4797 for instructions and the latest information.

Attachment
Sequence No. **27**

Name(s) shown on return: **BILL AND JILL FARMER**
Identifying number: **SAMPLE FARM**

1 Enter the gross proceeds from sales or exchanges reported to you for 2018 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20. See instructions. **1**

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft— Most Property Held More Than 1 Year (see instructions)

2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
	CULL RAISED BEEF COWS	VARIOUS	VARIOUS	13,188	-0-	-0-	13,188

3 Gain, if any, from Form 4684, line 39 **3**

4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 **4**

5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 **5**

6 Gain, if any, from line 32, from other than casualty or theft **6**

7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows **7** 13,188

Partnerships and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you didn't have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years. See instructions **8**

9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return. See instructions **9**

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

11 Loss, if any, from line 7 **11** ()

12 Gain, if any, from line 7 or amount from line 8, if applicable **12**

13 Gain, if any, from line 31 **13** 25,000

14 Net gain or (loss) from Form 4684, lines 31 and 38a **14**

15 Ordinary gain from installment sales from Form 6252, line 25 or 36 **15**

16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 **16**

17 Combine lines 10 through 16 **17** 25,000

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below.

a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the loss from income-producing property on Schedule A (Form 1040), line 16. (Do not include any loss on property used as an employee.) Identify as from "Form 4797, line 18a." See instructions **18a**

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 **18b** 25,000

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255
(see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A PLANTER - TRADE ALLOWANCE		3-15-2010	3-20-2018
B			
C			
D			
These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B
		Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	25,000
21	Cost or other basis plus expense of sale	21	55,000
22	Depreciation (or depletion) allowed or allowable	22	55,000
23	Adjusted basis. Subtract line 22 from line 21.	23	-0-
24	Total gain. Subtract line 23 from line 20	24	25,000
25 If section 1245 property:			
a	Depreciation allowed or allowable from line 22	25a	55,000
b	Enter the smaller of line 24 or 25a.	25b	25,000
26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.			
a	Additional depreciation after 1975. See instructions	26a	
b	Applicable percentage multiplied by the smaller of line 24 or line 26a. See instructions.	26b	
c	Subtract line 26a from line 24. If residential rental property or line 24 isn't more than line 26a, skip lines 26d and 26e	26c	
d	Additional depreciation after 1969 and before 1976.	26d	
e	Enter the smaller of line 26c or 26d	26e	
f	Section 291 amount (corporations only)	26f	
g	Add lines 26b, 26e, and 26f	26g	
27 If section 1252 property: Skip this section if you didn't dispose of farmland or if this form is being completed for a partnership.			
a	Soil, water, and land clearing expenses	27a	
b	Line 27a multiplied by applicable percentage. See instructions	27b	
c	Enter the smaller of line 24 or 27b	27c	
28 If section 1254 property:			
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion. See instructions	28a	
b	Enter the smaller of line 24 or 28a.	28b	
29 If section 1255 property:			
a	Applicable percentage of payments excluded from income under section 126. See instructions	29a	
b	Enter the smaller of line 24 or 29a. See instructions	29b	

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	25,000
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	25,000
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years.	33	
34	Recomputed depreciation. See instructions	34	
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35	

Depreciation and Amortization
(Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to your tax return.

▶ Go to www.irs.gov/Form4562 for instructions and the latest information.

Name(s) shown on return
BILL FARMER

Business or activity to which this form relates
SCHEDULE F

Identifying number
SAMPLE FARM

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
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
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-					4
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
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost			
7	Listed property. Enter the amount from line 29			7		
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7					8
9	Tentative deduction. Enter the smaller of line 5 or line 8					9
10	Carryover of disallowed deduction from line 13 of your 2017 Form 4562					10
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5. See instructions					11
12	Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11					12 NOT ELECTED
13	Carryover of disallowed deduction to 2019. Add lines 9 and 10, less line 12			13		

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Don't 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	ELECT OUT
15	Property subject to section 168(f)(1) election			15	
16	Other depreciation (including ACRS)			16	

Part III MACRS Depreciation (Don't include listed property. See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2018			17	42,150
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 2018 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	60,733	5	HY	200 DB	9,110
c	7-year property					
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	
			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 2018 Tax Year Using the Alternative Depreciation System

20a	Class life				S/L	
b	12-year		12 yrs.		S/L	
c	30-year		30 yrs.	MM	S/L	
d	40-year		40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28			21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 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	51,260
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	