



National Association of Tax Professionals

Addendum: Reporting Unique Form 1040 Transactions

Revision 1

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The housing expenses worksheet was updated using 2023 amounts.

Limit on Housing Expenses Worksheet—Line 29b

Keep for Your Records



Note. If the location in which you incurred housing expenses isn't listed in the table at the end of the instructions, and the number of days in your qualifying period that fall within the 2023 tax year is 365, DO NOT complete this worksheet. Instead, enter \$33,600 on line 29b.

1. Enter the number of days in your qualifying period that fall within the 2023 tax year. (See the instructions for line 31.) **1.** 210
2. Did you enter 365 on line 1?
 - No.** If the amount on line 1 is less than 365, skip line 2 and go to line 3.
 - Yes.** Locate the amount under the column *Limit on Housing Expenses (full year)* from the table at the end of the instructions for the location in which you incurred housing expenses. This is your **limit on housing expenses**. Enter the amount here and on line 29b. Also, see *Election to apply higher limit on housing expenses, later*.
-  Do not complete the rest of this worksheet **2.** _____
3. Enter the amount under the column *Limit on Housing Expenses (daily)* from the table at the end of the instructions for the location in which you incurred housing expenses. If the location isn't listed in the table, enter \$98.63. Also, see *Election to apply higher limit on housing expenses, later* **3.** 124.11
4. Multiply line 1 by line 3. This is your **limit on housing expenses**. Enter the result here and on line 29b **4.** 26,063

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Revision 2

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The 2024, not the 2023 payment is added back when determining how much gain is reported by Ben.

Example

In 2023, Ben sold land to his daughter, Jill, for \$600,000, which is to be paid in five equal payments over five years. Ben is charging Jill adequate stated interest on the balance due and there was no mortgages or liens on the property. Ben's basis in the land is \$200,000. His gross profit percentage is 66.67% (\$400,000 gross profit/\$600,000 contract price). Jill later sells the property in 2024 to an unrelated party for \$700,000 after she made the payment for that year. She made no improvements to the land prior to the sale. The amount realized for Jill's sale is \$700,000.

Ben calculates his installment income for 2024 as follows:

Lesser of amount realized or contract price	\$600,000
Less: 2023 and 2024 payments	\$240,000
Amount treated as received due to second disposition	<u>\$360,000</u>
Add: 2024 payment	\$120,000
Total payments received for 2024	<u>\$480,000</u>
Multiply: gross profit percentage	66.67%
2024 installment sale income	<u>\$320,016</u>

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Revision 3

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The 2019 ending basis should be \$43,300, not \$48,300.

Spreadsheet of Manual Basis Tracking from K-1s								
		Year:	2019	2020	2021	2022	2023	
Beginning Basis:			43,300	48,300	42,890	36,330	29,987	
Line on K-1:	Category						Total	
1	Income (loss)			(2,757)	(3,673)	(3,883)	(2,717)	(13,030)
5	Interest			17	1	33	14	65
6b	Dividends			7	9	1	2	19
8	STCG							-
9a	LTCG			25				25
10	Net 1231			9	12	286	(9)	298
13A	Charitable			(125)	(121)	(104)	(30)	(380)
13H	Invest Expenses			(16)	(15)	(15)	(8)	(54)
18C	Nondeductible			(20)	(18)	(11)	(4)	(53)
19A	Distributions			(2,550)	(2,755)	(2,650)	(1,650)	(9,605)
Total Adjustments				(5,410)	(6,560)	(6,343)	(4,402)	(22,715)
Ending Basis			43,300	42,890	36,330	29,987	25,585	
Suspended Passive Loss		2019	2020	2021	2022	2023		
Beginning		-	-	(2,748)	(6,409)	(10,006)		
Income (loss)			(2,757)	(3,673)	(3,883)	(2,717)		
Net 1231			9	12	286	(9)		
Ending		-	(2,748)	(6,409)	(10,006)	(12,732)		

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