

Solutions to Appendix E, “Comprehensive Tax Return Problems”

**SOLUTION TO THE LEE INDIVIDUAL PROBLEM 1**

**Form 1040** Department of the Treasury—Internal Revenue Service **2008** (99) IRS Use Only—Do not write or staple in this space.

**Label** (See instructions.) Use the IRS label. Otherwise, please print or type.

**For the year Jan. 1–Dec. 31, 2008, or other tax year beginning** , 2008, ending , 20

**OMB No. 1545-0074**

**Your first name and initial** DAVID R **Last name** LEE **Your social security number** 111-11-1111

**If a joint return, spouse's first name and initial** BETTY N **Last name** LEE **Spouse's social security number** 123-45-6789

**Home address (number and street). If you have a P.O. box, see instructions.** 641 CODY WAY **Apt. no.**

**City, town or post office, state, and ZIP code. If you have a foreign address, see instructions.** CASPER WY 82609

**Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see instructions)** ☐ You ☐ Spouse

**Filing Status**

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

2 ☒ Married filing jointly (even if only one had income)

3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶

5 ☐ Qualifying widow(er) with dependent child (see instructions)

**Exemptions**

6a ☒ Yourself. If someone can claim you as a dependent, do not check box 6a . . . . .

b ☒ Spouse . . . . .

c **Dependents:**

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) X if qualifying child for child tax credit (see instr.)
KIRBY	LEE	111-11-1111	Daughter	
TOBY	LEE	111-11-1111	Son	
VIVIAN	NEWMAN	111-11-1111	Parent	

**Boxes checked on 6a and 6b** 2

**No. of children on 6c who:**

- lived with you 2
- did not live with you due to divorce or separation (see instructions)

**Dependents on 6c not entered above** 1

**Add numbers on lines above** 5

**d Total number of exemptions claimed** 5

**Income**

7 Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . . 7 38,000

8a Taxable interest. Attach Schedule B if required . . . . . 8a 6,300

b Tax-exempt interest. Do not include on line 8a . . . . . 8b 1,900

9a Ordinary dividends. Attach Schedule B if required . . . . . 9a 700

b Qualified dividends (see instructions) . . . . . 9b 700

10 Taxable refunds, credits, or offsets of state and local income taxes (see instructions) . . . . . 10 0

11 Alimony received . . . . . 11

12 Business income or (loss). Attach Schedule C or C-EZ . . . . . 12 70,454

13 Capital gain or (loss). Attach Schedule D if required. If not required, check here . . . . . 13 9,100

14 Other gains or (losses). Attach Form 4797 . . . . . 14 0

15a IRA distributions . . . . . 15a b Taxable amount (see instr.) 15b 0

16a Pensions and annuities . . . . . 16a b Taxable amount (see instr.) 16b 0

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E . . . . . 17 2,895

18 Farm income or (loss). Attach Schedule F . . . . . 18 0

19 Unemployment compensation . . . . . 19

20a Social security benefits . . . . . 20a b Taxable amount (see instr.) 20b

21 Other income. List type and amount (see instructions) Jury Duty . . . . . 21 420

22 Add the amounts in the far right column for lines 7 through 21. This is your total income . . . . . 22 127,869

**Adjusted Gross Income**

23 Educator expenses (see instructions) . . . . . 23 0

24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ . . . . . 24 0

25 Health savings account deduction. Attach Form 8889 . . . . . 25 0

26 Moving expenses. Attach Form 3903 . . . . . 26 0

27 One-half of self-employment tax. Attach Schedule SE . . . . . 27 4,978

28 Self-employed SEP, SIMPLE, and qualified plans . . . . . 28 9,000

29 Self-employed health insurance deduction (see instructions) . . . . . 29 3,800

30 Penalty on early withdrawal of savings . . . . . 30 0

31a Alimony paid b Recipient's SSN ▶ . . . . . 31a

32 IRA deduction (see instructions) . . . . . 32 5,000

33 Student loan interest deduction (see instructions) . . . . . 33

34 Tuition and fees deduction. Attach Form 8917 . . . . . 34

35 Domestic production activities deduction. Attach Form 8903 . . . . . 35 0

36 Add lines 23 through 31a and 32 through 35 . . . . . 36 22,778

37 Subtract line 36 from line 22. This is your adjusted gross income . . . . . 37 105,091

**KIA For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see instructions.** Form **1040** (2008)

# Comprehensive Tax Return Problems

CP-3

Form 1040 (2008) DAVID R LEE 111-11-1111 Page 2

<b>Tax and Credits</b>	38	Amount from line 37 (adjusted gross income)	38	105,091
	39a	Check <input type="checkbox"/> You were born before January 2, 1944, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1944, <input type="checkbox"/> Blind. Total boxes checked <b>39a</b> 0		
	b	If your spouse itemizes on a separate return, or you were a dual-status alien, see instructions and check here <b>39b</b>		
	c	Check if standard deduction includes real estate taxes or disaster loss (see instructions) <b>39c</b>		
<b>Standard Deduction for—</b> • People who checked any box on line 39a, 39b, or 39c or who can be claimed as a dependent, see instructions • All others: Single or Married filing separately, \$5,450 Married filing jointly or Qualifying widow(er), \$10,900 Head of household, \$8,000	40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	13,742
	41	Subtract line 40 from line 38	41	91,349
	42	If line 38 is over \$119,975, or you provided housing to a Midwestern displaced individual, see instructions. Otherwise, multiply \$3,500 by the total number of exemptions claimed on line 6d	42	17,500
	43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	73,849
	44	Tax (see instructions). Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	44	10,535
	45	Alternative minimum tax (see instructions). Attach Form 6251	45	0
	46	Add lines 44 and 45	46	10,535
	47	Foreign tax credit. Attach Form 1116 if required	47	0
	48	Credit for child and dependent care expenses. Attach Form 2441	48	
	49	Credit for the elderly or the disabled. Attach Schedule R	49	
	50	Education credits. Attach Form 8863	50	
	51	Retirement savings contributions credit. Attach Form 8880	51	0
	52	Child tax credit (see instructions). Attach Form 8901 if required.	52	
	53	Credits from Form: a <input type="checkbox"/> 8396 b <input type="checkbox"/> 8339 c <input type="checkbox"/> 5695	53	0
	54	Other credits from Form: a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/>	54	0
	55	Add lines 47 through 54. These are your total credits	55	0
	56	Subtract line 55 from line 46. If line 55 is more than line 46, enter -0-	56	10,535
<b>Other Taxes</b>	57	Self-employment tax. Attach Schedule SE	57	9,955
	58	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	58	0
	59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59	0
	60	Additional taxes: a <input type="checkbox"/> AEIC payments b <input type="checkbox"/> Household employment taxes. Attach Schedule H	60	0
	61	Add lines 56 through 60. This is your total tax	61	20,490
<b>Payments</b>	62	Federal income tax withheld from Forms W-2 and 1099	62	5,100
	63	2008 estimated tax payments and amount applied from 2007 return	63	16,150
	64a	Earned income credit (EIC)	64a	
	b	Nontaxable combat pay election <b>64b</b>		
	65	Excess social security and tier 1 RRTA tax withheld (see instructions)	65	0
	66	Additional child tax credit. Attach Form 8812	66	
	67	Amount paid with request for extension to file (see instructions)	67	
	68	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 4136 c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885	68	0
	69	First-time homebuyer credit. Attach Form 5405	69	
	70	Recovery rebate credit (see worksheet in the instructions)	70	
	71	Add lines 62 through 70. These are your total payments	71	21,250
<b>Refund</b>	72	If line 71 is more than line 61, subtract line 61 from line 71. This is the amount you overpaid	72	760
Direct deposit? See instructions and fill in 73b, 73c, and 73d, or Form 8888.	73a	Amount of line 72 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	73a	0
	b	Routing number XXXXXXXXXX	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
	d	Account number XXXXXXXXXXXXXXXXXXXX		
	74	Amount of line 72 you want applied to your 2009 estimated tax	74	760
<b>Amount You Owe</b>	75	Amount you owe. Subtract line 71 from line 61. For details on how to pay, see the instructions	75	
	76	Estimated tax penalty (see instructions)	76	
<b>Third Party Designee</b>	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete the following <input checked="" type="checkbox"/> No			
	Designee's name	Phone no.	Personal identification number (PIN)	
<b>Sign Here</b>	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 instructions. Keep a copy for your records.	Your signature	Date	Your occupation	Daytime phone number
	Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	
	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
<b>Paid Preparer's Use Only</b>	Firm's name (or yours if self-employed), address, and ZIP code	EIN	Phone no.	

KIA Form 1040 (2008)

SCHEDULES A&B (Form 1040)		Schedule A—Itemized Deductions (Schedule B is on page 2)		OMB No. 1545-0074 <b>2008</b> Attachment Sequence No. <b>07</b>	
Department of the Treasury Internal Revenue Service (99)		▶ Attach to Form 1040. ▶ See Instructions for Schedules A&B (Form 1040).		Your social security number 111-11-1111	
Name(s) shown on Form 1040 DAVID R LEE					
<b>Medical and Dental Expenses</b>	<b>Caution.</b> Do not include expenses reimbursed or paid by others.				
	1 Medical and dental expenses (see instructions) . . . . .	1	9,213		
	2 Enter amount from Form 1040, line 38 . . . . .	2	105,091		
	3 Multiply line 2 by 7.5% (.075) . . . . .	3	7,882		
	4 Subtract line 3 from line 1. If line 3 is more than line 1, enter -0- . . . . .	4		1,331	
<b>Taxes You Paid</b> (See instructions.)	5 State and local (check only one box) <input type="checkbox"/> Income taxes, or <input checked="" type="checkbox"/> General sales taxes . . . . .	5	2,611		
	6 Real estate taxes (see instructions) . . . . .	6	2,480		
	7 Personal property taxes . . . . .	7	0		
	8 Other taxes. List type and amount ▶ . . . . .	8	0		
	9 Add lines 5 through 8 . . . . .	9		5,091	
<b>Interest You Paid</b> (See instructions.)	10 Home mortgage interest and points reported to you on Form 1098 . . . . .	10	3,520		
	11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ▶ . . . . .	11	0		
	12 Points not reported to you on Form 1098. See instructions for special rules . . . . .	12	0		
	13 Qualified mortgage insurance premiums (See instructions) . . . . .	13	0		
	14 Investment interest. Attach Form 4952 if required. (See instr.) . . . . .	14			
	15 Add lines 10 through 14 . . . . .	15		3,520	
<b>Gifts to Charity</b> (If you made a gift and got a benefit for it, see instructions.)	16 Gifts by cash or check. If you made any gift of \$250 or more, see instructions . . . . .	16	3,800		
	17 Other than by cash or check. If any gift of \$250 or more, see instructions. You <b>must</b> attach Form 8283 if over \$500 . . . . .	17	0		
	18 Carryover from prior year . . . . .	18	0		
	19 Add lines 16 through 18 . . . . .	19		3,800	
<b>Casualty and Theft Losses</b>	20 Casualty or theft loss(es). Attach Form 4684. (See instructions.) . . . . .	20		0	
<b>Job Expenses and Certain Miscellaneous Deductions</b> (See instructions.)	21 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ▶ Form 2106 . . . . .	21	1,340		
	22 Tax preparation fees . . . . .	22			
	23 Other expenses—investment, safe deposit box, etc. List type and amount ▶ . . . . .	23	0		
	24 Add lines 21 through 23 . . . . .	24	1,340		
	25 Enter amount from Form 1040, line 38 . . . . .	25	105,091		
	26 Multiply line 25 by 2% (.02) . . . . .	26	2,102		
	27 Subtract line 26 from line 24. If line 26 is more than line 24, enter -0- . . . . .	27		0	
<b>Other Miscellaneous Deductions</b>	28 Other—from list in the instructions. List type and amount ▶ . . . . .	28		0	
<b>Total Itemized Deductions</b>	29 Is Form 1040, line 38, over \$159,950 (over \$79,975 if married filing separately)? <input checked="" type="checkbox"/> <b>No.</b> Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40. <input type="checkbox"/> <b>Yes.</b> Your deduction may be limited. See instructions for the amount to enter. } ▶	29		13,742	
	30 If you elect to itemize deductions even though they are less than your standard deduction, check here . . . ▶ <input type="checkbox"/>				

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

Schedule A (Form 1040) 2008

Schedules A&amp;B (Form 1040) 2008

OMB No. 1545-0074 Page 2

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

DAVID R LEE

Your social security number

111-11-1111

**Schedule B—Interest and Ordinary Dividends**Attachment  
Sequence No. 08

		Amount	
<b>Part I Interest</b>  (See the instructions for Form 1040, line 8a.)  <b>Note:</b> 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.	<b>1</b> List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions and list this interest first. Also, show that buyer's social security number and address ► Wells Fargo Bank Bank of America Interest on Installment Sale City of Cheyenne Bonds	1,100 400 4,800 0	
	<b>2</b> Add the amounts on line 1 . . . . .	6,300	
	<b>3</b> Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815 . . . . .		
	<b>4</b> Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a . . . ►	6,300	
<b>Note:</b> If line 4 is over \$1,500, you must complete Part III.			
<b>Part II Ordinary Dividends</b>  (See the instructions for Form 1040, line 9a.)  <b>Note:</b> 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.	<b>5</b> List name of payer ► Meadowlark Corporation	700	
	<b>6</b> Add the amounts on line 5. Enter the total here and on Form 1040, line 9a . . . ►	700	
<b>Note:</b> If line 6 is over \$1,500, you must complete Part III.			
<b>Part III Foreign Accounts and Trusts</b>  (See instructions.)	You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; or (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.		
	<b>7a</b> At any time during 2008, 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 instructions for exceptions and filing requirements for Form TD F 90-22.1 . . . . .	Yes	No
	<b>b</b> If "Yes," enter the name of the foreign country ►		X
	<b>8</b> During 2008, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions. . . . .		X

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

Schedule B (Form 1040) 2008

**SCHEDULE C**  
**(Form 1040)**
**Profit or Loss From Business**

(Sole Proprietorship)

OMB No. 1545-0074

**2008**
Attachment  
Sequence No. **09**Department of the Treasury  
Internal Revenue Service (99)

Partnerships, joint ventures, etc., generally must file Form 1065 or 1065-B.  
 Attach to Form 1040, 1040NR, or 1041. See Instructions for Schedule C (Form 1040).

Name of proprietor DAVID R LEE		Social security number (SSN) 111-11-1111
A Principal business or profession, including product or service (see the instructions) ENGINEER, SERVICES TO MINING COMPANIES		B Enter code from instructions 541990
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 641 CODY WAY CASPER WY 82609		
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) _____		
G Did you "materially participate" in the operation of this business during 2008? If "No," see instructions for limit on losses . . . <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
H If you started or acquired this business during 2008, check here . . . <input type="checkbox"/>		

**Part I Income**

1 Gross receipts or sales. <b>Caution.</b> See instructions and check box if: • This income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, or • You are a member of a qualified joint venture reporting only rental real estate income not subject to self-employment tax. Also, see instructions for limit on losses.		1	117,620
2 Returns and allowances . . . . .		2	
3 Subtract line 2 from line 1 . . . . .		3	117,620
4 Cost of goods sold (from line 42 on page 2) . . . . .		4	0
5 Gross profit. Subtract line 4 from line 3 . . . . .		5	117,620
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) . . . . .		6	
7 Gross income. Add lines 5 and 6 . . . . .		7	117,620

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

8 Advertising . . . . .	8	2,400	18 Office expense . . . . .	18	1,200
9 Car and truck expenses (see instructions) . . . . .	9	5,390	19 Pension and profit-sharing plans . . . . .	19	
10 Commissions and fees . . . . .	10		20 Rent or lease (see instructions):		
11 Contract labor (see instructions) . . . . .	11		a Vehicles, machinery, & equipment . . . . .	20a	0
12 Depletion . . . . .	12		b Other business property . . . . .	20b	
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions) . . . . .	13	9,480	21 Repairs and maintenance . . . . .	21	
14 Employee benefit programs (other than on line 19) . . . . .	14		22 Supplies (not included in Part III) . . . . .	22	3,200
15 Insurance (other than health) . . . . .	15		23 Taxes and licenses . . . . .	23	300
16 Interest:			24 Travel, meals, and entertainment:		
a Mortgage (paid to banks, etc.) . . . . .	16a		a Travel . . . . .	24a	14,320
b Other . . . . .	16b		b Deductible meals and entertainment (see instructions) . . . . .	24b	3,050
17 Legal and professional services . . . . .	17		25 Utilities . . . . .	25	
28 Total expenses before expenses for business use of home. Add lines 8 through 27 . . . . .	28	40,620	26 Wages (less employment credits) . . . . .	26	
29 Tentative profit or (loss). Subtract line 28 from line 7 . . . . .	29	77,000	27 Other expenses (from line 48 on page 2) . . . . .	27	1,280
30 Expenses for business use of your home. Attach Form 8829 . . . . .	30	6,546			
31 Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Form 1040, line 12, and Schedule SE, line 2, or on Form 1040NR, line 13 (if you checked the box on line 1, see instructions). Estates and trusts, enter on Form 1041, line 3. • If a loss, you must go to line 32.	31	70,454			
32 If you have a loss, check the box that describes your investment in this activity (see instructions). • If you checked 32a, enter the loss on both Form 1040, line 12, and Schedule SE, line 2, or on Form 1040NR, line 13 (if you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on Form 1041, line 3. • If you checked 32b, you must attach Form 6198. Your loss may be limited.			32a <input checked="" type="checkbox"/> All investment is at risk.		
			32b <input type="checkbox"/> Some investment is not at risk.		

KIA For Paperwork Reduction Act Notice, see the instructions.

Schedule C (Form 1040) 2008

Schedule C (Form 1040) 2008

DAVID

R LEE

111-11-1111

Page 2

**Part III Cost of Goods Sold** (see instructions)

33	Method(s) used to value closing inventory:	a <input type="checkbox"/> Cost	b <input type="checkbox"/> Lower of cost or market	c <input type="checkbox"/> Other (attach explanation)
34	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," attach explanation			
35	Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35		
36	Purchases less cost of items withdrawn for personal use	36		
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		0
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		0

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

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

44 Of the total number of miles you drove your vehicle during 2008, enter the number of miles you used your vehicle for:

a Business \_\_\_\_\_ b Commuting (see instructions) \_\_\_\_\_ c Other \_\_\_\_\_

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

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

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

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

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

Trade journals	240
Professional dues	180
Telephone/internet service	860
48 Total other expenses. Enter here and on page 1, line 27	48 1,280

KIA

Schedule C (Form 1040) 2008

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

## Capital Gains and Losses

▶ Attach to Form 1040 or Form 1040NR. ▶ See instructions for Schedule D (Form 1040).

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

OMB No. 1545-0074

2008

Attachment  
Sequence No. 12

Name(s) shown on return

DAVID R LEE

Your social security number

111-11-1111

**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 the instructions)	(e) Cost or other basis (see the instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2 Enter your short-term totals, if any, from Schedule D-1, line 2	2	0			0
3 <b>Total short-term sales price amounts.</b> Add lines 1 and 2 in column (d)	3	0			
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4				0
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5				
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your <b>Capital Loss Carryover Worksheet</b> in the instructions.	6	( -4,000 )			
7 <b>Net short-term capital gain or (loss).</b> Combine lines 1 through 6 in column (f)	7	-4,000			

**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 the instructions)	(e) Cost or other basis (see the instructions)	(f) Gain or (loss) Subtract (e) from (d)
8					
Cormorant common stock	03/07/07	WORTHLES	WORTHLESS	3,900	-3,900
Antique gun collection	INHERIT	07/10/08	29,000	22,000	7,000
9 Enter your long-term totals, if any, from Schedule D-1, line 9	9	0			0
10 <b>Total long-term sales price amounts.</b> Add lines 8 and 9 in column (d)	10	29,000			
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	10,000			
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	0			
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your <b>Capital Loss Carryover Worksheet</b> in the instructions	14	( 0 )			
15 <b>Net long-term capital gain or (loss).</b> Combine lines 8 through 14 in column (f). Then go to Part III on page 2	15	13,100			

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

Schedule D (Form 1040) 2008

**Part III Summary**

<b>16</b>	Combine lines 7 and 15 and enter the result . . . . .	<b>16</b>	9,100
<p>If line 16 is:</p> <ul style="list-style-type: none"> <li>• <b>A gain</b>, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below.</li> <li>• <b>A loss</b>, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22.</li> <li>• <b>Zero</b>, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22.</li> </ul>			
<b>17</b>	Are lines 15 and 16 <b>both</b> gains?		
	<input checked="" type="checkbox"/> <b>Yes</b> . Go to line 18.		
	<input type="checkbox"/> <b>No</b> . Skip lines 18 through 21, and go to line 22.		
<b>18</b>	Enter the amount, if any, from line 7 of the <b>28% Rate Gain Worksheet</b> in the instructions . . . . .	<b>18</b>	3,000
<b>19</b>	Enter the amount, if any, from line 18 of the <b>Unrecaptured Section 1250 Gain Worksheet</b> in the instructions . . . . .	<b>19</b>	0
<b>20</b>	Are lines 18 and 19 <b>both</b> zero or blank?		
	<input type="checkbox"/> <b>Yes</b> . Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the <b>Qualified Dividends and Capital Gain Tax Worksheet</b> in the Instructions for Form 1040 (or in the Instructions for Form 1040NR). <b>Do not</b> complete lines 21 and 22 below.		
	<input checked="" type="checkbox"/> <b>No</b> . Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the <b>Schedule D Tax Worksheet</b> in the instructions. <b>Do not</b> complete lines 21 and 22 below.		
<b>21</b>	If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the <b>smaller</b> of:		
	<ul style="list-style-type: none"> <li>• The loss on line 16 or</li> <li>• (\$3,000), or if married filing separately, (\$1,500) ] . . . . .</li> </ul>	<b>21</b>	( )
<b>Note.</b> When figuring which amount is smaller, treat both amounts as positive numbers.			
<b>22</b>	Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b?		
	<input type="checkbox"/> <b>Yes</b> . Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the <b>Qualified Dividends and Capital Gain Tax Worksheet</b> in the Instructions for Form 1040 (or in the Instructions for Form 1040NR).		
	<input type="checkbox"/> <b>No</b> . Complete the rest of Form 1040 or Form 1040NR.		

**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, 1040NR, or Form 1041.

See Instructions for Schedule E (Form 1040).

OMB No. 1545-0074

**2008**

 Attachment  
 Sequence No. **13**

Name(s) shown on return

DAVID R LEE

Your social security number

111-11-1111

**Part I Income or Loss From Rental Real Estate and Royalties** Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

1 List the type and location of each rental real estate property:		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:			Yes	No
A	Rental house 100.0% 4620 Cottonwood Ln Casper WY	• 14 days or • 10% of the total days rented at fair rental value? (See instructions.)				X
B						
C						

Income:		Properties			Totals
		A	B	C	(Add columns A, B, and C.)
3	Rents received . . . . .	28,600			28,600
4	Royalties received . . . . .	0	0	0	0
<b>Expenses:</b>					
5	Advertising . . . . .	0			
6	Auto and travel (see instructions) . . . . .	0			
7	Cleaning and maintenance . . . . .	1,200			
8	Commissions . . . . .	0			
9	Insurance . . . . .	3,100			
10	Legal and other professional fees . . . . .	0			
11	Management fees . . . . .	0			
12	Mortgage interest paid to banks, etc. (see instructions) . . . . .	0			0
13	Other interest . . . . .	0			
14	Repairs . . . . .	800			
15	Supplies . . . . .	0			
16	Taxes . . . . .	2,400			
17	Utilities . . . . .	0			
18	Other (list) ▶	0			
		0			
		0			
		0			
19	Add lines 5 through 18 . . . . .	7,500	0	0	7,500
20	Depreciation expense or depletion (see instructions) . . . . .	18,205			18,205
21	Total expenses. Add lines 19 and 20 . . . . .	25,705	0	0	
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 instructions to find out if you must file Form 6198 . . . . .	2,895	0	0	
23	Deductible rental real estate loss. <b>Caution.</b> Your rental real estate loss on line 22 may be limited. See instructions to find out if you must file Form 8582. Real estate professionals must complete line 43 on page 2 . . . . .	( 0 )	( )	( )	
24	<b>Income.</b> Add positive amounts shown on line 22. <b>Do not</b> include any losses . . . . .				2,895
25	<b>Losses.</b> Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here. . . . .				( 0 )
26	<b>Total rental real estate and royalty income or (loss).</b> Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2 . . . . .				2,895

KIA For Paperwork Reduction Act Notice, see instructions.

Schedule E (Form 1040) 2008

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

## Self-Employment Tax

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

OMB No. 1545-0074

2008

Attachment  
Sequence No. 17

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

DAVID R LEE

Social security number of person  
with self-employment income ▶

111-11-1111

## Who Must File Schedule SE

You must file Schedule SE if:

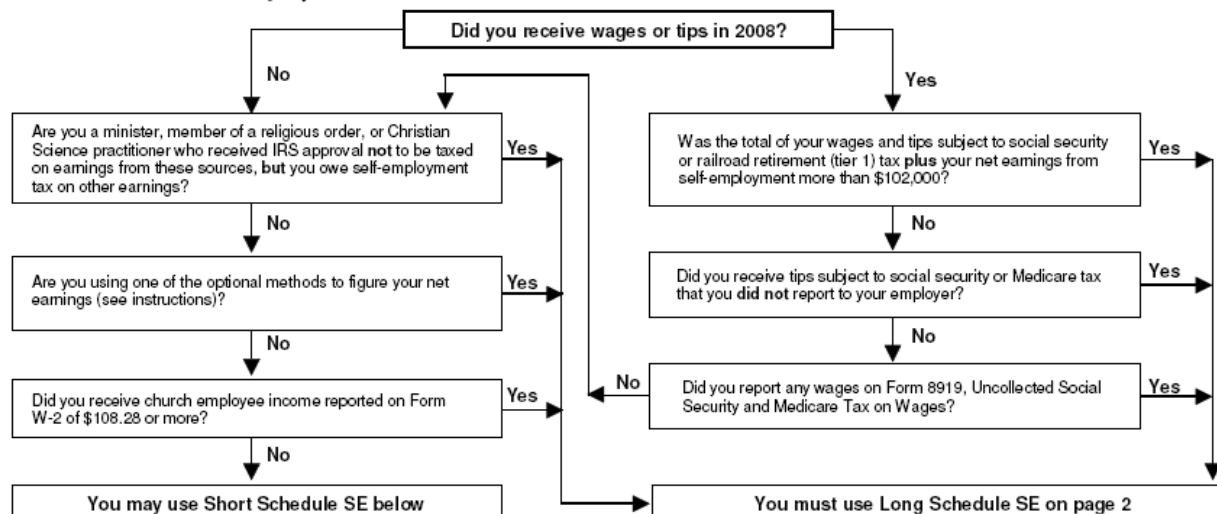
- You had net earnings from self-employment from **other than** church employee income (line 4 of Short Schedule SE or line 4c of Long Schedule SE) of \$400 or more, **or**
- You had church employee income of \$108.28 or more. Income from services you performed as a minister or a member of a religious order is **not** church employee income (see instructions).

**Note.** Even if you had a loss or a small amount of income from self-employment, it may be to your benefit to file Schedule SE and use either "optional method" in Part II of Long Schedule SE (see instructions).

**Exception.** If your only self-employment income was from earnings as a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361 and received IRS approval not to be taxed on those earnings, **do not** file Schedule SE. Instead, write "Exempt-Form 4361" on Form 1040, line 57.

## 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*, above.



## 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 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A	1a	0
b	If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 6b, or listed on Schedule K-1 (Form 1065), box 20, code X	1b	( 0 )
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; and 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	70,454
3	Combine lines 1a, 1b, and 2	3	70,454
4	<b>Net earnings from self-employment.</b> Multiply line 3 by 92.35% (.9235). If less than \$400, <b>do not</b> file this schedule; you do not owe self-employment tax	4	65,064
5	<b>Self-employment tax.</b> If the amount on line 4 is: • \$102,000 or less, multiply line 4 by 15.3% (.153). Enter the result here and on <b>Form 1040, line 57.</b> • More than \$102,000, multiply line 4 by 2.9% (.029). Then, add \$12,648 to the result. Enter the total here and on <b>Form 1040, line 57</b>	5	9,955
6	<b>Deduction for one-half of self-employment tax.</b> Multiply line 5 by 50% (.5). Enter the result here and on <b>Form 1040, line 27</b>	6	4,978

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

Schedule SE (Form 1040) 2008

Form <b>2106</b> <small>Department of the Treasury Internal Revenue Service (99)</small>	<b>Employee Business Expenses</b> ▶ See separate instructions. ▶ Attach to Form 1040 or Form 1040NR.	<small>OMB No. 1545-0074</small> <div style="font-size: 24pt; font-weight: bold;">2008</div> <small>Attachment Sequence No. 129</small>
Your name BETTY N LEE	Occupation in which you incurred expenses PARALEGAL	Social security number 123-45-6789

**Part I Employee Business Expenses and Reimbursements**

Step 1 Enter Your Expenses	Column A Other Than Meals and Entertainment	Column B Meals and Entertainment
1 Vehicle expense from line 22c or line 29. (Rural mail carriers: See instructions.) . . . . .	1 0	
2 Parking fees, tolls, and transportation, including train, bus, etc., that <b>did not</b> involve overnight travel or commuting to and from work . . . .	2 0	
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. <b>Do not</b> include meals and entertainment . . . .	3	
4 Business expenses not included on lines 1 through 3. <b>Do not</b> include meals and entertainment . . . . .	4 1,340	
5 Meals and entertainment expenses (see instructions) . . . . .	5	
6 <b>Total expenses.</b> In Column A, add lines 1 through 4 and enter the result. In Column B, enter the amount from line 5 . . . . .	6 1,340	

**Note:** If you were not reimbursed for any expenses in Step 1, skip line 7 and enter the amount from line 6 on line 8.

**Step 2 Enter Reimbursements Received From Your Employer for Expenses Listed in Step 1**

7 Enter reimbursements received from your employer that were <b>not</b> reported to you in box 1 of Form W-2. Include any reimbursements reported under code "L" in box 12 of your Form W-2 (see instructions) . . . . .	7 0	
--	-----	--

**Step 3 Figure Expenses To Deduct on Schedule A (Form 1040 or Form 1040NR)**

8 Subtract line 7 from line 6. If zero or less, enter -0-. However, if line 7 is greater than line 6 in Column A, report the excess as income on Form 1040, line 7 (or on Form 1040NR, line 8) . . . . .	8 1,340	0
<b>Note:</b> If <b>both columns</b> of line 8 are zero, you cannot deduct employee business expenses. Stop here and attach Form 2106 to your return.		
9 In Column A, enter the amount from line 8. In Column B, multiply line 8 by 50% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by 80% (.80) instead of 50%. For details, see instructions.) . . . . .	9 1,340	0
10 Add the amounts on line 9 of both columns and enter the total here. <b>Also, enter the total on Schedule A (Form 1040), line 21</b> (or on <b>Schedule A (Form 1040NR), line 9</b> ). (Reservists, qualified performing artists, fee-basis state or local government officials, and individuals with disabilities: See the instructions for special rules on where to enter the total.) . . . . . ▶	10	1,340

KIA For Paperwork Reduction Act Notice, see instructions.

Form **2106** (2008)

Form <b>6252</b> Department of the Treasury Internal Revenue Service	<b>Installment Sale Income</b> ▶ Attach to your tax return. ▶ Use a separate form for each sale or other disposition of property on the installment method.	OMB No. 1545-0228 <div style="font-size: 24pt; font-weight: bold;">2008</div> Attachment Sequence No. 79
Name(s) shown on return DAVID R LEE		Identifying number 111-11-1111
1 Description of property ▶ Grazing Land Converse		
2a Date acquired (month, day, year) ▶ 07/12/98		b Date sold (month, day, year) ▶ 08/02/07
3 Was the property sold to a related party (see instructions) after May 14, 1980? If "No," skip line 4 . . . . .		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4 Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and the 2 years after the year of sale . . . . .		<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Part I Gross Profit and Contract Price.</b> Complete this part for the year of sale only.		
5 Selling price including mortgages and other debts. Do not include interest whether stated or unstated	5	
6 Mortgages, debts, and other liabilities the buyer assumed or took the property subject to (see instructions)	6	
7 Subtract line 6 from line 5	7	0
8 Cost or other basis of property sold	8	
9 Depreciation allowed or allowable	9	
10 Adjusted basis. Subtract line 9 from line 8	10	0
11 Commissions and other expenses of sale	11	
12 Income recapture from Form 4797, Part III (see instructions)	12	
13 Add lines 10, 11, and 12	13	0
14 Subtract line 13 from line 5. If zero or less, do not complete the rest of this form (see instructions)	14	0
15 If the property described on line 1 above was your main home, enter the amount of your excluded gain (see instructions). Otherwise, enter -0-	15	0
16 Gross profit. Subtract line 15 from line 14	16	0
17 Subtract line 13 from line 6. If zero or less, enter -0-	17	
18 Contract price. Add line 7 and line 17	18	
<b>Part II Installment Sale Income.</b> Complete this part for the year of sale and any year you receive a payment or have certain debts you must treat as a payment on installment obligations.		
19 Gross profit percentage (expressed as a decimal amount). Divide line 16 by line 18. For years after the year of sale, see instructions	19	0.3333
20 If this is the year of sale, enter the amount from line 17. Otherwise, enter -0-	20	0
21 Payments received during year (see instructions). Do not include interest, whether stated or unstated	21	6,000
22 Add lines 20 and 21	22	6,000
23 Payments received in prior years (see instructions). Do not include interest, whether stated or unstated	23	15,000
24 Installment sale income. Multiply line 22 by line 19	24	2,000
25 Enter the part of line 24 that is ordinary income under the recapture rules (see instructions)	25	0
26 Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions)	26	2,000
<b>Part III Related Party Installment Sale Income.</b> Do not complete if you received the final payment this tax year.		
27 Name, address, and taxpayer identifying number of related party		
28 Did the related party resell or dispose of the property ("second disposition") during this tax year? . . . . .		<input type="checkbox"/> Yes <input type="checkbox"/> No
29 If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check the box that applies.		
a <input type="checkbox"/> The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (month, day, year) ▶		
b <input type="checkbox"/> The first disposition was a sale or exchange of stock to the issuing corporation.		
c <input type="checkbox"/> The second disposition was an involuntary conversion and the threat of conversion occurred after the first disposition.		
d <input type="checkbox"/> The second disposition occurred after the death of the original seller or buyer.		
e <input type="checkbox"/> It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation (see instructions).		
30 Selling price of property sold by related party (see instructions)	30	
31 Enter contract price from line 18 for year of first sale	31	
32 Enter the smaller of line 30 or line 31	32	
33 Total payments received by the end of your 2008 tax year (see instructions)	33	
34 Subtract line 33 from line 32. If zero or less, enter -0-	34	
35 Multiply line 34 by the gross profit percentage on line 19 for year of first sale	35	
36 Enter the part of line 35 that is ordinary income under the recapture rules (see instructions)	36	
37 Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions)	37	
KIA For Paperwork Reduction Act Notice, see instructions.		Form 6252 (2008)

Form <b>8824</b> <small>Department of the Treasury Internal Revenue Service</small>	<b>Like-Kind Exchanges</b> (and section 1043 conflict-of-interest sales) ► Attach to your tax return.	OMB No. 1545-1190 <b>2008</b> Attachment Sequence No. <b>109</b>
Name(s) shown on tax return DAVID R LEE		Identifying number 111-11-1111

**Part I Information on the Like-Kind Exchange**

*Note: If the property described on line 1 or line 2 is real or personal property located outside the United States, indicate the country.*

- 1 Description of like-kind property given up:  
Undeveloped land Teton
- 2 Description of like-kind property received:  
Undeveloped land Laramie
- 3 Date like-kind property given up was originally acquired (month, day, year) . . . . . 

3	06/01/80
---	----------
- 4 Date you actually transferred your property to other party (month, day, year) . . . . . 

4	03/04/08
---	----------
- 5 Date like-kind property you received was identified by written notice to another party (month, day, year). See instructions for 45-day written notice requirement . . . . . 

5	
---	--
- 6 Date you actually received the like-kind property from other party (month, day, year). See instructions 

6	03/04/08
---	----------
- 7 Was the exchange of the property given up or received made with a related party, either directly or indirectly (such as through an intermediary)? See instructions. If "Yes," complete Part II. If "No," go to Part III . . . . . ☐ Yes ☒ No

**Part II Related Party Exchange Information**

- |  |                     |                                    |
|--|---------------------|------------------------------------|
| 8 Name of related party  | Relationship to you | Related party's identifying number |
| Address (no., street, and apt., room, or suite no., city or town, state, and ZIP code) |                     |                                    |

- 9 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party sell or dispose of any part of the like-kind property received from you (or an intermediary) in the exchange or transfer property into the exchange, directly or indirectly (such as through an intermediary), that became your replacement property? . . . . . ☐ Yes ☐ No
- 10 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of any part of the like-kind property you received? . . . . . ☐ Yes ☐ No

*If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If both lines 9 and 10 are "No" and this is **not** the year of the exchange, stop here. If either line 9 or line 10 is "Yes," complete Part III and report on this year's tax return the deferred gain or (loss) from line 24 **unless** one of the exceptions on line 11 applies.*

- 11 If one of the exceptions below applies to the disposition, check the applicable box:

- a ☐ The disposition was after the death of either of the related parties.
- b ☐ The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.
- c ☐ You can establish to the satisfaction of the IRS that neither the exchange nor the disposition had tax avoidance as its principal purpose. If this box is checked, attach an explanation (see instructions).

KIA For Paperwork Reduction Act Notice, see instructions.

Form **8824** (2008)

Form 8824 (2008)

Page 2

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

DAVID R LEE

Your social security number

111-11-1111

**Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received****Caution:** If you transferred and received (a) more than one group of like-kind properties or (b) cash or other (not like-kind) property, see Reporting of multi-asset exchanges in the instructions.**Note:** Complete lines 12 through 14 **only** if you gave up property that was not like-kind. Otherwise, go to line 15.

12	Fair market value (FMV) of other property given up	12	
13	Adjusted basis of other property given up	13	
14	Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale	14	0
<b>Caution:</b> If the property given up was used previously or partly as a home, see Property used as home in the instructions.			
15	Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred (see instructions)	15	8,000
16	FMV of like-kind property you received	16	792,000
17	Add lines 15 and 16	17	800,000
18	Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses <b>not</b> used on line 15 (see instructions)	18	50,000
19	<b>Realized gain or (loss).</b> Subtract line 18 from line 17	19	750,000
20	Enter the smaller of line 15 or line 19, but not less than zero	20	8,000
21	Ordinary income under recapture rules. Enter here and on Form 4797, line 16 (see instructions)	21	0
22	Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies (see instructions)	22	8,000
23	<b>Recognized gain.</b> Add lines 21 and 22	23	8,000
24	Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions	24	742,000
25	<b>Basis of like-kind property received.</b> Subtract line 15 from the sum of lines 18 and 23	25	50,000

**Part IV Deferral of Gain From Section 1043 Conflict-of-Interest Sales****Note:** This part is to be used **only** by officers or employees of the executive branch of the Federal Government or judicial officers of the Federal Government (including certain spouses, minor or dependent children, and trustees as described in section 1043) for reporting nonrecognition of gain under section 1043 on the sale of property to comply with the conflict-of-interest requirements. This part can be used **only** if the cost of the replacement property is more than the basis of the divested property.

26	Enter the number from the upper right corner of your certificate of divestiture. (Do not attach a copy of your certificate. Keep the certificate with your records.)		
27	Description of divested property		
28	Description of replacement property		
29	Date divested property was sold (month, day, year)	29	
30	Sales price of divested property (see instructions)	30	
31	Basis of divested property	31	
32	<b>Realized gain.</b> Subtract line 31 from line 30	32	0
33	Cost of replacement property purchased within 60 days after date of sale	33	
34	Subtract line 33 from line 30. If zero or less, enter -0-	34	0
35	Ordinary income under recapture rules. Enter here and on Form 4797, line 10 (see instructions)	35	
36	Subtract line 35 from line 34. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797 (see instructions)	36	0
37	<b>Deferred gain.</b> Subtract the sum of lines 35 and 36 from line 32	37	0
38	<b>Basis of replacement property.</b> Subtract line 37 from line 33	38	0

KIA

Form 8824 (2008)