

Table of Contents

Schedule E Supplemental Income and Loss.....	1
Overview	1
Schedule E, Part I, Rental Activity	2
Rental activity defined	2
Exceptions	2
Types of rental activity reported on Schedule E	4
Personal residence with limited rental use	5
Vacation home rules	6
Rental property with very limited personal use.....	18
Other rental uses	20
Types of rental activity <i>not</i> reported on Schedule E	26
Personal property	26
Not-for-profit rental.....	27
Rentals and QBID	27
Rental real estate enterprise	28
Safe harbor test	28
Safe harbor statement.....	30
Rental services.....	30
Ineligible property	31
Self-rentals.....	31
Accounting method	32
Rental Real Estate and Royalties	37
Reporting rental real estate and royalty activity.....	37
Spousal qualified joint venture	38
Rental income	39
Royalties	43
Rental and royalty expenses	45
Basis and depreciation.....	58

Real estate professionals	64
Qualifications.....	64
Real property trades or businesses	65
Material participation	65
Identifying a real estate professional	68
Election to group activities	69
Election requirements.....	69
Making the election	69
Revoking the election.....	70
Suspended passive activity loss.....	70
Former passive activities	76
Passive loss chart	78
Excess business loss limitation	79
Disposition of Passive Activities	84
Types of dispositions	84
Complete disposition in a fully taxable transaction	84
Installment sale	86
Gift.....	86
Death	87
Divorce.....	87
Sale of vacation home.....	87
Reporting dispositions.....	88
Complete disposition	88
Form 8582	88
Partial disposition	89
Comprehensive Illustration	92
Schedule E, Parts II-V: Reporting Pass-through Activities	102
Partnerships and S corporations	102
Basis limitations	103
Material participation	103

Schedule E, Part II, Income or Loss From Partnerships and S Corporations.....	113
Reporting partnership Schedule K-1	114
Reporting S corporation Schedule K-1	123
QBID.....	130
Schedule E, Part III, Income or Loss From Estates and Trusts	131
Reporting estate or trust Schedule K-1	132
Schedule E, Part IV, Income or Loss From Real Estate Mortgage Investment Conduits	136
Schedule E, Part V, Summary.....	138
Comprehensive Illustration	142
Appendix A: Where to Report Specific Rental Activities	155
Appendix B: Rental House/Apartment Basis Calculation.....	156
Appendix C: Recovery Period, Method and Convention Chart.....	157
Appendix D: Worksheet 5.1	161
Appendix E: Partner’s Adjusted At-Risk Basis Worksheet	164
Appendix F: Shareholder’s Basis in S Corporation Worksheet	166
Appendix G - Form 7203	169
Index.....	171