

OMB No. 1545-0123

☐ Final K-1☐ Amended K-1

Department of the Treasury
Internal Revenue Service

For calendar year 2022, or tax year

beginning / / 2022

ending	/	/
--------	---	---

See separate instructions.

A Corporation's employer identification number
12-3456789

B Corporation's name, address, city, state, and ZIP code

ABC Corp.

C IRS Center where corporation filed return
Ogden, UT

D Corporation's total number of shares	
Beginning of tax year	100
End of tax year	<u>100</u>

E Shareholder's identifying number 123-45-6789

F Shareholder's name, address, city, state, and ZIP code

Ashley Smith

G	Current year allocation percentage	100 %
----------	--	-------

H	Shareholder's number of shares	
	Beginning of tax year	100
	End of tax year	<u>100</u>

I	Loans from shareholder	
	Beginning of tax year	\$ 24,000
	End of tax year	\$ 10,000

For IRS Use Only

[illegible]

18	<input type="checkbox"/>	More than one activity for at-risk purposes*
----	--------------------------	--

19 ☐ More than one activity for passive activity purposes*

* See attached statement for additional information.

Scenario One

Form **7203**
(Rev. December 2022)
Department of the Treasury
Internal Revenue Service

S Corporation Shareholder Stock and Debt Basis Limitations

Attach to your tax return.
Go to www.irs.gov/Form7203 for instructions and the latest information.

OMB No. 1545-2302

Attachment
Sequence No. **203**

Name of shareholder Ashley Smith	Identifying number 123-45-6789
A Name of S corporation ABC Corp.	B Employer identification number 12-3456789
C Stock block (see instructions):	
D Check applicable box(es) to indicate how stock was acquired: (1) <input checked="" type="checkbox"/> Original shareholder (2) <input type="checkbox"/> Purchased (3) <input type="checkbox"/> Inherited (4) <input type="checkbox"/> Gift (5) <input checked="" type="checkbox"/> Other: \$ 351 transfer	
E Check if you have a Regulations section 1.1367-1(g) election in effect during the tax year for this S corporation <input type="checkbox"/>	

Part I Shareholder Stock Basis

1 Stock basis at the beginning of the corporation's tax year		1	0
2 Basis from any capital contributions made or additional stock acquired during the tax year		2	
3a Ordinary business income (enter losses in Part III)	3a	120,750	
b Net rental real estate income (enter losses in Part III)	3b	40,365	
c Other net rental income (enter losses in Part III)	3c		
d Interest income	3d	3,535	
e Ordinary dividends	3e	8,200	
f Royalties	3f		
g Net capital gains (enter losses in Part III)	3g	17,500	
h Net section 1231 gain (enter losses in Part III)	3h		
i Other income (enter losses in Part III)	3i		
j Excess depletion adjustment	3j		
k Tax-exempt income	3k		
l Recapture of business credits	3l		
m Other items that increase stock basis	3m		
4 Add lines 3a through 3m		4	190,350
5 Stock basis before distributions. Add lines 1, 2, and 4		5	190,350
6 Distributions (excluding dividend distributions)		6	100,000
Note: If line 6 is larger than line 5, subtract line 5 from line 6 and report the result as a capital gain on Form 8949 and Schedule D. See instructions.			
7 Stock basis after distributions. Subtract line 6 from line 5. If the result is zero or less, enter -0-, skip lines 8 through 14, and enter -0- on line 15		7	90,350
8a Nondeductible expenses	8a	7,500	
b Depletion for oil and gas	8b		
c Business credits (sections 50(c)(1) and (5))	8c		
9 Add lines 8a through 8c		9	7,500
10 Stock basis before loss and deduction items. Subtract line 9 from line 7. If the result is zero or less, enter -0-, skip lines 11 through 14, and enter -0- on line 15		10	82,850
11 Allowable loss and deduction items. Enter the amount from line 47, column (c)		11	28,000
12 Debt basis restoration (see net increase in instructions for line 23)		12	17,000
13 Other items that decrease stock basis		13	
14 Add lines 11, 12, and 13		14	45,000
15 Stock basis at the end of the corporation's tax year. Subtract line 14 from line 10. If the result is zero or less, enter -0-		15	37,850

Part II Shareholder Debt Basis

Section A—Amount of Debt (If more than three debts, see instructions.)

Description	(a) Debt 1 <input type="checkbox"/> Formal note <input checked="" type="checkbox"/> Open account	(b) Debt 2 <input type="checkbox"/> Formal note <input type="checkbox"/> Open account	(c) Debt 3 <input type="checkbox"/> Formal note <input type="checkbox"/> Open account	(d) Total
16 Loan balance at the beginning of the corporation's tax year	24,000			24,000
17 Additional loans (see instructions)				
18 Loan balance before repayment. Add lines 16 and 17	24,000			24,000
19 Principal portion of debt repayment (this line doesn't include interest)	14,000			14,000
20 Loan balance at the end of the corporation's tax year. Subtract line 19 from line 18	10,000			10,000

Scenario One

Part II Shareholder Debt Basis (continued)

Section B—Adjustments to Debt Basis

Description	(a) Debt 1	(b) Debt 2	(c) Debt 3	(d) Total
21 Debt basis at the beginning of the corporation's tax year	7,000			7,000
22 Enter the amount, if any, from line 17				
23 Debt basis restoration (see instructions)	17,000			17,000
24 Debt basis before repayment. Add lines 21, 22, and 23	24,000			24,000
25 Divide line 24 by line 18	100%			
26 Nontaxable debt repayment. Multiply line 25 by line 19	14,000			14,000
27 Debt basis before nondeductible expenses and losses. Subtract line 26 from line 24	10,000			10,000
28 Nondeductible expenses and oil and gas depletion deductions in excess of stock basis	0			0
29 Debt basis before losses and deductions. Subtract line 28 from line 27. If the result is zero or less, enter -0-	10,000			10,000
30 Allowable losses in excess of stock basis. Enter the amount from line 47, column (d)	0			0
31 Debt basis at the end of the corporation's tax year. Subtract line 30 from line 29. If the result is zero or less, enter -0-	10,000			10,000

Section C—Gain on Loan Repayment

32 Repayment. Enter the amount from line 19	14,000			14,000
33 Nontaxable repayments. Enter the amount from line 26	14,000			14,000
34 Reportable gain. Subtract line 33 from line 32	0			0

Part III Shareholder Allowable Loss and Deduction Items

Description	(a) Current year losses and deductions	(b) Carryover amounts (column (e)) from the previous year	(c) Allowable loss from stock basis	(d) Allowable loss from debt basis	(e) Carryover amounts
35 Ordinary business loss					
36 Net rental real estate loss					
37 Other net rental loss					
38 Net capital loss					
39 Net section 1231 loss	5,000		5,000		
40 Other loss					
41 Section 179 deductions	18,000		18,000		
42 Charitable contributions	5,000		5,000		
43 Investment interest expense					
44 Section 59(e)(2) expenditures					
45 Other deductions					
46 Foreign taxes paid or accrued					
47 Total loss. Add lines 35 through 46 for each column. Enter the total loss in column (c) on line 11 and enter the total loss in column (d) on line 30	28,000		28,000		

Scenario Two

Form **7203**
(Rev. December 2022)
Department of the Treasury
Internal Revenue Service

S Corporation Shareholder Stock and Debt Basis Limitations

Attach to your tax return.
Go to www.irs.gov/Form7203 for instructions and the latest information.

OMB No. 1545-2302

Attachment
Sequence No. **203**

Name of shareholder Ashley Smith	Identifying number 123-45-6789
A Name of S corporation ABC Corp.	B Employer identification number 12-3456789
C Stock block (see instructions):	
D Check applicable box(es) to indicate how stock was acquired: (1) <input checked="" type="checkbox"/> Original shareholder (2) <input type="checkbox"/> Purchased (3) <input type="checkbox"/> Inherited (4) <input type="checkbox"/> Gift (5) <input checked="" type="checkbox"/> Other: \$ 351 transfer	
E Check if you have a Regulations section 1.1367-1(g) election in effect during the tax year for this S corporation <input type="checkbox"/>	

Part I Shareholder Stock Basis

1 Stock basis at the beginning of the corporation's tax year		1	0
2 Basis from any capital contributions made or additional stock acquired during the tax year		2	
3a Ordinary business income (enter losses in Part III)	3a		
b Net rental real estate income (enter losses in Part III)	3b	40,365	
c Other net rental income (enter losses in Part III)	3c		
d Interest income	3d	3,535	
e Ordinary dividends	3e	8,200	
f Royalties	3f		
g Net capital gains (enter losses in Part III)	3g	17,500	
h Net section 1231 gain (enter losses in Part III)	3h		
i Other income (enter losses in Part III)	3i		
j Excess depletion adjustment	3j		
k Tax-exempt income	3k		
l Recapture of business credits	3l		
m Other items that increase stock basis	3m		
4 Add lines 3a through 3m		4	69,600
5 Stock basis before distributions. Add lines 1, 2, and 4		5	69,600
6 Distributions (excluding dividend distributions)		6	100,000
Note: If line 6 is larger than line 5, subtract line 5 from line 6 and report the result as a capital gain on Form 8949 and Schedule D. See instructions.			
7 Stock basis after distributions. Subtract line 6 from line 5. If the result is zero or less, enter -0-, skip lines 8 through 14, and enter -0- on line 15		7	0
8a Nondeductible expenses	8a	7,500	
b Depletion for oil and gas	8b		
c Business credits (sections 50(c)(1) and (5))	8c		
9 Add lines 8a through 8c		9	7,500
10 Stock basis before loss and deduction items. Subtract line 9 from line 7. If the result is zero or less, enter -0-, skip lines 11 through 14, and enter -0- on line 15		10	0
11 Allowable loss and deduction items. Enter the amount from line 47, column (c)		11	
12 Debt basis restoration (see net increase in instructions for line 23)		12	
13 Other items that decrease stock basis		13	
14 Add lines 11, 12, and 13		14	
15 Stock basis at the end of the corporation's tax year. Subtract line 14 from line 10. If the result is zero or less, enter -0-		15	0

Part II Shareholder Debt Basis

Section A—Amount of Debt (If more than three debts, see instructions.)

Description	(a) Debt 1 <input type="checkbox"/> Formal note <input checked="" type="checkbox"/> Open account	(b) Debt 2 <input type="checkbox"/> Formal note <input type="checkbox"/> Open account	(c) Debt 3 <input type="checkbox"/> Formal note <input type="checkbox"/> Open account	(d) Total
16 Loan balance at the beginning of the corporation's tax year	24,000			24,000
17 Additional loans (see instructions)				
18 Loan balance before repayment. Add lines 16 and 17	24,000			24,000
19 Principal portion of debt repayment (this line doesn't include interest)				
20 Loan balance at the end of the corporation's tax year. Subtract line 19 from line 18	24,000			24,000

Scenario Two

Part II Shareholder Debt Basis (continued)

Section B—Adjustments to Debt Basis

Description	(a) Debt 1	(b) Debt 2	(c) Debt 3	(d) Total
21 Debt basis at the beginning of the corporation's tax year	7,000			7,000
22 Enter the amount, if any, from line 17				
23 Debt basis restoration (see instructions)	7,000			7,000
24 Debt basis before repayment. Add lines 21, 22, and 23	7,000			7,000
25 Divide line 24 by line 18	29.17%			
26 Nontaxable debt repayment. Multiply line 25 by line 19	0			0
27 Debt basis before nondeductible expenses and losses. Subtract line 26 from line 24	7,000			7,000
28 Nondeductible expenses and oil and gas depletion deductions in excess of stock basis	7,500			7,500
29 Debt basis before losses and deductions. Subtract line 28 from line 27. If the result is zero or less, enter -0-	0			0
30 Allowable losses in excess of stock basis. Enter the amount from line 47, column (d)	0			0
31 Debt basis at the end of the corporation's tax year. Subtract line 30 from line 29. If the result is zero or less, enter -0-	0			0

Section C—Gain on Loan Repayment

32 Repayment. Enter the amount from line 19				
33 Nontaxable repayments. Enter the amount from line 26				
34 Reportable gain. Subtract line 33 from line 32				

Part III Shareholder Allowable Loss and Deduction Items

Description	(a) Current year losses and deductions	(b) Carryover amounts (column (e)) from the previous year	(c) Allowable loss from stock basis	(d) Allowable loss from debt basis	(e) Carryover amounts
35 Ordinary business loss	120,750				120,750
36 Net rental real estate loss					
37 Other net rental loss					
38 Net capital loss					
39 Net section 1231 loss	5,000				5,000
40 Other loss					
41 Section 179 deductions					
42 Charitable contributions	5,000				5,000
43 Investment interest expense					
44 Section 59(e)(2) expenditures					
45 Other deductions					
46 Foreign taxes paid or accrued					
47 Total loss. Add lines 35 through 46 for each column. Enter the total loss in column (c) on line 11 and enter the total loss in column (d) on line 30	130,750				130,750

Scenario Three

Form **7203**
(Rev. December 2022)
Department of the Treasury
Internal Revenue Service

S Corporation Shareholder Stock and Debt Basis Limitations

Attach to your tax return.
Go to www.irs.gov/Form7203 for instructions and the latest information.

OMB No. 1545-2302

Attachment
Sequence No. **203**

Name of shareholder Ashley Smith	Identifying number 123-45-6789
A Name of S corporation ABC Corp.	B Employer identification number 12-3456789

C Stock block (see instructions): _____

D Check applicable box(es) to indicate how stock was acquired:
 (1) ☒ Original shareholder (2) ☐ Purchased (3) ☐ Inherited (4) ☐ Gift (5) ☒ Other: **\$ 351 transfer**

E Check if you have a Regulations section 1.1367-1(g) election in effect during the tax year for this S corporation ☒

Part I Shareholder Stock Basis

1 Stock basis at the beginning of the corporation's tax year		1	0
2 Basis from any capital contributions made or additional stock acquired during the tax year		2	
3a Ordinary business income (enter losses in Part III)	3a		
b Net rental real estate income (enter losses in Part III)	3b	40,365	
c Other net rental income (enter losses in Part III)	3c		
d Interest income	3d	3,535	
e Ordinary dividends	3e	8,200	
f Royalties	3f		
g Net capital gains (enter losses in Part III)	3g	17,500	
h Net section 1231 gain (enter losses in Part III)	3h		
i Other income (enter losses in Part III)	3i		
j Excess depletion adjustment	3j		
k Tax-exempt income	3k		
l Recapture of business credits	3l		
m Other items that increase stock basis	3m		
4 Add lines 3a through 3m		4	69,600
5 Stock basis before distributions. Add lines 1, 2, and 4		5	69,600
6 Distributions (excluding dividend distributions)		6	100,000
Note: If line 6 is larger than line 5, subtract line 5 from line 6 and report the result as a capital gain on Form 8949 and Schedule D. See instructions.			
7 Stock basis after distributions. Subtract line 6 from line 5. If the result is zero or less, enter -0-, skip lines 8 through 14, and enter -0- on line 15		7	0
8a Nondeductible expenses	8a		
b Depletion for oil and gas	8b		
c Business credits (sections 50(c)(1) and (5))	8c		
9 Add lines 8a through 8c		9	
10 Stock basis before loss and deduction items. Subtract line 9 from line 7. If the result is zero or less, enter -0-, skip lines 11 through 14, and enter -0- on line 15		10	0
11 Allowable loss and deduction items. Enter the amount from line 47, column (c)		11	0
12 Debt basis restoration (see net increase in instructions for line 23)		12	
13 Other items that decrease stock basis		13	7,500
14 Add lines 11, 12, and 13		14	7,500
15 Stock basis at the end of the corporation's tax year. Subtract line 14 from line 10. If the result is zero or less, enter -0-		15	0

Part II Shareholder Debt Basis

Section A—Amount of Debt (If more than three debts, see instructions.)

Description	(a) Debt 1 <input type="checkbox"/> Formal note <input checked="" type="checkbox"/> Open account	(b) Debt 2 <input type="checkbox"/> Formal note <input type="checkbox"/> Open account	(c) Debt 3 <input type="checkbox"/> Formal note <input type="checkbox"/> Open account	(d) Total
16 Loan balance at the beginning of the corporation's tax year	24,000			24,000
17 Additional loans (see instructions)				
18 Loan balance before repayment. Add lines 16 and 17	24,000			24,000
19 Principal portion of debt repayment (this line doesn't include interest)				
20 Loan balance at the end of the corporation's tax year. Subtract line 19 from line 18	24,000			24,000

Scenario Three

Part II Shareholder Debt Basis (continued)

Section B—Adjustments to Debt Basis

Description	(a) Debt 1	(b) Debt 2	(c) Debt 3	(d) Total
21 Debt basis at the beginning of the corporation's tax year	7,000			7,000
22 Enter the amount, if any, from line 17				
23 Debt basis restoration (see instructions)	7,000			7,000
24 Debt basis before repayment. Add lines 21, 22, and 23	7,000			7,000
25 Divide line 24 by line 18	29.17%			
26 Nontaxable debt repayment. Multiply line 25 by line 19	0			0
27 Debt basis before nondeductible expenses and losses. Subtract line 26 from line 24	7,000			7,000
28 Nondeductible expenses and oil and gas depletion deductions in excess of stock basis	0			0
29 Debt basis before losses and deductions. Subtract line 28 from line 27. If the result is zero or less, enter -0-	7,000			7,000
30 Allowable losses in excess of stock basis. Enter the amount from line 47, column (d)	7,000			7,000
31 Debt basis at the end of the corporation's tax year. Subtract line 30 from line 29. If the result is zero or less, enter -0-	0			0

Section C—Gain on Loan Repayment

32 Repayment. Enter the amount from line 19				
33 Nontaxable repayments. Enter the amount from line 26				
34 Reportable gain. Subtract line 33 from line 32				

Part III Shareholder Allowable Loss and Deduction Items

Description	(a) Current year losses and deductions	(b) Carryover amounts (column (e)) from the previous year	(c) Allowable loss from stock basis	(d) Allowable loss from debt basis	(e) Carryover amounts
35 Ordinary business loss	120,750			6,464	114,286
36 Net rental real estate loss					
37 Other net rental loss					
38 Net capital loss					
39 Net section 1231 loss	5,000			268	4,732
40 Other loss					
41 Section 179 deductions					
42 Charitable contributions	5,000			268	4,732
43 Investment interest expense					
44 Section 59(e)(2) expenditures					
45 Other deductions					
46 Foreign taxes paid or accrued					
47 Total loss. Add lines 35 through 46 for each column. Enter the total loss in column (c) on line 11 and enter the total loss in column (d) on line 30	130,750			7,000	123,750