

## 2008 Form 8582, Passive Activity Loss Limitations

**Purpose:** This is the first circulated draft of the Form 8582 for your review and comments. There are no major changes.

**TPCC Meeting:** None, but one may be arranged if requested.

**Prior Revision:** The 2007 Form 8582 is available at:  
<http://www.irs.gov/pub/irs-pdf/f8582.pdf>

**Instructions:** The 2008 Instructions for Form 8582 will be circulated at a later date. The 2007 instructions are available at:  
<http://www.irs.gov/pub/irs-pdf/i8582.pdf>

**Other Products:** Circulations of draft tax forms, instructions, notices, and publications are posted at:  
<http://taxforms.web.irs.gov/Circulations/index.htm>

**Comments:** Please email, fax, call, or mail any comments by **May 30, 2008**.

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**Passive Activity Loss Limitations**

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.  
▶ Attach to Form 1040 or Form 1041.

**2008**  
Attachment  
Sequence No. **88**

Name(s) shown on return

Identifying number

**Part I 2008 Passive Activity Loss**

**Caution:** Complete Worksheets 1, 2, and 3 on page 2 before completing Part I.

**Rental Real Estate Activities With Active Participation** (For the definition of active participation, see **Special Allowance for Rental Real Estate Activities** on page 3 of the instructions.)

<b>1a</b> Activities with net income (enter the amount from Worksheet 1, column (a)) . . . . .	<b>1a</b>			
<b>b</b> Activities with net loss (enter the amount from Worksheet 1, column (b)) . . . . .	<b>1b</b>	(	)	
<b>c</b> Prior years unallowed losses (enter the amount from Worksheet 1, column (c)) . . . . .	<b>1c</b>	(	)	
<b>d</b> Combine lines 1a, 1b, and 1c. . . . .	<b>1d</b>			

**Commercial Revitalization Deductions From Rental Real Estate Activities**

<b>2a</b> Commercial revitalization deductions from Worksheet 2, column (a)	<b>2a</b>	(	)	
<b>b</b> Prior year unallowed commercial revitalization deductions from Worksheet 2, column (b)	<b>2b</b>	(	)	
<b>c</b> Add lines 2a and 2b. . . . .	<b>2c</b>	(	)	

**All Other Passive Activities**

<b>3a</b> Activities with net income (enter the amount from Worksheet 3, column (a)) . . . . .	<b>3a</b>			
<b>b</b> Activities with net loss (enter the amount from Worksheet 3, column (b)) . . . . .	<b>3b</b>	(	)	
<b>c</b> Prior years unallowed losses (enter the amount from Worksheet 3, column (c)) . . . . .	<b>3c</b>	(	)	
<b>d</b> Combine lines 3a, 3b, and 3c. . . . .	<b>3d</b>			

<b>4</b> Combine lines 1d, 2c, and 3d. If the result is net income or zero, all losses are allowed, including any prior year unallowed losses entered on line 1c, 2b, or 3c. <b>Do not</b> complete Form 8582. Report the losses on the forms and schedules normally used . . . . .	<b>4</b>			
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If line 4 is a loss and:

- Line 1d is a loss, go to Part II.
- Line 2c is a loss (and line 1d is zero or more), skip Part II and go to Part III.
- Line 3d is a loss (and lines 1d and 2c are zero or more), skip Parts II and III and go to line 15.

**Caution:** If your filing status is married filing separately and you lived with your spouse at any time during the year, **do not** complete Part II or Part III. Instead, go to line 15.

**Part II Special Allowance for Rental Real Estate Activities With Active Participation**

**Note:** Enter all numbers in Part II as positive amounts. See page 8 of the instructions for an example.

<b>5</b> Enter the <b>smaller</b> of the loss on line 1d or the loss on line 4 . . . . .	<b>5</b>			
<b>6</b> Enter \$150,000. If married filing separately, see page 8 . . . . .	<b>6</b>			
<b>7</b> Enter modified adjusted gross income, but not less than zero (see page 8)	<b>7</b>			
<b>Note:</b> If line 7 is greater than or equal to line 6, skip lines 8 and 9, enter -0- on line 10. Otherwise, go to line 8.				
<b>8</b> Subtract line 7 from line 6 . . . . .	<b>8</b>			
<b>9</b> Multiply line 8 by 50% (.5). <b>Do not</b> enter more than \$25,000. If married filing separately, see page 8	<b>9</b>			
<b>10</b> Enter the <b>smaller</b> of line 5 or line 9. . . . .	<b>10</b>			

If line 2c is a loss, go to Part III. Otherwise, go to line 15.

**Part III Special Allowance for Commercial Revitalization Deductions From Rental Real Estate Activities**

**Note:** Enter all numbers in Part III as positive amounts. See the example for Part II on page 8 of the instructions.

<b>11</b> Enter \$25,000 reduced by the amount, if any, on line 10. If married filing separately, see instructions	<b>11</b>			
<b>12</b> Enter the loss from line 4 . . . . .	<b>12</b>			
<b>13</b> Reduce line 12 by the amount on line 10 . . . . .	<b>13</b>			
<b>14</b> Enter the <b>smallest</b> of line 2c (treated as a positive amount), line 11, or line 13 . . . . .	<b>14</b>			

**Part IV Total Losses Allowed**

<b>15</b> Add the income, if any, on lines 1a and 3a and enter the total. . . . .	<b>15</b>			
<b>16</b> <b>Total losses allowed from all passive activities for 2008.</b> Add lines 10, 14, and 15. See page 10 of the instructions to find out how to report the losses on your tax return. . . . .	<b>16</b>			

**Caution:** *The worksheets must be filed with your tax return. Keep a copy for your records.*

**Worksheet 1—For Form 8582, Lines 1a, 1b, and 1c** (See pages 7 and 8 of the instructions.)

Name of activity	Current year		Prior years	Overall gain or loss	
	(a) Net income (line 1a)	(b) Net loss (line 1b)	(c) Unallowed loss (line 1c)	(d) Gain	(e) Loss
<b>Total. Enter on Form 8582, lines 1a, 1b, and 1c . . . . . ▶</b>					

**Worksheet 2—For Form 8582, Lines 2a and 2b** (See page 8 of the instructions.)

Name of activity	(a) Current year deductions (line 2a)	(b) Prior year unallowed deductions (line 2b)	(c) Overall loss
<b>Total. Enter on Form 8582, lines 2a and 2b . . . . . ▶</b>			

**Worksheet 3—For Form 8582, Lines 3a, 3b, and 3c** (See page 8 of the instructions.)

Name of activity	Current year		Prior years	Overall gain or loss	
	(a) Net income (line 3a)	(b) Net loss (line 3b)	(c) Unallowed loss (line 3c)	(d) Gain	(e) Loss
<b>Total. Enter on Form 8582, lines 3a, 3b, and 3c . . . . . ▶</b>					

**Worksheet 4—Use this worksheet if an amount is shown on Form 8582, line 10 or 14** (See page 9 of the instructions.)

Name of activity	Form or schedule and line number to be reported on (see instructions)	(a) Loss	(b) Ratio	(c) Special allowance	(d) Subtract column (c) from column (a)
<b>Total . . . . . ▶</b>			1.00		

**Worksheet 5—Allocation of Unallowed Losses** (See page 9 of the instructions.)

Name of activity	Form or schedule and line number to be reported on (see instructions)	(a) Loss	(b) Ratio	(c) Unallowed loss
<b>Total . . . . . ▶</b>			1.00	

**Worksheet 6—Allowed Losses** (See pages 9 and 10 of the instructions.)

Name of activity	Form or schedule and line number to be reported on (see instructions)	(a) Loss	(b) Unallowed loss	(c) Allowed loss
<b>Total</b> . . . . . ▶				

**Worksheet 7—Activities With Losses Reported on Two or More Forms or Schedules** (See page 10 of the instructions.)

Name of activity:	(a)	(b)	(c) Ratio	(d) Unallowed loss	(e) Allowed loss
<b>Form or schedule and line number to be reported on (see instructions):</b> .....					
<b>1a</b> Net loss plus prior year unallowed loss from form or schedule. ▶					
<b>b</b> Net income from form or schedule . . . . . ▶					
<b>c</b> Subtract line 1b from line 1a. If zero or less, enter -0- ▶					
<b>Form or schedule and line number to be reported on (see instructions):</b> .....					
<b>1a</b> Net loss plus prior year unallowed loss from form or schedule. ▶					
<b>b</b> Net income from form or schedule . . . . . ▶					
<b>c</b> Subtract line 1b from line 1a. If zero or less, enter -0- ▶					
<b>Form or schedule and line number to be reported on (see instructions):</b> .....					
<b>1a</b> Net loss plus prior year unallowed loss from form or schedule. ▶					
<b>b</b> Net income from form or schedule . . . . . ▶					
<b>c</b> Subtract line 1b from line 1a. If zero or less, enter -0- ▶					
<b>Total</b> . . . . . ▶			<b>1.00</b>		