

# Installment Sale Income

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.  
▶ Use a separate form for each sale or other disposition of property on the installment method.

**1997**  
Attachment  
Sequence No. **79**

Name(s) shown on return

Identifying number

- 1 Description of property ▶ .....
- 2a Date acquired (month, day, year) ▶  /  /  b Date sold (month, day, year) ▶  /  /
- 3 Was the property sold to a related party after May 14, 1980? See instructions. If "No," skip line 4 . . .  Yes  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 . . .  Yes  No

**Part I Gross Profit and Contract Price.** Complete this part for the year of sale only.

|    |  |           |  |           |  |
|----|--|-----------|--|-----------|--|
| 5  | Selling price including mortgages and other debts. <b>Do not</b> include interest whether stated or unstated   |           |  | <b>5</b>  |  |
| 6  | Mortgages and other debts the buyer assumed or took the property subject to, but not new mortgages the buyer got from a bank or other source   | <b>6</b>  |  |           |  |
| 7  | Subtract line 6 from line 5  | <b>7</b>  |  |           |  |
| 8  | Cost or other basis of property sold   | <b>8</b>  |  |           |  |
| 9  | Depreciation allowed or allowable  | <b>9</b>  |  |           |  |
| 10 | Adjusted basis. Subtract line 9 from line 8  | <b>10</b> |  |           |  |
| 11 | Commissions and other expenses of sale   | <b>11</b> |  |           |  |
| 12 | Income recapture from Form 4797, Part III. See instructions  | <b>12</b> |  |           |  |
| 13 | Add lines 10, 11, and 12   |           |  | <b>13</b> |  |
| 14 | Subtract line 13 from line 5. If zero or less, <b>stop here. Do not</b> complete the rest of this form   |           |  | <b>14</b> |  |
| 15 | If the property described on line 1 above was your main home, enter from Form 2119 the total of lines 14 and 22, or the amount from line 27, whichever applies. Otherwise, enter -0- |           |  | <b>15</b> |  |
| 16 | <b>Gross profit.</b> Subtract line 15 from line 14   |           |  | <b>16</b> |  |
| 17 | Subtract line 13 from line 6. If zero or less, enter -0-   |           |  | <b>17</b> |  |
| 18 | <b>Contract price.</b> Add line 7 and line 17  |           |  | <b>18</b> |  |

**Part II Installment Sale Income.** 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. Divide line 16 by line 18. For years after the year of sale, see instructions        |           |  | <b>19</b> |  |
| 20 | <b>For year of sale only:</b> Enter amount from line 17 above; otherwise, enter -0-                           |           |  | <b>20</b> |  |
| 21 | Payments received during year. See instructions. <b>Do not</b> include interest whether stated or unstated    |           |  | <b>21</b> |  |
| 22 | Add lines 20 and 21   |           |  | <b>22</b> |  |
| 23 | Payments received in prior years. See instructions. <b>Do not</b> include interest whether stated or unstated | <b>23</b> |  |           |  |
| 24 | <b>Installment sale income.</b> Multiply line 22 by line 19   |           |  | <b>24</b> |  |
| 25 | Part of line 24 that is ordinary income under recapture rules. See instructions                               |           |  | <b>25</b> |  |
| 26 | Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797. See instructions                    |           |  | <b>26</b> |  |

**Part III Related Party Installment Sale Income.** **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, during this tax year, resell or dispose of the property ("second disposition")? . . .  Yes  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 only the box that applies.**
  - a  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  The first disposition was a sale or exchange of stock to the issuing corporation.
  - c  The second disposition was an involuntary conversion where the threat of conversion occurred after the first disposition.
  - d  The second disposition occurred after the death of the original seller or buyer.
  - e  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
- 31 Enter contract price from line 18 for year of first sale
- 32 Enter the **smaller** of line 30 or line 31
- 33 Total payments received by the end of your 1997 tax year. See instructions
- 34 Subtract line 33 from line 32. If zero or less, enter -0-
- 35 Multiply line 34 by the gross profit percentage on line 19 for year of first sale
- 36 Part of line 35 that is ordinary income under recapture rules. See instructions
- 37 Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797. See instructions

