

▶ See separate instructions.

▶ Attach to the corporation's tax return (personal service corporations and closely held corporations only).

**1994**

Name	Employer identification number
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**Part I 1994 Passive Activity Loss**  
**Caution:** See the instructions and complete Worksheets 1 and 2 on page 7 before completing Part I.

<b>1a</b> Current year income (from Worksheet 2, column (a)) . . . . .	<b>1a</b>			
<b>b</b> Current year deductions and losses (from Worksheet 2, column (b)) . . . . .	<b>1b</b>	(	)	
<b>c</b> Prior year unallowed losses (from Worksheet 2, column (c))	<b>1c</b>	(	)	
<b>d</b> Combine lines 1a, 1b, and 1c. If the result is net income or zero, see instructions . . . . .	<b>1d</b>			
<b>2</b> Closely held corporations enter net active income and see instructions. Personal service corporations enter -0- on this line . . . . .	<b>2</b>			
<b>3 Unallowed passive activity deductions and losses.</b> Combine lines 1d and 2. If the result is net income or zero, see the instructions for lines 1d and 3. Otherwise, go to line 4 . . . . .	<b>3</b>			
<b>4 Total deductions and losses allowed.</b> Add the income, if any, on lines 1a and 2 and enter the result. See instructions . . . . .	<b>4</b>			

**Part II 1994 Passive Activity Credits**  
**Caution:** See the instructions and complete Worksheet 5 on page 11 before completing Part II.

<b>5a</b> Current year credits (from Worksheet 5, column (a)) . . . . .	<b>5a</b>			
<b>b</b> Prior year unallowed credits (from Worksheet 5, column (b))	<b>5b</b>			
<b>6</b> Add lines 5a and 5b . . . . .	<b>6</b>			
<b>7</b> Enter the tax attributable to net passive income and net active income. See instructions . . . . .	<b>7</b>			
<b>8 Unallowed passive activity credit.</b> Subtract line 7 from line 6. If the result is zero or less, enter -0- . . . . .	<b>8</b>			
<b>9 Allowed passive activity credit.</b> Subtract line 8 from line 6. See instructions . . . . .	<b>9</b>			

**Part III Election to Increase Basis of Credit Property**

- 10** If the corporation disposed of its entire interest in a passive activity or former passive activity in a fully taxable transaction, and it elects to increase the basis of credit property used in that activity by the unallowed credit that reduced the property's basis, check here. . . . .
- 11** Name of activity disposed of ▶ .....
- 12** Description of the credit property for which the election is being made ▶ .....
- 13** Amount of unallowed credit that reduced the property's basis. . . . . ▶ \$