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## Course Information

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**Course Title:** *Passive Loss and At-Risk Rules #492919*

**Recommended CPE credit hours for this course**

In accordance with the standards of the National Registry of CPE Sponsors and the IRS, CPE credits have been granted based on a 50-minute hour.

**CPA 2.5** (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration:

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Public Accountancy: 14003

New York State Board of Accountancy: 002146

Ohio State Board of Accountancy: M0021

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

**EA/OTRP 2** (All States) IRS: Qualified Sponsor number: *FWKKO*.

**CLU, ChFC Professional Recertification 2**

**Course Description**

With the adoption of the passive loss limitation rules, taxpayers are looking to CPAs for guidance related to what deductions are allowed, disallowed, or suspended. Updating practitioners on the practical aspects of §469, this course addresses the needed skill to handle these pragmatic issues. Fundamentals are reviewed, planning opportunities are identified, and creative strategies are discussed and evaluated along with remaining traditional approaches. The goal of this instructive course is to understand and solve client problems under §469, with emphasis on tax savings ideas. Participants will learn to master the proper administration of these complex and often cumbersome provisions.

**Program Delivery Method:** Self-Study (NASBA QAS Self-Study/interactive)

**Subject Codes/Field of Study**

NASBA (CPA): Taxes.

IRS (EA, OTRP): Federal Tax Law.

**Course Level, Prerequisites, and Advance Preparation Requirements**

Program Level: Overview.

This program is appropriate for professionals at all organizational levels.

Prerequisites: Basic familiarity with federal taxation

Advance Preparation: None

**Course Content**

Publication/Revision Date: 4/12/2019.

Author: Danny Santucci, J.D.

Final exam (online): Fifteen questions (multiple-choice).

**Instructions for taking this course**

You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed on the following page, studying the text, and studying the review questions at the end of each major section (or at the end of the course). Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

**Instructions for Taking the Final Exam Online**

- Login to your account online at [www.bhfe.com](http://www.bhfe.com).
- Go to "My Account" and view your course.
- Select "Take Exam" for this course and follow instructions.

**Additional Information**

- The exam may be started, stopped, then resumed at a later date.
- The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
- Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.
- CFP® and EA credits are reported weekly.

**Have a question?** Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

# Learning Assignment & Objectives

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As a result of studying the assigned materials, you should be able to meet the objectives listed below.

## **ASSIGNMENT**

At the start of the materials, participants should identify the following topics for study:

- \* Passive loss rules
- \* Material participation
- \* Activity definition
- \* Passive & nonpassive activities
- \* Passive activity loss
- \* Rental activities
- \* Recharacterization of passive income
- \* Passive activity credits
- \* Passive activity audit guide
- \* At-risk limits

## **Learning Objectives**

After reading the materials, participants will be able to:

1. Identify affected taxpayers, categories of income and loss and passive losses under §469 and necessary §469 calculation steps and specify the §469 & §1211 limits and the ordering and suspension of any disallowed losses.
2. Recognize a taxpayer's material participation in an activity by:
  - a. Identifying the material participation tests and their application to entities such as partnerships and corporations;
  - b. Specifying the activity grouping rules and exempt activities;
  - c. Determining passive activity particularly, the treatment of rental activity as passive; and
  - d. Identifying "nested" activities.
3. Identify special passive loss rules and calculations by:
  - a. Determining alternating use affects on amount realized and adjusted basis and citing additional loss limitations outside of §469;
  - b. Recognizing requirements for the special \$25,000 allowance; and
  - c. Specifying recharacterization rules and their purpose.
4. Recognize the passive activity audit guidelines identifying audit issues, determine the real estate rental activity credit exception, and cite the at-risk limit rules as they relate to §469.

After studying the materials, answer the exam questions 1 to 15.

## **Notice**

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**PASSIVE**



**PORTFOLIO**



**MATERIAL  
PARTICIPATION**



## **Passive Loss & At-Risk Rules**

**By**

**Danny C. Santucci**

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**Danny Santucci**

# Table of Contents

Passive Loss Rules.....	1
Application .....	1
Active Losses .....	1
Credits .....	2
Calculating Passive Loss - The “Fish” Rules.....	2
Categories of Income & Loss.....	2
Passive .....	2
Portfolio.....	3
Material Participation .....	3
Suspension of Disallowed Losses .....	6
Fully Taxable Disposition.....	6
Abandonment & Worthlessness.....	6
Related Party Transactions .....	6
Credits .....	6
Disallowance .....	7
Increase Basis Election .....	7
Other Transfers .....	7
Transfer By Reason Of Death - §469(g)(2).....	7
Transfer By Gift - §469(j)(6).....	7
Installment Sale - §469(g)(3).....	8
Activity No Longer Treated As Passive Activity - §469(f)(1).....	8
Closely Held To Nonclosely Held Corporation - §469(f)(2) .....	8
Nontaxable Transfer.....	9
Ordering of Losses .....	9
Capital Loss Limitation - §1211 .....	10
Carryforwards .....	11
Allocation of Suspended Losses.....	11
Taxpayers Affected .....	11
Noncorporate Taxpayers.....	11
Regular Corporations.....	11
Personal Service Corporations .....	11
Definition - Temp. Reg. §1.469-1T(g)(2)(i) .....	13
Personal Services .....	13
Principal Activity - 50% Test .....	13
Substantially Performed by Employee-Owners - 20% Test.....	13
Material Participation.....	14
“Trade or Business” Definition .....	14
February 19, 1988 Regulations .....	14
General Rule for Individuals.....	14
Record keeping .....	17

Meaning of Participation.....	17
Exceptions to Definition - The “Unwork” Rules .....	17
Husband & Wife Counted as One.....	18
Annual Test .....	18
Pre-’87 Participation - 500 Hours .....	19
Special Rules for Entities.....	21
Limited Partnership Interests Presumption .....	21
Exceptions to Presumption .....	21
Trusts and Estates.....	22
Retired & Disabled Farmers.....	22
Corporations.....	22
Activity Definition.....	24
Final Regulations .....	26
Relevant Factors.....	26
Rental Activities.....	26
Limited Partnership Activities.....	27
Partnership & S Corporation Activities .....	27
Consistency.....	27
Regrouping .....	28
Partial Dispositions .....	28
Passive & Nonpassive Activities .....	28
Trade or Business.....	29
Characterization Based on Participation .....	29
Rental Activity.....	29
Exceptions.....	29
Non-Passive Activities.....	30
Rental Activities of Real Estate Professionals .....	30
Eligibility Standards .....	30
Working Interests in Oil & Gas.....	32
Entities That Limit Liability.....	32
Activities within Activities .....	32
Passive Activity Loss.....	33
Husband & Wife .....	33
Special Rule for Closely Held Corporations.....	33
Net Active Income.....	33
Carryover of Disallowed Losses.....	36
Treatment of Carryover Losses .....	36
Allocation Process.....	36
Significant Participation Activities.....	37
Income from Dispositions of Property Used in Passive Activities .....	38
Mixed Use of Property .....	38
Alternating Use .....	38
De Minimis Use Rule - 10/10 Test.....	39
Disposition of Appreciated Property Formerly Used in a Nonpassive Activity.....	39
Rental Activities .....	39
Special Rule for Rental Real Estate.....	39
Five Conditions .....	40
Active Participation .....	42
Change in Participation .....	42
Application of \$25,000 Allowance Rule.....	42
Aggregation & Ordering: .....	42

Net Operating Loss .....	43
Net Leases .....	43
Definition.....	43
Recharacterization of Passive Income.....	43
Active Business Recharacterization .....	43
Significant Participation Income Rules.....	43
Ratable Portion of Income .....	44
Formula.....	44
Significant Participation Losses .....	44
Rental of Property Developed by Taxpayer .....	44
Self-Rented Property .....	45
Portfolio Income Recharacterization Rules.....	45
Rental of Nondepreciable Property .....	45
Equity Financed Lending Activities .....	45
Limitation on Recharacterization .....	45
Passive Activity Credits .....	46
Regular Tax Liability Allocable to Passive Activities.....	46
Formula.....	46
Exception for Real Estate Rental Activity Credits .....	46
Application .....	47
Credits Subject to Passive Activity Limits.....	47
Allocation of Disallowed Credits.....	48
Treatment of Carryover Credits .....	48
Passive Activity Audit Guide .....	48
Indicators of Audit Issues .....	48
Investment Interest .....	49
Material Participation .....	49
Significant Participation Activities.....	50
Active Participation.....	50
Net Lease Properties.....	50
Vacation Rentals .....	51
Self-Charged Expenses.....	51
Rental & Nonrental Activity Grouping .....	51
Divorce .....	52
At-Risk Limits.....	52
Amount At Risk .....	52
Taxpayers Affected .....	52
Closely Held Corporation .....	52
Qualified Corporation Exception.....	54
Qualifying Business Requirements .....	54
Loss Defined.....	55
Disallowed Losses.....	55
Form 6198.....	55
Partnership & S Corporation Limits .....	55
Activities Covered by the At-Risk Rules.....	56
Equipment Leasing.....	56
Real Property .....	57
Grouping of Activities.....	57
Partners & S Corporation Shareholders .....	58
At-Risk Amounts .....	58
Borrowed Amounts .....	58



Related Persons .....	59
Subsequent Years .....	60
Amounts Not At Risk .....	60
Nonrecourse Financing .....	61
Other Loss Limiting Arrangements .....	61
Reductions of Amounts At Risk.....	62