

# S Corporation Shareholder Stock and Debt Basis Limitations

▶ Attach to your tax return.

▶ Go to [www.irs.gov/Form7203](http://www.irs.gov/Form7203) for instructions and the latest information.

Name(s) shown on return	Identifying number
Name of S corporation	Employer identification number

Stock block (see instructions) ▶

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

**Part II Shareholder Debt Basis**

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

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

**Part II Shareholder Debt Basis** *(continued)*

**Section B—Adjustments to Debt Basis**

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

**Section C—Gain on Loan Repayment**

<b>32</b> Repayment. Enter the amount from line 19 . . . . .				
<b>33</b> Nontaxable repayments. Enter the amount from line 26				
<b>34 Reportable gain.</b> 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
<b>35</b> Ordinary business loss . . . . .					
<b>36</b> Net rental real estate loss . . . . .					
<b>37</b> Other net rental loss . . . . .					
<b>38</b> Net capital loss . . . . .					
<b>39</b> Net section 1231 loss . . . . .					
<b>40</b> Other loss . . . . .					
<b>41</b> Section 179 deductions . . . . .					
<b>42</b> Charitable contributions . . . . .					
<b>43</b> Investment interest expense . . . . .					
<b>44</b> Section 59(e)(2) expenditures . . . . .					
<b>45</b> Other deductions . . . . .					
<b>46</b> Foreign taxes paid or accrued . . . . .					
<b>47 Total loss.</b> Combine 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 . . . . .					