START

PA Schedule D-1

REV-1689 EX (05–13)
PA DEPARTMENT OF REVENUE

20____

Please Print or Type

OFFICIAL USE ONLY

CALCULATION OF INSTALLMENT SALE INCOME - See instructions on reverse side. Submit PA Schedule D-1 with your PA tax return. Use a separate schedule for each sale on the installment method. Also link to the **PA PIT Guide** on the Department of Revenue's website (**www.revenue.state.pa.us**) for additional information. For PA PIT purposes, you cannot sell intangible property using the installment method.

Social Security Number	Federal EIN	Corporate Tax File (Box) Number

Name(s) as shown on return	Date Acquired	Date Sold

Description of Property

For PA PIT purposes, if acquired prior to June 1,1971, fill in oval for method of computing June 1,1971 value: ⬭ Appraisal ⬭ Proration - Attach **PA Schedule D-71 (REV-1742)**

Complete Parts I and II for each tax year gain is reported for an installment sale.

PART I Calculation of Gain and Selling Price

1. Selling price including mortgages and other debts. Do not include interest whether stated or unstated.	1.	
2. Mortgages, debts, and other buyer assumes. Include such indebtedness that the property is subject to. Do not include new mortgages from a bank or other source.	2.	
3. Subtract Line 2 from Line 1.	3.	
4. Cost or other basis of property sold.	4.	
5. Depreciation allowed or allowable. If computing the June 1, 1971 value by the Appraisal Method, enter amount from PA Schedule D-71.	5.	
6. Adjusted basis. Subtract Line 5 from Line 4.	6.	
7. Commissions and other expenses of sale.	7.	
8. Add Line 6 and Line 7.	8.	
9. Gain or loss. Subtract Line 8 from Line 1. If the result is zero or less, do not complete the rest of this form. Report the entire sale on a PA Schedule D, or other appropriate schedule.	9.	
10. Subtract Line 8 from Line 2. If zero or less, enter zero.	10.	
11. Contract price. Add Line 3 and Line 10.	11.	

PART II Calculation of Taxable Part of Installment Sale

12. Proportional gain ratio Divide Line 9 by Line 11.	12.	
13. For year of sale only, enter amount from Line 10. Otherwise, enter zero.	13.	
14. Principal payments received during taxable year. Do not include interest.	14.	
15. Total payments. Add Line 13 and Line 14.	15.	
16. Payments received in prior years from this sale only for the sale reported to Pennsylvania using the installment method.	16.	
17. Taxable part of installment sale. Multiply Line 15 by Line 12.	17.	
18. Net interest income received during the year on the property sold. Fill in the oval if this is a loss. LOSS ⬭	18.	
19. Taxable installment gain. Add Lines 17 and 18. Enter here and on your PA Schedule D, or other appropriate schedule.	19.	

Reset Entire Form

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NEXT PAGE

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INSTRUCTIONS

General Instructions

Use PA Schedule D-1 if you elect the installment sale method to report gain from a sale of real or tangible personal property. If you sell property in the regular and ordinary course of business on the installment method, such as inventory, report such activity on your PA Schedule C or F. You may not report a loss on an installment method.

The installment sale method is not permitted for sales of intangible personal property, or transactions for the purpose of lending money or rendering services.

An installment sale election is irrevocable. If you cannot or do not elect to report a sale by the installment method, complete PA Schedule D, reporting the entire gain received from the sale.

If you acquired the property prior to June 1, 1971, obtain PA Schedule D-71, REV-1742, **"Gain or Loss on Property Acquired Prior to June 1, 1971"** to first determine the taxable gain.

Line-By-Line Instructions

Line 1. **Gross sales price.** Enter the total amount of money, the face amount of the installment obligation, and the fair market value of other property (such as the buyer's note), that you received or will receive in exchange for the property you are selling. Include on Line 1 any existing mortgage or other debt on the property the buyer assumes. Do not include interest.

Line 2. **Mortgage and other indebtedness.** Enter only mortgages or other indebtedness on the property the buyer assumes from the seller. Do not include new mortgages the buyer gets from a bank, the seller, or other source.

Line 4. **Cost or other basis of property sold.** Enter the original cost or basis and all expenses you incurred in buying the property. Add capital improvements, but not repairs, to your basis. If the property was acquired prior to June 1, 1971, use the adjusted or alternative basis as determined for Column e on PA Schedule D-71.

Line 5. **Depreciation allowed or allowable.** Enter all depreciation or amortization you deducted or should have deducted from the date of purchase until the date of sale. PA PIT law limits IRC section 179 current expensing to the expensing allowed at the time you placed the asset into service or the expensing in effect under the IRC of 1986. The maximum available Section 179 expense is $25,000. PA PIT law also does not permit the bonus depreciation elections. For each asset, you must also report straight-line depreciation, unless not using an optional accelerated depreciation method. You need the amount of straight-line depreciation if you need to take advantage of Pennsylvania's Tax Benefit Rule when you sell the asset. See the **PA PIT Guide** for the Tax Benefit Rule. If the property was acquired prior to June 1, 1971 and you are using the alternative basis of the property, include only depreciation or amortization after June 1, 1971.

Line 7. **Commissions and other expenses of sale.** Enter sales commissions, advertising expenses, attorney and legal fees, transfer taxes, or other expenses you incurred in selling the property.

Line 9. **Gain or loss from sale.** Subtract Line 8 from Line 1. If the result is zero or less, do not complete the rest of this form. Report the entire sale on a PA Schedule D or other appropriate schedule, and submit it with your PA tax return.

Line 12. **Express the proportional gain ratio by a fraction or by a decimal carried to at least three places.** NOTE: If the mortgage the buyer assumes (Line 2) is equal to or greater than the seller's basis in the property (Line 8), the proportional gain ratio will always be 1.000.

Line 14. **Payments received during the year.** Enter all money you received and the fair market value of any property you received during the taxable year. Include as payments any amount withheld to pay off a mortgage or other debt, such as brokers' and legal fees. Do not include the buyer's note, or any mortgage or other liability assumed by the buyer. If you did not receive any payments in the taxable year, enter zero.

Line 16. **Payments received in prior years.** Enter all money and the fair market value of property you received and reported in prior years from this installment sale. Only include payments for sales reported to Pennsylvania using the installment method of reporting.

Line 17. **Taxable part of installment sale.** Enter result here and on the appropriate schedule for your tax return.

Line 18. **Net interest income. Enter the total interest you received during the year, less the interest expense you incurred during the year, on the property sold. If the expense is more than the income, enter the loss and fill in the oval.**

Line 19. **Taxable Gain.** Add Lines 17 and 18.