



# Tax Returns: How to Report IRA Transactions





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# Agenda

- 1 About Entrust
- 2 How to Report Contributions and Distributions
- 3 Determining Taxation
- 4 Reporting Rollovers
- 5 SEP & SIMPLE Account Reporting
- 6 Q&A Time

# Meet Your Presenter

John Paul Ruiz

Director of Professional Development at The Entrust Group



24

Years of retirement education development



Educating investors and professionals on tax-preferred retirement accounts



CISP & QKA certified

# About Entrust



|  
**\$4B**

Assets Under  
Management



|  
**22k**

Accounts



|  
**39**

Years of  
Service



|  
**1**

Point of  
Contact

# About Entrust



- Self-Directed IRA administrators
- Knowledgeable Staff with CISP designations
- Nationwide offices
- National CE program
- In-person events and webinars
- Annual IRA Academy

# Contribution Eligibility Requirements

## Traditional IRA

- Taxable compensation required
- No age limit
- No maximum income limit
- Earned income
  - Income subject to social security tax
  - Safe-harbor W-2 Wage

## Roth IRA

- Taxable compensation required
- No age limit
- Subject to income limit (MAGI)

# Traditional IRA Deductions & Limits (2020)

1. Individuals covered by an employer-sponsored plan are subject to the income limits for deduction
2. Eligibility for deduction will be based on the modified adjusted gross income (MAGI) of the individual
3. Percentage of deductions available is determined using the phase-out range chart

Single or Head of Household	Married Filing a Joint Return	Married Filing a Separate Return
<b>Not Eligible:</b> \$75,000 or more	<b>Not Eligible:</b> \$124,000 or more	<b>Not Eligible:</b> \$10,000 or more
<b>Partial Contribution:</b> \$65,001–\$74,999	<b>Partial Contribution:</b> \$104,001–\$123,999	<b>Partial Contribution:</b> \$9,999 or less
<b>Full Contribution:</b> \$65,000 or less	<b>Full Contribution:</b> \$104,000 or less	<b>N/A</b>

Source: IRS publication 590

# Roth IRA Contribution Phase-Out Limits (2020)

Single or Head of Household	Married Filing a Joint Return	Married Filing a Separate Return
<b>Not Eligible:</b> \$139,000 or more	<b>Not Eligible:</b> \$206,000 or more	<b>Not Eligible:</b> \$10,000 or more
<b>Partial Contribution:</b> \$124,001–\$138,999	<b>Partial Contribution:</b> \$196,001–\$205,999	<b>Partial Contribution:</b> \$9,999 or less
<b>Full Contribution:</b> \$124,000 or less	<b>Full Contribution:</b> \$196,000 or less	<b>N/A</b>

Source: IRS Publication 590

# How to Report Contributions on IRS Form 1040

**SCHEDULE 1**  
(Form 1040 or 1040-SR)

Department of the Treasury  
Internal Revenue Service

**Additional Income and Adjustments to Income**

► Attach to Form 1040 or 1040-SR.  
► Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information.

OMB No. 1545-0074

**2019**  
Attachment  
Sequence No. 01

Name(s) shown on Form 1040 or 1040-SR \_\_\_\_\_ Your social security number \_\_\_\_\_

At any time during 2019, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? ☐ Yes ☐ No

**Part I Additional Income**

**Part II Adjustments to Income**

1	Taxable income	10	Educator expenses	10	
2a	Alimony received	11	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	11	
b	Date of receipt	12	Health savings account deduction. Attach Form 8889	12	
3	Business income or loss	13	Moving expenses for members of the Armed Forces. Attach Form 3903	13	
4	Other gains or losses	14	Deductible part of self-employment tax. Attach Schedule SE	14	
5	Rental income or loss	15	Self-employed SEP, SIMPLE, and qualified plans	15	
6	Farm income or loss	16	Self-employed health insurance deduction	16	
7	Unemployment compensation	17	Penalty on early withdrawal of savings	17	
8	Other income	18a	Alimony paid	18a	
9	Combination of lines 1 through 8	b	Recipient's SSN		
		c	Date of original divorce or separation agreement (see instructions) ►		
		19	IRA deduction	19	
		20	Student loan interest deduction	20	
		21	Tuition and fees. Attach Form 8917	21	
		22	Add lines 10 through 21. These are your <b>adjustments to income</b> . Enter here and on Form 1040 or 1040-SR, line 8a	22	

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71479F Schedule 1 (Form 1040 or 1040-SR) 2019

# How to Track Non-Deductible Contributions

<b>Form 8606</b> Department of the Treasury Internal Revenue Service (99)		<b>Nondeductible IRAs</b> ▶ Go to <a href="http://www.irs.gov/Form8606">www.irs.gov/Form8606</a> for instructions and the latest information. ▶ Attach to 2019 Form 1040, 1040-SR, or 1040-NR.		OMB No. 1545-0074 <b>2019</b> Attachment Sequence No. 48		
Name. If married, file a separate form for each spouse required to file 2019 Form 8606. See instructions.				Your social security number		
<b>Fill in Your Address Only if You Are Filing This Form by Itself and Not With Your Tax Return</b>		Home address (number and street, or P.O. box if mail is not delivered to your home)		Apt. no.		
		City, town or post office, state, and ZIP code. If you have a foreign address, also complete the spaces below (see instructions).				
		Foreign country name	Foreign province/state/county	Foreign postal code		
<b>Part I Nondeductible Contributions to Traditional IRAs and Distributions From Traditional, SEP, and SIMPLE IRAs</b> Complete this part only if one or more of the following apply.						
<ul style="list-style-type: none"> <li>You made nondeductible contributions to a traditional IRA for 2019.</li> <li>You took distributions from a traditional, SEP, or SIMPLE IRA in 2019 <b>and</b> you made nondeductible contributions to a traditional IRA in 2019 or an earlier year. For this purpose, a distribution does not include a rollover (other than a repayment of a qualified disaster distribution (see 2019 Forms 8915-C and 8915-D)), qualified charitable distribution, one-time distribution to fund an HSA, conversion, recharacterization, or return of certain contributions.</li> <li>You converted part, but not all, of your traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2019 <b>and</b> you made nondeductible contributions to a traditional IRA in 2019 or an earlier year.</li> </ul>						
1	Enter your nondeductible contributions to traditional IRAs for 2019, including those made for 2019 from January 1, 2020, through April 15, 2020. See instructions . . . . .				1	
2	Enter your total basis in traditional IRAs. See instructions . . . . .				2	
3	Add lines 1 and 2 . . . . .				3	
In 2019, did you take a distribution from traditional, SEP, or SIMPLE IRAs, or make a Roth IRA conversion?		No —————> Enter the amount from line 3 on line 14. Do not complete the rest of Part I.				
		Yes —————> Go to line 4.				
4	Enter those contributions included on line 1 that were made from January 1, 2020, through April 15, 2020				4	

# Traditional IRA Distribution Reporting

- IRS Codes on the IRA Form 1099-R
  - 1 - Under age 59 ½ with no known exception
  - 4 - Death distributions to beneficiary
  - 7 - Normal distributions, IRA holder 59 ½ or older
  - J, Q & T - Roth distributions
- Reported on line 4a and 4b of the IRA holder's tax return

Attach Sch. B if required.	<b>1</b>	Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . .	<b>1</b>	
	<b>2a</b>	Tax-exempt interest . . . . .	<b>2a</b>	
	<b>3a</b>	Qualified dividends . . . . .	<b>3a</b>	
	<b>4a</b>	IRA distributions . . . . .	<b>4a</b>	
Standard Distribution	<b>5a</b>	Pensions and annuities . . . . .	<b>5a</b>	
	<b>6a</b>	Social security benefits . . . . .	<b>6a</b>	
	<b>b</b>	Taxable interest . . . . .	<b>2b</b>	
	<b>b</b>	Ordinary dividends . . . . .	<b>3b</b>	
	<b>b</b>	Taxable amount . . . . .	<b>4b</b>	
	<b>b</b>	Taxable amount . . . . .	<b>5b</b>	
	<b>b</b>	Taxable amount . . . . .	<b>6b</b>	

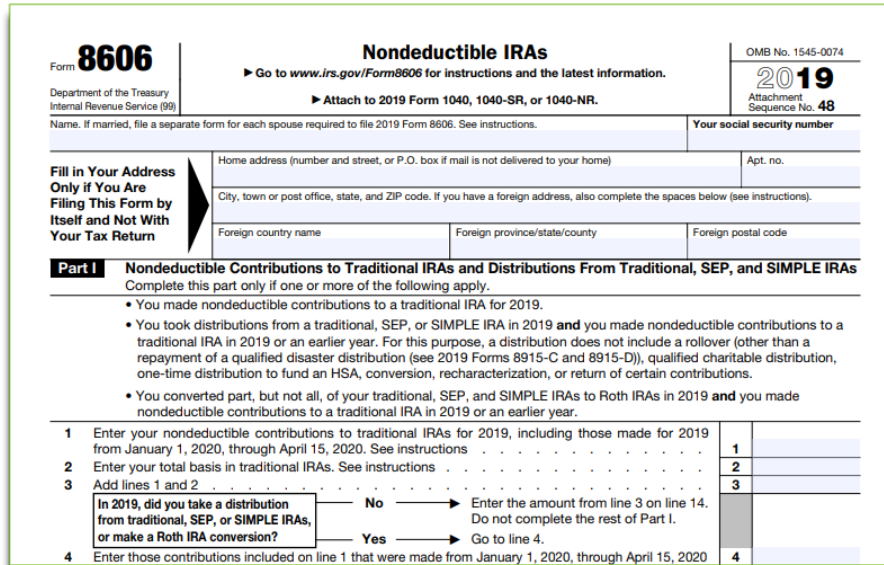
# Traditional IRA Taxation

- Distributions are generally taxable
- Non-deductible contributions (basis) non-taxable
- Proration determined by IRA holder at the end of the year using IRS Form 8606
- IRS Form 1099-R reporting codes 1, 4, 7



# Proration Illustration

## Notice 87-13



Form **8606** **Nondeductible IRAs** OMB No. 1545-0074  
Department of the Treasury Internal Revenue Service (99) **2019** Attachment Sequence No. **48**  
Go to [www.irs.gov/Form8606](http://www.irs.gov/Form8606) for instructions and the latest information.  
Attach to 2019 Form 1040, 1040-SR, or 1040-NR.  
Name. If married, file a separate form for each spouse required to file 2019 Form 8606. See instructions. Your social security number  
Home address (number and street, or P.O. box if mail is not delivered to your home) Apt. no.  
City, town or post office, state, and ZIP code. If you have a foreign address, also complete the spaces below (see instructions).  
Foreign country name Foreign province/state/county Foreign postal code  
**Part I** **Nondeductible Contributions to Traditional IRAs and Distributions From Traditional, SEP, and SIMPLE IRAs**  
Complete this part only if one or more of the following apply.  
• You made nondeductible contributions to a traditional IRA for 2019.  
• You took distributions from a traditional, SEP, or SIMPLE IRA in 2019 and you made nondeductible contributions to a traditional IRA in 2019 or an earlier year. For this purpose, a distribution does not include a rollover (other than a repayment of a qualified disaster distribution (see 2019 Forms 8915-C and 8915-D)), qualified charitable distribution, one-time distribution to fund an HSA, conversion, recharacterization, or return of certain contributions.  
• You converted part, but not all, of your traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2019 and you made nondeductible contributions to a traditional IRA in 2019 or an earlier year.  
1 Enter your nondeductible contributions to traditional IRAs for 2019, including those made for 2019 from January 1, 2020, through April 15, 2020. See instructions 1  
2 Enter your total basis in traditional IRAs. See instructions 2  
3 Add lines 1 and 2 3  
In 2019, did you take a distribution from traditional, SEP, or SIMPLE IRAs, or make a Roth IRA conversion? No Yes Enter the amount from line 3 on line 14. Do not complete the rest of Part I. Go to line 4.  
4 Enter those contributions included on line 1 that were made from January 1, 2020, through April 15, 2020 4

Basis \$1,000 on  
IRS Form 8606

Total Year-End  
Traditional IRA  
Balance of  
\$10,000

$$\frac{1}{10} = 10\%$$

Distribution x Percentage = Non-taxable Portion of Distribution

# Pre-59 ½ IRA Distribution Penalty IRC 72(t)

- Taxable distributions prior to age 59 ½ are subject to an early distribution penalty of 10%
- Age 59 ½ is date specific
- Conversions
- IRS Form 5329

<b>Form 5329</b> (Rev. January 2020) Department of the Treasury Internal Revenue Service (99)	<b>Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts</b> ▶ Attach to Form 1040, 1040-SR, or 1040-NR. ▶ Go to <a href="https://www.irs.gov/Form5329">www.irs.gov/Form5329</a> for instructions and the latest information.	OMB No. 1545-0074
	Name of individual subject to additional tax. If married filing jointly, see instructions.	<b>2019</b> Attachment Sequence No. <b>29</b> Your social security number

## Exceptions

Attainment of age 59 ½

Death

Disability

First-time home (\$10,000)

Medical expenses

Health Insurance

IRS levy

Qualified reservist

Qualified higher education

Birth and Adoption expenses

Qualified Disaster Relief (e.g., COVID)

Substantially Equal Periodic Payments (SEPP)

# Roth IRA Reporting and Taxation

- Qualified distribution
  - IRS code Q on IRS Form 1099-R
  - Tax-free
- Non-qualified distribution
  - Ordering rules
  - IRA holder files IRS Form 8606 part III
  - IRS codes J or T on IRS Form 1099-R

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0119		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and phone no.		1 Gross distribution	2020		Form 1099-R
		2a Taxable amount			
		2b Taxable amount not determined <input type="checkbox"/>	Total distribution <input type="checkbox"/>		Copy 1 For State, City, or Local Tax Department
PAYER'S TIN	RECIPIENT'S TIN	3 Capital gain (included in box 2a)	4 Federal income tax withheld		
RECIPIENT'S name		5 Employee contributions/ Designated Roth contributions or insurance premiums	6 Net unrealized appreciation in employer's securities		
Street address (including apt. no.)		7 Distribution code(s)	8 Other		
City or town, state or province, country, and ZIP or foreign postal code		9a Your percentage of total distribution	9b Total employee contributions		
10 Amount allocable to IRR within 5 years	11 1st year of desig. Roth contrib.	12 FATCA filing requirement	14 State tax withheld	15 State/Payer's state no.	16 State distribution
Account number (see instructions)	13 Date of payment		17 Local tax withheld	18 Name of locality	19 Local distribution

Form 1099-R www.irs.gov/Form1099R Department of the Treasury - Internal Revenue Service

# Qualified Distribution

**5-Year Period**

**AND**

**1 of the 4  
qualifying events:**

1. Death
2. Disability
3. Attainment of 59 ½
4. First time home buyer (\$10,000)

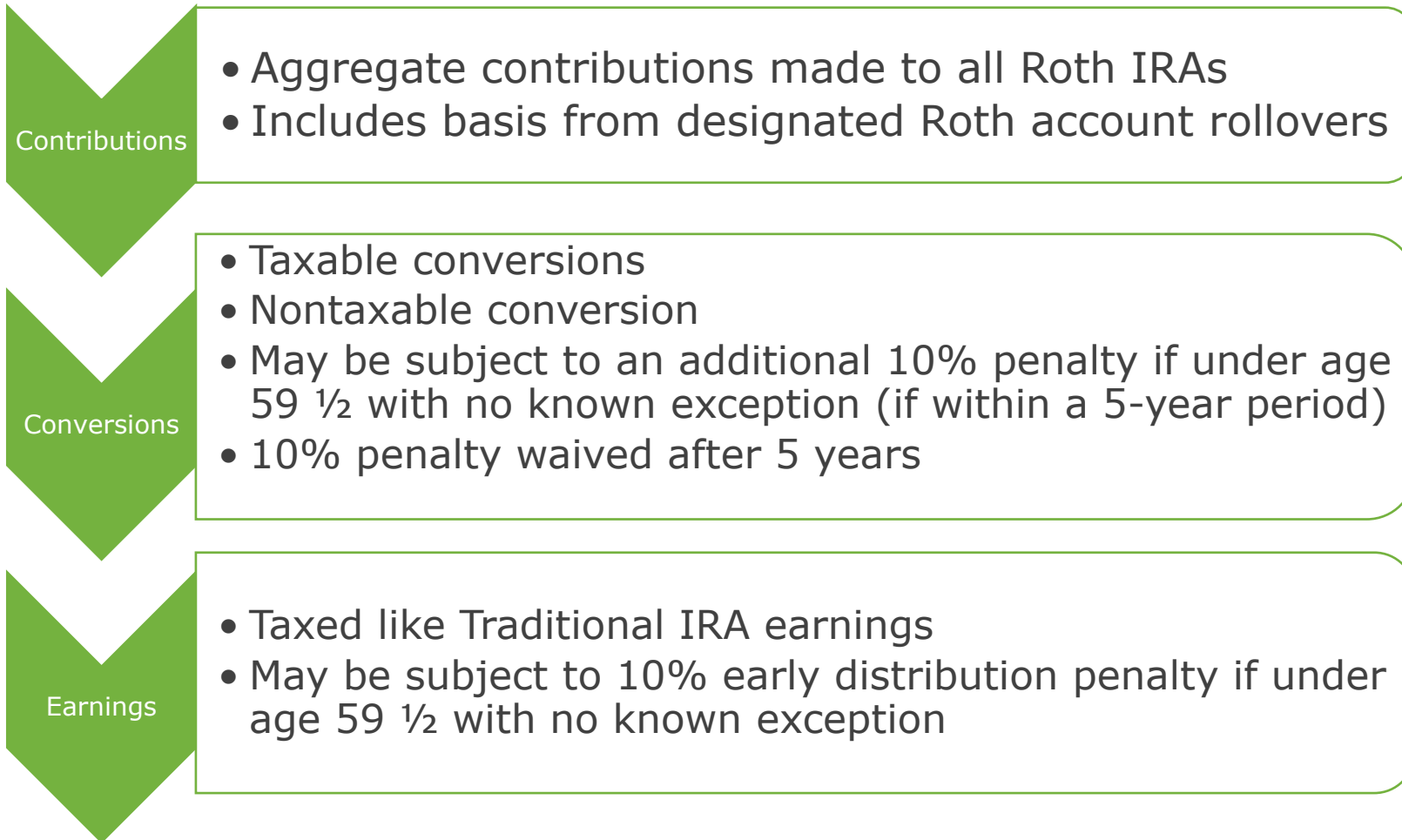
IRS distribution code Q on IRS Form 1099-R

# 5-Year Period

- Period starts as of January 1 of the year for which the first contribution was made
- Period begins for all Roth IRAs of the individual
- May be started by a conversion contribution
- May not be started by an excess contribution



# Nonqualified Distribution Ordering Rules



# How to Report Rollovers on Your IRS Form 1040

Form **8606** **Nondeductible IRAs** OMB No. 1545-0074  
Department of the Treasury **2019**  
Internal Revenue Service  
Name, if different from the name on the return

**Part III Distributions From Roth IRAs**  
Complete this part only if you took a distribution from a Roth IRA in 2019. For this purpose, a distribution does not include a rollover (other than a repayment of a qualified disaster distribution (see 2019 Forms 8915-C and 8915-D)), qualified charitable distribution, one-time distribution to fund an HSA, recharacterization, or return of certain contributions (see instructions).

<b>19</b>	Enter your total nonqualified distributions from Roth IRAs in 2019, including any qualified first-time homebuyer distributions, and any qualified disaster distributions (see instructions). Also see 2019 Forms 8915-C and 8915-D . . . . .	<b>19</b>	
<b>20</b>	Qualified first-time homebuyer expenses (see instructions). <b>Do not</b> enter more than \$10,000 reduced by the total of all your prior qualified first-time homebuyer distributions . . . . .	<b>20</b>	
<b>21</b>	Subtract line 20 from line 19. If zero or less, enter -0- . . . . .	<b>21</b>	
<b>22</b>	Enter your basis in Roth IRA contributions (see instructions). If line 21 is zero, <b>stop here</b> . . . . .	<b>22</b>	
<b>23</b>	Subtract line 22 from line 21. If zero or less, enter -0- and skip lines 24 and 25. If more than zero, you may be subject to an additional tax (see instructions) . . . . .	<b>23</b>	
<b>24</b>	Enter your basis in conversions from traditional, SEP, and SIMPLE IRAs and rollovers from qualified retirement plans to a Roth IRA. See instructions . . . . .	<b>24</b>	
<b>25a</b>	Subtract line 24 from line 23. If zero or less, enter -0- and skip lines 25b and 25c . . . . .	<b>25a</b>	
<b>1</b>	<b>b</b> Enter the amount on line 25a attributable to qualified disaster distributions from 2019 Forms 8915-C and 8915-D (see instructions). Also, enter this amount on 2019 Form 8915-C, line 23, <b>or</b> 2019 Form 8915-D, line 14, as applicable . . . . .	<b>25b</b>	
<b>2</b>	<b>c Taxable amount.</b> Subtract line 25b from line 25a. If more than zero, also include this amount on 2019 Form 1040 or 1040-SR, line 4b; or 2019 Form 1040-NR, line 16b. . . . .	<b>25c</b>	
<b>3</b>	from traditional, SEP, or SIMPLE IRAs, or make a Roth IRA conversion? <b>Yes</b> <b>No</b>	Do not complete the rest of Part III.	
<b>4</b>	Enter those contributions included on line 1 that were made from January 1, 2020, through April 15, 2020	<b>4</b>	

# Roth IRA Distribution Reporting

- IRS Codes on the IRA Form 1099-R
  - J – Have not satisfied the 5-year period and any of the qualifying events
  - T – Have one of the qualifying events (i.e., Death, Disability, attainment of age 59 ½)
  - Q – Qualified distribution; all tax-free
- Reported on line 4a and 4b of the IRA holder's tax return

Attach Sch. B if required.	<b>1</b>	Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . .				<b>1</b>		
	<b>2a</b>	Tax-exempt interest . . . .	<b>2a</b>		<b>b</b>	Taxable interest . . . . .	<b>2b</b>	
	<b>3a</b>	Qualified dividends . . . .	<b>3a</b>		<b>b</b>	Ordinary dividends . . . . .	<b>3b</b>	
Standard Reduction for	<b>4a</b>	IRA distributions . . . . .	<b>4a</b>		<b>b</b>	Taxable amount . . . . .	<b>4b</b>	
	<b>5a</b>	Pensions and annuities . . .	<b>5a</b>		<b>b</b>	Taxable amount . . . . .	<b>5b</b>	
	<b>6a</b>	Social security benefits . . .	<b>6a</b>		<b>b</b>	Taxable amount . . . . .	<b>6b</b>	

# Rollover Reporting

Also, enter "Rollover" next to line 4b. If the total distribution was rolled over, enter -0- on line 4b. If the total distribution wasn't rolled over, enter the part not rolled over on line 4b unless *Exception 2* applies to the part not rolled

- Line 4a of the IRS Form 1040 reports the total amount distributed
- If total distributions is rolled over amount on 4b should be "0"
- If only partial amount of distribution is rolled over, report amount taxable on line 4b
- Enter Rollover next to line 4b

Attach Sch. B if required.	<b>1</b>	Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . .				<b>1</b>		
	<b>2a</b>	Tax-exempt interest . . . .	<b>2a</b>		<b>b</b>	Taxable interest . . . . .	<b>2b</b>	
	<b>3a</b>	Qualified dividends . . . .	<b>3a</b>		<b>b</b>	Ordinary dividends . . . . .	<b>3b</b>	
Standard Reduction for	<b>4a</b>	IRA distributions . . . . .	<b>4a</b>		<b>b</b>	Taxable amount . . . . .	<b>4b</b>	
	<b>5a</b>	Pensions and annuities . . .	<b>5a</b>		<b>b</b>	Taxable amount . . . . .	<b>5b</b>	
	<b>6a</b>	Social security benefits . . .	<b>6a</b>		<b>b</b>	Taxable amount . . . . .	<b>6b</b>	

# Reporting SEP, SIMPLE and Individual 401(k) Contributions on Tax Return

**SCHEDULE 1**  
(Form 1040)

**Additional Income and Adjustments to Income**

OMB No. 1545-0074  
**2020**  
sequence no. 121

Department of the Treasury  
Internal Revenue Service

► Attach to Form 1040.  
► Go to [www.irs.gov/Form1040](https://www.irs.gov/Form1040) for instructions and the latest information.

Name(s) shown on Form 1040 \_\_\_\_\_ Your social security number \_\_\_\_\_

**Additional Income**

1-9b Reserved \_\_\_\_\_

**Adjustments to Income**

23	Educator expenses	23	
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	24	
25	Health savings account deduction. Attach Form 8889	25	
26	Moving expenses for members of the Armed Forces. Attach Form 3903	26	
27	Deductible part of self-employment tax. Attach Schedule SE	27	
28	Self-employed SEP, SIMPLE, and qualified plans	28	
29	Self-employed health insurance deduction	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid	31a	
32	IRA deduction	32	
33	Student loan interest deduction	33	
34	Reserved	34	
35	Reserved	35	
36	Add lines 23 through 35	36	

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71479F Schedule 1 (Form 1040) 2018

# Additional Tax Reporting

- IRS Form 990-T Exempt Organization Business Income Tax Return
  - Unrelated Business Income Tax (UBIT)
  - Applies for income that exceeds \$1,000
  - IRA will need to acquire its own EIN
  - May be required for the following types of investments:
    - Partnerships
    - LLCs

<b>Form 990-T</b> Department of the Treasury Internal Revenue Service	<b>Exempt Organization Business Income Tax Return</b> (and proxy tax under section 6033(e))		OMB No. 1545-0047
	For calendar year 2019 or other tax year beginning _____, 2019, and ending _____, 20 ____.		<b>2019</b>
▶ Go to <a href="http://www.irs.gov/Form990T">www.irs.gov/Form990T</a> for instructions and the latest information.		Open to Public Inspection for 501(c)(3) Organizations Only	
▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).			
<b>A</b> <input type="checkbox"/> Check box if address changed	<b>Print or Type</b>	Name of organization ( <input type="checkbox"/> Check box if name changed and see instructions.)	<b>D</b> Employer identification number (Employees' trust, see instructions.)
<b>B</b> Exempt under section		Number, street, and room or suite no. If a P.O. box, see instructions.	
<input type="checkbox"/> 501( ) ( )		City or town, state or province, country, and ZIP or foreign postal code	<b>E</b> Unrelated business activity code (See instructions.)
<input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e)			
<input type="checkbox"/> 408A <input type="checkbox"/> 530(a)			
<input type="checkbox"/> 529(a)			

# Additional Tax Reporting

- Leveraged investments under an IRA may also be subject to Unrelated Debt-Financed Income (UDFI) taxes
  - Filed with IRS Form 990-T
  - Leveraged portion of asset income is subject to trust tax rates



# Investments Not Subject to UBIT

- **Examples:** (*IRS Publication 598, Tax on Unrelated Business Income*)
  - Corporations
  - Stocks (dividends)
  - Rental property (rents)
  - Rights (royalties)
  - Disposition of property (gains)
- Leveraged investments may be subject to UDFI

# Unrelated Debt-Financed Income Tax

- Any property held to produce income (including gains from its disposition) for which there is an acquisition indebtedness at any time during the tax year
- **Example:**
  - Ernie purchased an income property using his IRA to fund 50% of the purchase price, and funding the other 50% from a non-recourse loan lender
  - The monthly income of the property is \$2,000
  - Assuming the payments towards the loan go only towards the interest accrued, 50% of the monthly income will be taxed
  - The income will be taxed at trust tax rates

# IRS Form 990-T

**Form 990-T** **Exempt Organization Business Income Tax Return**  
(and proxy tax under section 6033(e))

Department of the Treasury  
Internal Revenue Service

For calendar year 2019 or other tax year beginning \_\_\_\_\_, 2019, and ending \_\_\_\_\_, 20 \_\_\_\_.

► Go to [www.irs.gov/Form990T](http://www.irs.gov/Form990T) for instructions and the latest information.  
► Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

OMB No. 1545-0047

**2019**

Open to Public Inspection for 501(c)(3) Organizations Only

**A** ☐ Check box if address changed

**B** Exempt under section: ☐ 501(c) ( ) ( ), ☐ 408(e), ☐ 408A, ☐ 529(a)

**C** Book value of all assets at end of year

**H** Enter the number

Name of organization ( ☐ Check box if name changed and see instructions.) **D** Employer identification number

<b>Part I Unrelated Trade or Business Income</b>		(A) Income	(B) Expenses	(C) Net
<b>1a</b> Gross receipts or sales				
<b>b</b> Less returns and allowances				
<b>c</b> Balance ►	<b>1c</b>			
<b>2</b> Cost of goods sold (Schedule A, line 7)	<b>2</b>			
<b>3</b> Gross profit. Subtract line 2 from line 1c	<b>3</b>			
<b>4a</b> Capital gain net income (attach Schedule D)	<b>4a</b>			
<b>b</b> Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	<b>4b</b>			
<b>c</b> Capital loss deduction for trusts	<b>4c</b>			
<b>5</b> Income (loss) from a partnership or an S corporation (attach statement)	<b>5</b>			
<b>6</b> Rent income (Schedule C)	<b>6</b>			
<b>7</b> Unrelated debt-financed income (Schedule E)	<b>7</b>			
<b>8</b> Interest, annuities, royalties, and rents from a controlled organization (Schedule F)	<b>8</b>			
<b>9</b> Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	<b>9</b>			
<b>10</b> Exploited exempt activity income (Schedule I)	<b>10</b>			
<b>11</b> Advertising income (Schedule J)	<b>11</b>			
<b>12</b> Other income (See instructions; attach schedule)	<b>12</b>			
<b>13</b> Total. Combine lines 3 through 12	<b>13</b>			

**Part II** Deductions Not Taken Elsewhere (See instructions for limitations and deductions.) (Deductions must be limited to the amount of income from the unrelated business activity.)

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# Time for Questions



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**John Paul Ruiz**



Director of Professional Development at The Entrust Group



(510) 316-0488



[jpruiz@theentrustgroup.com](mailto:jpruiz@theentrustgroup.com)

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