

**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 of shareholder            | Identifying number                      |
| <b>A</b> Name of S corporation | <b>B</b> Employer identification number |

**C** Stock block (see instructions): \_\_\_\_\_

**D** Check applicable box(es) to indicate how stock was acquired:  
**(1)**  Original shareholder    **(2)**  Purchased    **(3)**  Inherited    **(4)**  Gift    **(5)**  Other: \_\_\_\_\_

**E** Check if you have a Regulations section 1.1367-1(g) election in effect during the tax year for this S corporation . . . . .

**Part I Shareholder Stock Basis**

|  |           |           |  |
|--|-----------|-----------|--|
| <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  | (a) Debt 1  | (b) Debt 2  | (c) Debt 3  | (d) Total |
|--|---|---|---|-----------|
|  | <input type="checkbox"/> Formal note<br><input type="checkbox"/> Open account | <input type="checkbox"/> Formal note<br><input type="checkbox"/> Open account | <input type="checkbox"/> Formal note<br><input type="checkbox"/> Open account |           |
| <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. Add 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. Subtract line 19 from line 18 . . . . . |   |   |   |           |

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

**Section B—Adjustments to Debt Basis**

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

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