

Disposition of a Business Asset

To record the disposition of an asset:

1. From within an open return, from the Forms tree, select the asset that has been sold.
2. TaxWise displays the Business Asset worksheet. Click the Sale, Exchange, Disposition button.

US		Business Asset Worksheet	
Asset Information			
DEPRECIATION AND SECTION 179		VEHICLE/LISTED PROPERTY	SALE, EXCHANGE, DISPOSITION
Description: <u>Office Desk</u>		(Only the first twelve characters will be printed.)	TSJ: <u> </u>
Asset type: <u>Office equipment</u>		Date placed in service: <u>02/15/2019</u>	

There are different types of dispositions handled in this section. In this first section, you can enter a date to stop depreciation on an asset if the business is no longer using it, but it was not sold or traded. By entering the date, TaxWise calculates the depreciation for the part of the year that the asset was used.

Asset Sale, Exchange, or Disposition		
DEPRECIATION AND SECTION 179	VEHICLE/LISTED PROPERTY	SALE, EXCHANGE, DISPOSITION
Stop Depreciation/Amortization		
Enter the date to stop depreciation on this asset, if it is no longer used for business but not sold or traded <u> </u>		
Does the business still have this asset? <input type="checkbox"/> Yes <input type="checkbox"/> No		

Next, we have the Like-Kind Exchange section. If this is a property that was traded in a like-kind exchange and you want to elect out of the temporary regulations under TD 9115, select the appropriate checkbox in this section. Depending on if you opt out or not, will depend on how the new asset is handled. If you opt out, TaxWise of the regulation, TaxWise calculates the basis of the new asset. A new Depreciation worksheet should be created to record the basis of the new asset.

Like-Kind Exchange	
Like-kind exchanges are allowed only for real property after 2017.	
Check to elect out of the temporary regulations listed under TD 9115. If you do not elect out, you will have to manually determine the depreciation for this asset <input type="checkbox"/>	
If the property you are selling includes other depreciable items, (such as a rental house and depreciable improvements), follow the instructions under "Grouping Instructions" below.	

Next, lets scroll down to the Sale of Depreciable Asset section.

The two options under this heading pertain to properties sold that consist of multiple depreciable components such as a rental house with a new roof being depreciated separately. We will come back to this toward the end of this video.

Sale of Depreciable Asset
 Grouping Instructions
 If the property you are selling includes other depreciable items, (such as a rental house and depreciable improvements), list the same property number for all assets involved in this sale 0
 Fill in the date sold or exchanged on ALL worksheets to calculate depreciation properly.
 On the main worksheet, ONLY, fill in the selling price, selling expense, etc. Cost, basis adjustments, and depreciation for all items will accumulate on the main worksheet. Check here to designate the MAIN worksheet

The next section is the Installment Sale section. If the asset sold was sold on an installment basis, complete this section after completing the section above.

Installment Sale
 Enter a number, 1 through 9. Enter this same number on Form 6252 0
 If a group was made above, list this number on the main sheet only.

	Federal	State
1 If the installment sale requires some income to be reported as ordinary income on Form 4797, line 31, and on the state return, enter the ordinary income portion here	0.	0.
2 If a mortgage is being assumed by the buyer, enter the amount	0.	
3 Principal payments received this year	0.	

The last section is the Sale of Non-Depreciable Business Assets section. IF the asset sold is a non-depreciable asset, fill in this section. IF the sale was an installment sale, also fill the Installment Sale Section. Thing to keep in mind about installment sales, is that you have to manually complete form 8824.

Sale of Non-Depreciable Business Assets TSJ:

1 Date placed in service	<input type="text"/>	
2 Date sold	<input type="text"/>	
3 Description of property	<input type="text"/>	
Short-term: <input type="checkbox"/> Long-term: <input type="checkbox"/> Calculated on 1 year.		
4 Selling price		0.
5 Cost or other basis		0.
6 Basis adjustment (buying expenses, etc.)		0.
7 Selling expense		0.
8 Adjusted basis		0.
9 Gain or loss		0.

3. For the purpose of this lesson, to record the sale of an asset, complete the information under the Sale of a Depreciable Asset section.

Most of the information in this section is calculated. They are only a few required fields. This includes:

- Date the asset was sold
- Amount the asset was sold for
- Selling expenses

4. When you enter the date sold, TaxWise populates the date placed in service and property description from the Asset worksheet.

5. Next, enter the selling price of the asset, and enter any selling expenses.

TaxWise uses this information to calculate the Gain or Loss associated with the sale of this asset. This is reported on Line 10.

Sale of Depreciable Asset
 Grouping Instructions
 If the property you are selling includes other depreciable items, (such as a rental house and depreciable improvements), list the same property number for all assets involved in this sale 0
 Fill in the date sold or exchanged on ALL worksheets to calculate depreciation properly.
 On the main worksheet, ONLY, fill in the selling price, selling expense, etc. Cost, basis adjustments, and depreciation for all items will accumulate on the main worksheet. Check here to designate the MAIN worksheet

1 Date sold 09/19/2022
 2 Date placed in service 02/15/2019
 3 Description of property Office Desk
 Short-term: Long-term: Calculated on 1 year. Long-term rate .. 15%: 25%:

	Federal	State	Federal AMT	State AMT
4 Selling price	8,000.			
5 Cost or basis	12,500.	0.		
6 Basis adjustment (land, etc.)	0.			
7 Selling expense	150.			
8 Depreciation	7,815.	0.	7,800.	0.
9 Adjusted basis	4,835.	0.		
10 Gain or loss	3,165.	0.	3,150.	0.

Property Code Section
 1245 Depreciable tangible and ACRS nonresidential real property
 1250 Depreciable real property other than 1245 property
 1252 Farm conservation and/or land clearing amount deducted 0.
 1254 Intangible drilling and development costs amount deducted 0.
 1255 Cost sharing amount excluded 0. Date received:
 Other 1231 property (none of the above)

i If applicable, select the appropriate property Code section. If none are applicable, leave blank.

6. The information for this sale flows to Form 4797 where we see the gain of the sale reported on line 24 on page 2.

19	(a) Description of section 1245, 1250, 1252, 1254, and 1255 property.	(b) Date acquired	(c) Date sold		
A	Office Desk	02/15/2019	09/19/2022		
B				
C				
D				
	These columns relate to the properties on lines 19A through 19D	Property A	Property B	Property C	Property D
20	Gross sales price	8,000.	0.	0.	0.
21	Cost or other basis plus expense of sale	12,650.	0.	0.	0.
22	Depreciation (or depletion) allowed or allowable	7,815.	0.	0.	0.
23	Adjusted basis	4,835.	0.	0.	0.
24	Total gain	3,165.	0.	0.	0.

7. From here, the information flows to Sch 1, Page 1.

Bulk/Group Sales

The key here is to make sure that you properly designate the assets as part of the group. Here are some things to keep in mind.

1. The first thing you have to do when handling the Bulk sale of assets is assign a group number to the assets being grouped. TaxWise can handle up to nine sales in this matter.
2. Next, you have to identify which asset will be the Main asset and identify it by selecting this checkbox.

<p>Sale of Depreciable Asset</p> <p>Grouping Instructions</p> <p>If the property you are selling includes other depreciable items, (such as a rental house and depreciable improvements), list the same property number for all assets involved in this sale <u>1</u></p> <p>Fill in the date sold or exchanged on ALL worksheets to calculate depreciation properly.</p> <p>On the main worksheet, ONLY, fill in the selling price, selling expense, etc. Cost, basis adjustments, and depreciation for all items will accumulate on the main worksheet. Check here to designate the MAIN worksheet <input checked="" type="checkbox"/></p>

3. ON the asset identified as the Main Asset enter the following:
 - The date the asset was sold.
 - The selling price for the group of assets and any selling expenses associated with sale.

1 Date sold 08/01/2022
 2 Date placed in service 02/25/2005
 3 Description of property 225 Main Street
 Short-term: Long-term: Calculated on 1 year. Long-term rate .. 15%: 25%:

	Federal	State	Federal AMT	State AMT
4 Selling price	200,000.			
5 Cost or basis	175,000.	0.		
6 Basis adjustment (land, etc.)	0.			
7 Selling expense	0.			
8 Depreciation	104,203.	0.	104,203.	0.
9 Adjusted basis	70,797.	0.		
10 Gain or loss	129,203.	0.	129,203.	0.

4. On all the other assets, all you have to do is identify the group number and enter the date the asset was sold.

Sale of Depreciable Asset
 Grouping Instructions
 If the property you are selling includes other depreciable items, (such as a rental house and depreciable improvements), list the same property number for all assets involved in this sale 1
 Fill in the date sold or exchanged on ALL worksheets to calculate depreciation properly.
 On the main worksheet, ONLY, fill in the selling price, selling expense, etc. Cost, basis adjustments, and depreciation for all items will accumulate on the main worksheet. Check here to designate the MAIN worksheet

1 Date sold 08/01/2022
 2 Date placed in service 02/22/2018
 3 Description of property New Roof 225 Main Street
 Short-term: Long-term: Calculated on 1 year. Long-term rate .. 15%: 25%:

	Federal	State	Federal AMT	State AMT
4 Selling price	0.			
5 Cost or basis	30,000.	0.		
6 Basis adjustment (land, etc.)	0.			
7 Selling expense	0.			
8 Depreciation	3,682.	0.	3,682.	0.
9 Adjusted basis	0.	0.		
10 Gain or loss	0.	0.	0.	0.