

8582-K

42A740-S18

Commonwealth of Kentucky  
REVENUE CABINET

# Kentucky Passive Activity Loss Limitations

➤ See federal instructions and worksheets for Form 8582.  
➤ Attach to Form 740, 740-NP or 741.

# 2001

|                                       |  |
|---------------------------------------|--|
| Enter name(s) as shown on tax return. | Social Security or Federal Identification Number |
|---------------------------------------|--|

### PART I—2001 Passive Activity Loss (See instructions on reverse.)

|   |    |   |   |  |
|---|----|---|---|--|
| <b>Rental Real Estate Activities With Active Participation</b> (See the definition of active participation under Active Participation in a Rental Real Estate Activity in the federal instructions.)  |    |   |   |  |
| 1. a Activities with net income (from worksheet 1, column (a)) .....  | 1a |   |   |  |
| b Activities with net loss (from worksheet 1, column (b)) .....   | 1b | ( | ) |  |
| c Prior year unallowed losses (from worksheet 1, column (c)) .....  | 1c | ( | ) |  |
| d Combine lines 1a through 1c .....   | 1d |   |   |  |
| <b>All Other Passive Activities</b>   |    |   |   |  |
| 2. a Activities with net income (from worksheet 2, column (a)) .....  | 2a |   |   |  |
| b Activities with net loss (from worksheet 2, column (b)) .....   | 2b | ( | ) |  |
| c Prior year unallowed losses (from worksheet 2, column (c)) .....  | 2c | ( | ) |  |
| d Combine lines 2a through 2c .....   | 2d |   |   |  |
| 3. Combine lines 1d and 2d. If the result is net income or zero, see the federal instructions for line 3 and the Kentucky instructions on reverse. If this line and line 1d are losses, go to line 4; otherwise, enter zero on line 9 and go to line 10 ..... | 3  |   |   |  |

### PART II—Special Allowance for Rental Real Estate With Active Participation

**Note:** See federal instructions for how to treat numbers as positive amounts in Part II.

|  |   |  |  |  |
|--|---|--|--|--|
| 4. Enter the smaller of the loss on line 1d or the loss on line 3 .....  | 4 |  |  |  |
| 5. Enter \$150,000 if filing joint return; \$75,000 if married filing separately .....   | 5 |  |  |  |
| 6. Enter modified adjusted gross income, but not less than zero (see federal instructions). If line 6 is equal to or greater than line 5, skip line 7, enter zero on line 9, and then go to line 10. Otherwise, go to line 7 ..... | 6 |  |  |  |
| 7. Subtract line 6 from line 5 .....   | 7 |  |  |  |
| 8. Multiply line 7 by 50% (.5). Do not enter more than \$25,000 if filing joint return; \$12,500 if filing separately .....  | 8 |  |  |  |
| 9. Enter the smaller of line 4 or line 8 .....   | 9 |  |  |  |

### PART III—Total Losses Allowed

|   |    |  |  |  |
|---|----|--|--|--|
| 10. Add the income, if any, on lines 1a and 2a and enter the total .....  | 10 |  |  |  |
| 11. <b>Total losses allowed from all passive activities for 2001.</b> Add lines 9 and 10. Form 740 filers see reverse; other filers see federal instructions on how to report the losses on your tax return ..... | 11 |  |  |  |

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# Instructions for Form 8582-K

**PURPOSE OF FORM**—Form 8582-K is used when the allowable Kentucky passive losses for the taxable year differ from allowable federal passive losses. The worksheet is used to calculate the additions or subtractions to federal adjusted gross income in determining Kentucky adjusted gross income.

Form 8582-K must be completed using Kentucky income (losses) if: (1) federal Form 8582, Passive Activity Loss Limitations, is required and Kentucky passive income (losses) and federal passive income (losses) are different or (2) Kentucky prior year unallowed (suspended) losses and federal prior year unallowed (suspended) losses are different.

If Form 8582-K is **not required**, include adjustments for any differences in Kentucky passive income/loss and federal passive income/loss on the appropriate lines of Schedule M.

If Form 8582-K is **required**, do not include on Schedule M other adjustments to federal adjusted gross income for passive activities.

Use the following steps to compute an addition or subtraction to be entered on Schedule M for passive activities.

**STEP 1\***

Complete federal worksheets 1 and 2 for federal Form 8582 using the federal instructions and **Kentucky amounts** for all entries.

**STEP 2**

Complete page 1 of Form 8582-K using the federal instructions for Form 8582 and **Kentucky amounts** for all entries.

**STEP 3**

If applicable, complete federal worksheets 3, 4, 5 and/or 6 for federal Form 8582 using the federal instructions and **Kentucky amounts** for all entries.

**STEP 4**

Complete the Passive Activities Adjustment Worksheet below.

**\*NOTE:** If a separate/combined return is being filed for Kentucky, and the federal return is filed jointly, complete separate Kentucky Forms 8582-K, worksheets and schedules for each spouse. If an activity is jointly owned, 50 percent of the total income or loss should be allocated to each spouse with their separately owned income or losses. In all cases each item must be identified on the federal schedules as H—husband, W—wife or J—joint to properly determine income on a separate basis. Enter on lines B and D of the worksheet for each spouse their portion of the joint federal amount. The federal passive loss limitations will still be computed on a joint basis. **Do not recompute the joint federal Form 8582 on a separate basis to compare to the Kentucky Forms 8582-K.**

## Passive Activities Adjustment Worksheet

|   |  |  |  |
|---|--|--|--|
| A. Enter as a negative amount Kentucky allowable losses from line 11, Form 8582-K ..... |  |  |  |
| B. Enter as a positive amount federal allowable losses from federal Form 8582** .....   |  |  |  |
| C. Enter as a positive amount Kentucky passive income from line 10, Form 8582-K .....   |  |  |  |
| D. Enter as a negative amount federal passive income from federal Form 8582** .....     |  |  |  |
| E. Passive income or loss adjustment. Combine lines A, B, C and D .....                 |  |  |  |

If the amount on line E is positive, enter as an Other Addition on Schedule M. If the amount on line E is negative, enter as an Other Subtraction on Schedule M.

\*\*If federal Form 8582 is not required, enter on line B any passive losses included in federal adjusted gross income. Also, enter on line D any passive income included in federal adjusted gross income.