

## Allocation of Patronage and Nonpatronage Income and Deductions

▶ Attach to the cooperative's income tax return.

|      |                                |
|------|--------------------------------|
| Name | Employer identification number |
|------|--------------------------------|

| Taxable Income   |   | (a)<br>Patronage | (b)<br>Nonpatronage |
|--|---|------------------|---------------------|
| <b>Income</b>  | <b>1a</b> Gross receipts or sales . . . . .                             | <b>1a</b>        |                     |
|  | <b>b</b> Returns and allowances . . . . .                               | <b>1b</b>        |                     |
|  | <b>c</b> Balance. Subtract line 1b from line 1a . . . . .               | <b>1c</b>        |                     |
|  | <b>2</b> Cost of goods sold (attach schedule) . . . . .                 | <b>2</b>         |                     |
|  | <b>3</b> Gross profit. Subtract line 2 from line 1c . . . . .           | <b>3</b>         |                     |
|  | <b>4a</b> Patronage dividends and per-unit retain allocations . . . . . | <b>4a</b>        |                     |
|  | <b>b</b> Other dividends . . . . .                                      | <b>4b</b>        |                     |
|  | <b>5</b> Interest . . . . .   | <b>5</b>         |                     |
|  | <b>6a</b> Gross rents . . . . .   | <b>6a</b>        |                     |
|  | <b>b</b> Expenses related to gross rents . . . . . <b>6b</b>            | <b>6b</b>        |                     |
|  | <b>7</b> Gross royalties . . . . .                                      | <b>7</b>         |                     |
| <b>8</b> Capital gain net income . . . . .   | <b>8</b>  |                  |                     |
| <b>9</b> Net gain (loss) from Form 4797, Part II, line 20 . . . . .  | <b>9</b>  |                  |                     |
| <b>10</b> Other income (attach schedule) . . . . .   | <b>10</b>   |                  |                     |
| <b>11 Total income.</b> Combine lines 3 through 10 . . . . .   | <b>11</b>   |                  |                     |
| <b>Deductions</b>  | <b>12</b> Compensation of officers . . . . .                            | <b>12</b>        |                     |
|  | <b>13a</b> Salaries and wages . . . . .                                 | <b>13a</b>       |                     |
|  | <b>b</b> Jobs credit . . . . .  | <b>13b</b>       |                     |
|  | <b>c</b> Subtract line 13b from line 13a . . . . .                      | <b>13c</b>       |                     |
|  | <b>14</b> Repairs . . . . .   | <b>14</b>        |                     |
|  | <b>15</b> Bad debts . . . . .   | <b>15</b>        |                     |
|  | <b>16</b> Rents . . . . .   | <b>16</b>        |                     |
|  | <b>17</b> Taxes . . . . .   | <b>17</b>        |                     |
|  | <b>18</b> Interest . . . . .  | <b>18</b>        |                     |
|  | <b>19</b> Charitable contributions . . . . .                            | <b>19</b>        |                     |
|  | <b>20a</b> Depreciation . . . . .                                       | <b>20a</b>       |                     |
|  | <b>b</b> Depreciation claimed on line 2 and elsewhere on form . . . . . | <b>20b</b>       |                     |
|  | <b>c</b> Subtract line 20b from line 20a . . . . .                      | <b>20c</b>       |                     |
|  | <b>21</b> Depletion . . . . .   | <b>21</b>        |                     |
|  | <b>22</b> Advertising . . . . .   | <b>22</b>        |                     |
|  | <b>23</b> Pension, profit-sharing, etc., plans . . . . .                | <b>23</b>        |                     |
|  | <b>24</b> Employee benefit programs . . . . .                           | <b>24</b>        |                     |
|  | <b>25</b> Other deductions (attach schedule) . . . . .                  | <b>25</b>        |                     |
| <b>26a</b> Total deductions. Add lines 12, 13c through 19, and 20c through 25 . . . . .  | <b>26a</b>  |                  |                     |
| <b>b</b> Subtract line 26a from line 11 . . . . .  | <b>26b</b>  |                  |                     |
| <b>c</b> Deductions and adjustments under section 1382 . . . . .   | <b>26c</b>  |                  |                     |
| <b>27</b> Taxable income before net operating loss deduction and special deductions. Subtract line 26c from line 26b . . . . . | <b>27</b>   |                  |                     |
| <b>28a</b> Net operating loss deduction (see instructions) . . . . .   | <b>28a</b>  |                  |                     |
| <b>b</b> Special deductions . . . . .  | <b>28b</b>  |                  |                     |
| <b>29 Taxable income.</b> Subtract the total of lines 28a and 28b from line 27 . . . . .                                       | <b>29</b>   |                  |                     |
| <b>30</b> Combined taxable income. Add line 29, columns (a) and (b) (see instructions) . . . . .                               | <b>30</b>   |                  |                     |
| <b>31</b> Unused patronage loss (see instructions) . . . . .   | <b>31</b>   |                  |                     |
| <b>32</b> Unused nonpatronage loss (see instructions) . . . . .  | <b>32</b>   |                  |                     |

## General Instructions

(References are to the Internal Revenue Code.)

**Paperwork Reduction Act Notice.**—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

|   |                 |
|---|-----------------|
| <b>Recordkeeping</b> . . . . .  | 17 hrs., 2 min. |
| <b>Learning about the law or the form</b> . . . . .                             | 30 min.         |
| <b>Preparing, copying, assembling, and sending the form to the IRS.</b> . . . . | 48 min.         |

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the instructions for the tax return with which this form is filed.

**Purpose of Form.**—Form 8817 is filed by certain cooperatives to report their income and deductions by patronage and nonpatronage sources.

**Who Must File.**—Form 8817 **MUST** be filed by cooperatives described in section 1381(a)(2) that have both patronage and nonpatronage income and deductions. However, exempt farmers cooperatives described in section 521, and taxable cooperatives with gross receipts of less than \$10 million, are not required to file Form 8817.

**How To File.**—Attach Form 8817 to the cooperative's income tax return.

## Specific Instructions

Enter for each line, under the appropriate column, the amount of income or deduction. The total of both columns for any one line should agree with the figure reported on the corresponding line of the cooperative's income tax return. For a more detailed discussion of any line on this form that is not described below, see the specific instruction for that line in the instructions for the cooperative's income tax return.

A patronage allocation schedule may be attached in lieu of completing lines 1a through 26c. However, lines 27 through 32 **MUST** be completed even if a patronage allocation schedule is attached.

## Taxable Income

### Income

**Line 1a.**—Enter gross receipts or sales from all business operations, except those required to be reported on lines 4a through 10.

**Line 2.**—Enter in the appropriate columns the cost of goods sold. Attach a schedule showing your computations.

**Line 6a.**—Enter the gross amount received for the rent of property. Report related expenses such as repairs, interest, taxes, and depreciation on the proper lines for those deductions.

**Line 6b.**—Enter in the space provided, the cooperative's total expenses related to gross rents.

**Line 10.**—Enter any other taxable income not listed above, and explain its nature and source (patronage or nonpatronage) on an attached schedule. If "other income" consists of only one item, describe it in parentheses on line 10 and enter the amount in the appropriate column.

### Deductions

If the books and records do not separately show the patronage and nonpatronage portion of an expense, use an approximate percentage to determine the patronage and nonpatronage portion of the expense.

**Line 25.**—Enter any other deductions not listed on lines 12 through 24, and explain the nature and source (patronage and nonpatronage) on an attached schedule. If "other deductions" consists of only one item, describe it in parentheses on line 25 and enter the amount in the appropriate column.

**Line 28a.**—Attach a schedule showing the computation of the NOL deduction.

**Line 28b.**—Attach a schedule showing the computation of the special deductions.

**Line 30.**—Add columns (a) and (b), line 29, and enter the total on this line. The taxable income reported on line 30 of the cooperative's tax return may not exceed the taxable income shown on line 30 of this form.

**Note:** Any patronage source losses (line 29, column (a)) cannot be used to offset nonpatronage income (line 29, column (b)).

**Line 31.**—Enter any patronage loss from line 29, column (a).

**Line 32.**—Enter any nonpatronage loss from line 29, column (b).