

Index¹

	PAGE		PAGE
A		Capital income accounts	113
Accounting methods	111	Capitalization	21, 39, 42, 112
Accounts—also listed by name	23, 112–114	Capitalize versus deduct.....	21, 25, 26, 39
Active income or loss.....	40	Carrying charges—also see specific item.....	38, 39, 40, 41, 42, 91
Ad valorem taxes—also see Property taxes	17, 38, 42	Case law.....	100–102
Adjusted basis	21, 45	Casualty losses	67–70
Administrative law.....	99–100	Chips.....	61, 87
Afforestation expenses.....	21, 26, 28, 29, 113	Christmas trees, as timber.....	55, 91
Afforestation expenses, amortization of.....	28, 113	Christmas trees, expenses of producing	91, 139
Agricultural conservation program (ACP)		Christmas trees, income from.....	92, 141
cost-share payments.....	55, 88	Community property	95
Allocation of basis.....	4, 22	Condemnations	71–72, 73, 74
Allocation of costs	22	Conservation easements	79–81
Allowable basis.....	45, 46, 69, 84	Conservation Reserve Program (CRP) cost-share payments	25, 59, 88
Alternate valuation date.....	21	Consulting forester	13, 38, 45, 56, 69
Alternative minimum tax	85–86	Contract right to cut versus service contract.....	55
Amortization	26, 28, 59, 61, 83, 91, 113	Co-ownership.....	95
Appeals.....	104	Corporations.....	26, 40, 41, 42, 96
Audits.....	102–104	Cost—also see specific items	21, 38, 45, 91
B		Courts.....	101, 102
Basis.....	21, 45, 65, 69, 139–140	Cruising expense	23, 45, 72
Brush control.....	25, 140	Cutting as a sale or exchange	55, 92
Business expenses, how to recover	5, 38, 40, 41, 42, 72, 91	Cutting contracts.....	53, 55, 66
Business versus hobby	13	Cutting rights	53, 55, 66, 140–141
By-products	61, 87	D	
C		Date of disposal	55
C corporations.....	26, 40, 41, 42, 96	Depletion deduction.....	6, 21, 45, 46, 55, 68, 69, 70, 72, 84, 93, 139
Capital accounts	21, 23, 112–113	Depreciable land improvement account	23
Capital asset.....	21, 23, 52	Depreciation accounts	113
Capital gains and losses.....	51, 52, 53, 55, 92, 140–143		

¹A detailed index, including cross-references to this publication, is available at the Timber Tax Internet site, <http://www.fnr.purdue.edu/ttax>.

Depreciation expenses.....	29, 113	Form 2297	101
Disease control expenses.....	38	Form 2553.....	97
Disposal with a retained economic interest	53, 92, 105	Form 2848	103
Disposition of depreciated property.....	38	Form 3468.....	29
Drought, damage due to	3, 68, 70	Form 4255.....	29
E		Form 4562	28, 32, 35, 36
Economic decision criteria.....	6, 7	Form 4684	73, 74
Economic interest, defined	53	Form 4797.....	36, 53, 55, 57, 61, 66, 74, 84
Elections by taxpayer. . . .	21, 28, 29, 30, 31, 32, 35, 39, 42, 43, 55, 56, 73, 74, 84, 87, 88, 91, 92	Form 4952.....	43
Employee.....	89–90	Form 6251.....	85, 86
Environmental Quality Incentives Program (EQIP) cost-share payments.....	58, 88, 140	Form 6252.....	83, 84, 85
Equipment	21, 25, 26, 30, 31, 70	Form 8283	81
Equipment accounts.....	26, 113	Form 8582.....	42
Escrow Accounts	84	Form 8824.....	66
Estates	14, 18, 21, 26, 35, 40, 50, 79, 80, 81, 97	Form SS-8	90
Evergreen trees, defined.....	55, 91	Form T.....	53, 85, 111, 145
Exchanges.....	22, 28, 63–66, 72, 143	Form W-2	89, 103
Expense accounts	113	G	
F		Gain or loss, how computed.....	45, 50, 55, 68, 72, 73
Fair market value.....	21, 22, 55, 56, 59, 63, 65, 70, 72, 73, 83, 84, 92	General business accounts	114
Farming.....	25, 29, 41, 83, 91	Gifts, basis of.....	22
Fire protection expenses	17, 38	Gross profit percentage	83
Fire, losses due to.....	67, 68, 72	Growth, accounting for	26, 45, 113
For profit, defined.....	39	H	
Forest products	3, 61, 87	Hobby versus business	13
Forester	13, 14, 16, 22, 38, 45	Holding period.....	1, 50, 51, 55, 56, 63
Forestry Incentives Program (FIP) cost-share payments.....	55, 88, 140	Hurricanes, losses due to.....	(See Windstorms)
Form 1040	18, 28, 60, 95, 104	I	
Form 1040 A.....	104	Ice storm, losses due to	72
Form 1040 EZ.....	104	Improvements to land.....	23, 29, 112
Form 1040 X.....	104	Independent contractor	53, 56, 89–90
Form 1065	87	Information returns	60, 61, 90, 103
Form 1099.....	60, 61, 90, 103	Inherited property, basis of	21
		Insect protection expenses	38
		Insects, losses due to	4, 67, 68, 72
		Installment sales	83–85

Insurance expenses	38
Insurance, proceeds from	67, 68, 69, 70, 71, 73
Interest.....	4, 6, 7, 9, 11, 21, 38, 39, 41, 42, 83, 85, 86, 103, 114
Investment expenses, how to recover.....	42–43
Investment tax credit	26, 29, 40, 42, 59, 61, 91
Investment, property held for	13, 17, 42, 52, 61, 63, 64, 67, 73, 74, 79
Involuntary conversions.....	67–77, 143–144
J	
Joint tenancy	95
Journal	112, 114, 115, 116–118
K	
L	
Land account	23, 71, 112
Leases.....	5, 17, 28, 39, 59, 64, 72, 79, 83, 87, 114
Ledger	112
Life estate	95
Like-kind exchanges	28, 63–66, 143
Limbs, sale of	61
Limited liability companies	18, 86, 97
Limited partnership	96
Logging roads	21, 23, 29, 35, 112, 113
Losses..... (See Capital gains and losses, or Involuntary conversions)	
Lump-sum sale	46, 51, 52–53, 61, 72, 83, 88, 92
M	
Management expenses—also see specific expense 5, 13, 16, 17, 25, 26, 28, 29, 31, 38, 39, 40, 41, 42, 43, 45, 70, 72, 79, 85, 91, 113	
Marking of timber	45, 52
Material participation.....	17, 40–41, 85, 91, 97, 112
Merchantable timber	4, 25, 26, 28, 45, 65, 66, 68, 69, 72, 113
Minimum tax	85–86
N	
Non-business expenses, recovery of	13, 17
Noncasualty losses	67, 68, 70, 73, 74
O	
Operating expenses—also see specific item ...	38, 91
Ordinary income.....	5, 16, 17, 28, 38, 45, 50, 51, 53, 55, 61, 71, 74, 83, 87, 88, 91, 105, 114
Ordinary income accounts	114
Original basis.....	21
Outright sale of timber	51, 52–53, 61, 72, 83, 88, 92
Owner, defined	53, 56
P	
Partial destruction, losses due to	70, 72
Partnerships	18, 26, 40, 63, 86, 87, 92, 96, 104
Passive activity	17, 40, 41, 83, 85, 91
Passive income or loss	40, 41, 42
Personal use, property held for	17, 50, 52, 56, 67, 74
Plantation subaccount	25, 26, 28, 45, 70, 113
Planting expenses	4, 21, 25, 26, 28, 29, 72, 91, 113
Portfolio income	41
Precommercial thinning	38, 39, 113
Preproductive period	16, 91
Primarily for sale, timber held.....	30, 51, 53, 66, 74, 88, 92, 105
Profit, defined for timber investments	17, 39
Property taxes	16, 17, 38, 39, 42, 86, 113
Pruning expenses	91
Purchased property, basis of	21
Q	
Quantity of timber, determination of	55
R	
Recordkeeping requirements	35, 41, 108, 112
Reforestation expenses	15, 21, 26, 28, 29, 58, 59, 61, 91, 113

Reforestation expenses, amortization of.....	26, 28, 59, 61, 83, 91, 113
Reforestation tax credit	26, 29, 40, 42, 59, 61, 91
Rental income	59, 83, 87, 88
Retained economic interest	51, 53, 92
Revocation of election under Section 631(a)	56
Roads	21, 23, 29, 35, 38, 112, 113
S	
S corporations	18, 26, 40, 97, 104, 108
Sale, costs of	21, 45, 83, 84, 114
Sales, types of	46, 51, 52–53, 53–55, 55–57, 91
Salvage of damaged timber	68, 70, 72, 73
Scaling of logs	45, 53, 83
Schedule A, Form 1040	28, 43, 74, 85
Schedule B, Form T	23
Schedule C, Form 1040	18, 28, 41, 53, 57, 60, 74, 95
Schedule C, Form T	73
Schedule D, Form 1040	52, 53, 66, 74, 84, 86
Schedule D, Form T	73
Schedule E, Form 1040	18, 74, 96, 97
Schedule E, Form T	28
Schedule F, Form 1040.....	18, 28, 41, 53, 57, 61, 74, 88, 95
Schedule F, Form T	45, 56, 57, 73
Schedules SE	87, 88
Schedules K-1	87
Section 175 deduction	25
Section 179 deduction.....	29, 31, 35–37, 38
Section 631(a) transaction.....	46, 51, 55–57, 61, 72, 73, 87, 88, 92, 94
Section 631(b) disposal	46, 51, 53–55, 61, 72, 83, 84, 87, 92, 94
Section 2032A.....	41
Self-employment tax	16, 51, 61, 86–88, 107
Selling expenses	21, 45, 83, 84, 114
Service forester	69
Shearing expenses	91
Site preparation expenses	4, 21, 25
Social Security tax—also see Self-employment tax	86–88
Soil and water conservation expenses	25, 59, 88
Sole ownership/proprietorship.....	17, 51, 86, 95, 96
Special use valuation	14, 21, 41, 59
State conservation program cost-share payments	58, 60, 88
Stewardship Incentives Program (SIP) cost-share	58, 59, 88, 140
Stumpage	6, 56, 57, 65
Stumps	61, 143
Subchapter S corporations.	18, 26, 40, 97, 104, 108
T	
Taxes, deductible and nondeductible.....	17, 38, 39, 41, 42, 86
Tenancy by the entirety	95
Tenancy in common	95
Theft, losses from	67, 71, 72, 73
Thinning expenses	38, 39, 113
Timber accounts	13, 25, 26, 39, 45, 50, 68, 70, 91, 113
Timber cruise expenses	23, 46
Timber owner	53, 56
Timber stand improvement (TSI) expenses.....	1, 8, 26, 39, 58
Timber, defined.....	53, 91
Timeline	7
Tops, sale of.....	55, 61
Tornado, losses due to	(See Windstorms)
Trade or business, held for use in	17, 18, 31, 35, 36, 38, 40, 41, 51, 52, 53, 55, 56, 63, 64, 67, 74, 79, 86, 87, 88, 92, 105
Travel expense.....	38, 45, 107, 113
Tree stumps.....	61, 143
Trees, damage to	53, 67–77
Trusts	14, 18, 26, 35, 40, 97

U			
Uniform capitalization rules	21, 30, 91		
V			
Valuation	16, 22, 80		
Valuation date	21		
W			
Wetlands Reserve Program (WRP)			
cost-share payments	58, 88, 140		
Wildlife Habitat Incentives Program			
(WHIP) cost-share payments	58, 88, 140		
Wildlife habitat management.....	4, 39, 58,		
	79, 80, 88		
		Wildlife habitat management expense	39, 79, 88
		Windstorms, losses due to	67, 68, 72
		X	
		Y	
		Year of cutting	55
		Year of deduction for casualty loss and theft.....	69,
			71
		Young growth, losses of	70, 72
		Young growth subaccount	25, 26, 28, 45, 70
		Z	