



# Instructions for Form 4797

## Sales of Business Property (Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Form 4797 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form4797](https://www.irs.gov/Form4797).

## General Instructions

### Purpose of Form

Use Form 4797 to report the following.

- The sale or exchange of:
  1. Real property used in your trade or business;
  2. Depreciable and amortizable tangible property used in your trade or business (however, see [Disposition of Depreciable Property Not Used in Trade or Business](#), later);
  3. Oil, gas, geothermal, or other mineral properties; and
  4. Section 126 property.
    - The involuntary conversion (from other than casualty or theft) of property used in your trade or business and capital assets held for more than 1 year in connection with a trade or business or a transaction entered into for profit (however, see [Disposition of Depreciable Property Not Used in Trade or Business](#), later).
    - The disposition of noncapital assets (other than inventory or property held primarily for sale to customers in the ordinary course of your trade or business).
    - The disposition of capital assets not reported on Schedule D.
    - The gain or loss (including any related recapture) for partners and S corporation shareholders from certain section 179 property dispositions by partnerships and S corporations.
    - The computation of recapture amounts under sections 179 and 280F(b)(2) when the business use of section 179 or listed property decreases to 50% or less.
    - Gains or losses treated as ordinary gains or losses, if you are a trader in

securities or commodities and made a mark-to-market election under section 475(f).

- Election to defer a qualified section 1231 gain (gains derived from the sale of property used in a trade or business) invested in a qualified opportunity fund (QOF).

### Other Forms You May Have To File

- Use Form 4684, Casualties and Thefts, to report involuntary conversions from casualties and thefts.

- Use Form 6252, Installment Sale Income, to report the sale of property under the installment method.
- Use Form 8824, Like-Kind Exchanges, to report exchanges of qualifying business or investment real property for real property of a like kind. For exchanges of real property used in a trade or business (and other noncapital assets), enter the gain or (loss) from Form 8824, if any, on Form 4797, line 5 or line 16.
- If you sold property on which you claimed investment credit, see Form 4255, Recapture of Investment Credit,

### Where To Make First Entry for Certain Items Reported on This Form

	(a) Type of property	(b) Held 1 year or less	(c) Held more than 1 year
1	<b>Depreciable tangible trade or business property:</b>		
	a Sold or exchanged at a gain . . . . .	Part II	Part III (1245)
2	<b>Depreciable real trade or business property:</b>		
	a Sold or exchanged at a gain . . . . .	Part II	Part III (1250)
3	<b>Farmland held less than 10 years upon which soil or water expenses were deducted:</b>		
	a Sold at a gain . . . . .	Part II	Part III (1252)
4	<b>Real or tangible trade or business property which was deducted under the de minimis safe harbor</b>	Part II	Part II
	b Sold at a loss . . . . .	Part II	Part I
5	<b>All other farmland used in a trade or business</b>	Part II	Part I
	c Sold at a loss . . . . .	Part II	Part III (1255)
7	<b>Cattle and horses used in a trade or business for draft, breeding, dairy, or sporting purposes:</b>	<b>Held less than 24 months</b>	<b>Held 24 months or more</b>
	a Sold at a gain . . . . .	Part II	Part III (1245)
	b Sold at a loss . . . . .	Part II	Part I
8	<b>Livestock other than cattle and horses used in a trade or business for draft, breeding, dairy, or sporting purposes:</b>	<b>Held less than 12 months</b>	<b>Held 12 months or more</b>
	a Sold at a gain . . . . .	Part II	Part III (1245)
	b Sold at a loss . . . . .	Part II	Part I
	c Raised livestock sold at a gain . . . . .	Part II	Part I