



**Forest Activities Schedule**▶ **Attach to your tax return.**

For tax year ended \_\_\_\_\_, 20 \_\_\_\_\_.

OMB No. 1545-0007

Attachment  
Sequence No. **117**

Name(s) as shown on return

Identifying number

**Instructions**

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

**Purpose of Form**

Use Form T to provide information on timber accounts when a sale or deemed sale under section 631(a), 631(b), or other exchange has occurred during the tax year.

**Who Must File**

Complete and attach Form T to your income tax return **only** if you:

- Claim a deduction for depletion of timber or
- Elect under section 631(a) to treat the cutting of timber as a sale or exchange.

Complete Form T in accordance with sections 611, 631, and 1231 and the related regulations.

**Exception.** You are not required to file Form T if you only have an occasional sale of timber (for example, one or two sales every 3 or 4 years). However, you must maintain adequate records of these transactions and other timber-related activities during the year, as discussed in **Recordkeeping** on this page. These transactions may be treated as an investment for tax purposes if your property is not held for use in a trade or business.

**Completion of Form**

**Caution:** If you are **required** to file Form T for the current tax year (as discussed above under **Who Must File**), you must complete all the parts of the form that apply. However, if you are **not** required to file **Form T** but have other forest-related activities (reportable in **Part I** (Acquisitions), **Part IV** (Reforestation and Timber Stand Activities), or **Part V** (Land Ownership), complete and attach the appropriate tax form (for example, Form 4562 to claim depreciation) to your income tax return to report these activities. Also, be sure to maintain adequate records as discussed in **Recordkeeping** below.

**Part I**

Complete this part if you acquired timber, timber cutting contracts, or forest land during the tax year, whether the acquisition was by purchase, exchange, gift, or inheritance.

**Part II**

Complete this part for each timber account that has changed in quantity or dollar amount. A timber account may change in quantity or dollar amount as a result of acquisitions, dispositions, the cutting of timber, capitalized expenditures, casualty or theft losses, corrections, additions for growth, and transfers from other accounts. Use this part to figure depletion for timber cut or the basis for timber sold or lost during the tax year. A depletion schedule is required to be maintained for all types of timber ownership.

**Part III**

Complete this part if you sold or exchanged timber, timber cutting contracts, or forest land during the tax year.

**Part IV**

Complete this part only if you paid or incurred expenses for reforestation of forest land or for timber stand activities

during the tax year. Timber stand activities include all silvicultural prescriptions (such as burning, spraying, and thinning) applied to a timber stand regardless of age.

**Part V**

Complete this part to show changes in ownership of land if you sold or exchanged land during the tax year.

**Recordkeeping**

You no longer have the option to attach **maps** of your timber properties to Form T to substantiate any claimed deduction for depletion of timber on a return filed for tax years beginning after December 31, 2001. Instead, you are required to **retain records** sufficient to substantiate your right to claim the deduction, including a map (where necessary) to show clearly the location(s) of timber and land acquired, timber cut, and timber and land sold for as long as their contents may become material in the administration of any Internal Revenue law.

**Other business records.** You must also keep business records to support other items reported on your tax return such as expenses incurred during the tax year for **road constructions** and for building **drainage structures**.

**Note:** Maintain separate cost accounts for **road construction** and **drainage structures**, such as ditches and canals. For example, for roads constructed for logging timber or to conduct management activities on fee land or land held under long-term cutting contracts, maintain records showing the number of miles constructed and how the total expenditures were either (a) capitalized, (b) amortized, or (c) claimed as an ordinary expense.

Keep separate records for each depletion account, block, tract, or geographic area tributary to a mill or mill complex. Also, keep records that verify the basis in property for as long as they are needed to figure the basis of the original or replacement property.

**Additional Information**

For additional information regarding Federal income tax rules for reporting forest-related activities, see the following:

- IRS tax products, including **Pub. 225**, Farmer's Tax Guide, and **Pub. 535**, Business Expenses. For example, chapter 9 in Pub. 535 discusses where to report the amortization of qualifying reforestation costs after the deduction is entered on **Form 4562**, Depreciation and Amortization.

- **Agriculture Handbook No. 718**, Forest Landowners' Guide to the Federal Income Tax. To order this handbook, call (202) 512-1800 (not a toll-free number), visit the U.S. Government Online Bookstore at [www.gpo.gov](http://www.gpo.gov), or write the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. This handbook costs \$21 (subject to change); its GPO stock number is 001-000-04693-4.



Current regulations, IRS rulings, and case law should be consulted to verify that information in USDA's Agriculture Handbook No. 718 is still applicable. Because this comprehensive handbook is not revised annually, it may not reflect changes in tax law or new Treasury regulations.