Andrew Sharp
212 Thompson Sq.
Mountain View, CA 94043

Internal Revenue Center
Fresno, CA   93888-0002

Form **1040** Department of the Treasury-Internal Revenue Service
U.S. Individual Income Tax Return 1997
(99) IRS Use Only-Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 1997, or other tax year beginning , 1997, ending , 19 OMB No. 1545-0074

Label (See instructions on page 10.) Use the IRS label. Otherwise, please print or type.

LABEL HERE

Field	Value
Your first name and initial	Andrew
Last name	Sharp
Your social security number	550-70-1490
If a joint return, spouse's first name and initial / Last name	
Spouse's social security number	
Home address (number and street). If you have a P.O. box, see page 10.	212 Thompson Sq.
Apt. no.	
City, town or post office, state, and ZIP code. If you have a foreign address, see page 10.	Mountain View CA 94043

For help in finding line instructions, see pages 2 and 3 in the booklet.

Presidential Election Campaign (See page 10.)

	Yes	No
Do you want $3 to go to this fund?	X	
If a joint return, does your spouse want $3 to go to this fund?		

Note: Checking "Yes" will not change your tax or reduce your refund.

Filing Status

Check only one box.

1 [X] Single
2 [ ] Married filing joint return (even if only one had income)
3 [ ] Married filing separate return. Enter spouse's social security no. above and full name here. ▶
4 [ ] Head of household (with qualifying person). (See page 10.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 [ ] Qualifying widow(er) with dependent child (year spouse died ▶ 19). (See page 10.)

Exemptions

6a [X] **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, **do not** check box 6a
b [ ] **Spouse**

No. of boxes checked on 6a and 6b: 1

c **Dependents:**

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) No. of months lived in your home in 1997

If more than six dependents, see page 10.

No. of your children on 6c who:
- lived with you
- did not live with you due to divorce or separation (see page 11)

Dependents on 6c not entered above

d Total number of exemptions claimed — Add numbers entered on lines above ▶ 1

Income

Attach Copy B of your Forms W-2, W-2G, and 1099-R here.

If you did not get a W-2, see page 12.

Enclose, but do not attach any payment. Also, please use Form 1040-V.

Line	Description		Amount
7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	76,541
8a	**Taxable** interest. Attach Schedule B if required	8a	61
b	**Tax-exempt** interest. DO NOT include on line 8a — 8b		
9	Dividends. Attach Schedule B if required	9	
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 12)	10	
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	7,935
13	Capital gain or (loss). Attach Schedule D	13	439
14	Other gains or (losses). Attach Form 4797	14	
15a	Total IRA distributions 15a — b Taxable amount (see page 13)	15b	
16a	Total pensions and annuities 16a — b Taxable amount (see page 13)	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	-101
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits 20a — b Taxable amount (see page 14)	20b	
21	Other income. List type & amount-see pg. 15	21	
22	Add the amounts in the far right column for lines 7 through 21. This is your **total income** ▶	22	84,875

Adjusted Gross Income

If line 32 is under $29,290 (under $9,770 if a child did not live with you), see EIC inst. on page 21.

Line	Description		Amount		
23	IRA deduction (see page 16)	23			
24	Medical savings account deduction. Attach Form 8853	24			
25	Moving expenses. Attach Form 3903 or 3903-F	25			
26	One-half of self-employment tax. Attach Schedule SE	26	107		
27	Self-employed health insurance deduction (see page 17)	27			
28	Keogh and self-employed SEP and SIMPLE plans	28			
29	Penalty on early withdrawal of savings	29			
30	a Alimony paid b Recipient's SSN ▶	30a			
31	Add lines 23 through 30a			31	107
32	Subtract line 31 from line 22. This is your **adjusted gross income** ▶			32	84,768

For Privacy Act and Paperwork Reduction Act Notice, see page 38. Form **1040** (1997)

DAA

Tax Computation

Line	Description	Box	Amount
33	Amount from line 32 (adjusted gross income)	33	84,768
34a	Check if: ☐ You were 65 or older, ☐ Blind; ☐ Spouse was 65 or older, ☐ Blind. Add the number of boxes checked above and enter the total here ▶	34a	
b	If you are married filing separately and your spouse itemizes deductions or you were a dual-status alien, see page 18 and check here ▶	34b ☐	
35	Enter the **larger** of your: **Itemized deductions** from Schedule A, line 28, **OR** **Standard deduction** shown below for your filing status. **But** see page 18 if you checked any box on line 34a or 34b **or** someone can claim you as a dependent. ● Single-$4,150 ● Married filing jointly or Qualifying widower(er)-$6,900 ● Head of household-$6,050 ● Married filing separately-$3,450	35	28,111
36	Subtract line 35 from line 33	36	56,657
37	If line 33 is $90,900 or less, multiply $2,650 by the total number of exemptions claimed on line 6d. If line 33 is over $90,900, see the worksheet on page 19 for the amount to enter	37	2,650
38	**Taxable income.** Subt. line 37 from line 36. If ln. 37 is more than ln. 36, enter -0-	38	54,007
39	**Tax.** See page 19. Check if any tax from a ☐ Form(s) 8814 b ☐ Form 4972 ▶	39	11,885

If you want the IRS to figure your tax, see page 18.

Credits

Line	Description	Box	Amount	Box	Amount
40	Credit for child and dependent care expenses. Attach Form 2441	40			
41	Credit for the elderly or the disabled. Attach Schedule R	41			
42	Adoption credit. Attach Form 8839	42			
43	Foreign tax credit. Attach Form 1116	43			
44	Other. Check if from a ☐ Form 3800 b ☐ Form 8396 c ☐ Form 8801 d ☐ Form (specify)	44			
45	Add lines 40 through 44			45	
46	Subtract line 45 from line 39. If line 45 is more than line 39, enter -0- ▶			46	11,885

Other Taxes

Line	Description	Box	Amount
47	Self-employment tax. Attach Schedule SE	47	213
48	Alternative minimum tax. Attach Form 6251	48	
49	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	49	
50	Tax on qualified retirement plans (including IRAs) & MSAs. Attach Form 5329 if required	50	
51	Advance earned income credit payments from Form(s) W-2	51	
52	Household employment taxes. Attach Schedule H	52	
53	Add lines 46 - 52. This is your **total tax** ▶	53	12,098

Payments

Attach Forms W-2, W-2G, and 1099-R on the front.

Line	Description	Box	Amount	Box	Amount
54	Federal income tax withheld from Forms W-2 and 1099	54	15,576		
55	1997 estimated tax payments & amount applied from 1996 return	55			
56a	**Earned income credit.** Attach Sch. EIC if you have a qualifying child b Nontaxable earned inc.: amt ▶ and type ▶	56a			
57	Amount paid with Form 4868 (request for extension)	57			
58	Excess social security and RRTA tax withheld (see page 27)	58	803		
59	Other payments. Check if from a ☐ Form 2439 b ☐ Form 4136	59			
60	Add ln. 54, 55, 56a, 57, 58, & 59. These are your **total payments** ▶			60	16,379

Refund

Have it directly deposited! See page 27 and fill in 62b, 62c, and 62d.

Line	Description	Box	Amount
61	If line 60 is more than line 53, subtract line 53 from line 60. This is the amount you **OVERPAID**	61	4,281
62a	Amount of line 61 you want **REFUNDED TO YOU** ▶	62a	
b	Routing number ▶ c Type: ☐ Checking ☐ Savings		
d	Account number		
63	Amount of line 61 you want **APPLIED TO YOUR 1998 EST. TAX** ▶ 63 4,281		

Amount You Owe

Line	Description	Box	Amount
64	If line 53 is more than line 60, subtract line 60 from line 53. This is the **AMOUNT YOU OWE**. For details on how to pay, see page 27 ▶	64	
65	Estimated tax penalty. Also include on line 64	65	

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Keep a copy of this return for your records.

Your signature	Date	Your occupation
		Software Engineer
Spouse's signature. If a joint return, BOTH must sign.	Date	Spouse's occupation

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed ☒	Preparer's social security no. 550-70-1472
Firm's name (or yours if self-employed) and address ▶	Sharp Software HCR73 Box 30 Thetford Center VT	EIN	ZIP code 05075

SCHEDULES A&B (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Schedule A-Itemized Deductions

(Schedule B is on back)

▶Attach to Form 1040. ▶See Instructions for Schedules A and B (Form 1040).

OMB No. 1545-0074

1997

Attachment Sequence No. **07**

Name(s) shown on Form 1040: Andrew Sharp

Your social security number: 550-70-1490

Section	Line	Description	Box	Amount	Line	Total
Medical and Dental Expenses		**Caution:** Do not include expenses reimbursed or paid by others.				
	1	Medical and dental expenses (see page A-1)	1			
	2	Enter amount from Form 1040, line 33	2			
	3	Multiply line 2 above by 7.5% (.075)	3			
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-			4	0
Taxes You Paid (See page A-2.)	5	State and local income taxes	5	5,236		
	6	Real estate taxes (see page A-2)	6	3,680		
	7	Personal property taxes	7			
	8	Other taxes. List type and amount ▶ CA Auto Taxes - Non Bus %	8	200		
	9	Add lines 5 through 8			9	9,116
Interest You Paid (See page A-2.)	10	Home mortgage interest & points reported to you on Form 1098	10	18,874		
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 and show that person's name, identifying no., and address ▶	11			
Note: Personal interest is not deductible.	12	Points not reported to you on Form 1098. See page A-3 for special rules	12			
	13	Investment interest. Attach Form 4952 if required. (See page A-3.)	13			
	14	Add lines 10 through 13			14	18,874
Gifts to Charity	15	Gifts by cash or check. If you made any gift of $250 or more, see page A-3	15	121		
If you made a gift and got a benefit for it, see page A-3.	16	Other than by cash or check. If any gift of $250 or more, see page A-3. You **MUST** attach Form 8283 if over $500	16			
	17	Carryover from prior year	17			
	18	Add lines 15 through 17			18	121
Casualty and Theft Losses	19	Casualty or theft loss(es). Attach Form 4684. (See page A-4.)			19	
Job Expenses and Most Other Miscellaneous Deductions	20	Unreimbursed employee expenses-job travel, union dues, job education, etc. You **MUST** attach Form 2106 or 2106-EZ if required. (See page A-4.) ▶	20			
	21	Tax preparation fees	21			
(See page A-5 for expenses to deduct here.)	22	Other expenses-investment, safe deposit box, etc. List type and amount ▶	22			
	23	Add lines 20 through 22	23			
	24	Enter amount from Form 1040, line 33	24			
	25	Multiply line 24 above by 2% (.02)	25			
	26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-			26	0
Other Miscellaneous Deductions	27	Other-from list on page A-5. List type and amount ▶			27	
Total Itemized Deductions	28	Is Form 1040, line 33, over $121,200 (over $60,600 if married filing separately)? **NO.** Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter on Form 1040, line 35, the **larger** of this amount or your standard deduction. ▶ **YES.** Your deduction may be limited. See page A-5 for the amount to enter.			28	28,111

SCHEDULE C (Form 1040)

Department of the Treasury Internal Revenue Service (99)

Profit or Loss From Business
(Sole Proprietorship)

▶ Partnerships, joint ventures, etc., must file Form 1065.

▶ Attach to Form 1040 or Form 1041. ▶ See Instructions for Schedule C (Form 1040).

OMB No. 1545-0074

1997

Attachment Sequence No. **09**

Name of proprietor: Andrew Sharp

Social security number (SSN): 550-70-1490

A Principal business or profession, including product or service (see page C-1): Software Consulting

B Enter principal business code (see page C-6) ▶ 7872

C Business name. If no separate business name, leave blank.: Sharp Programmers

D Employer ID number (EIN), if any

E Business address (including suite or room no.) ▶ 212 Thompson Sq.
City, town or post office, state, and ZIP code: Mountain View CA 94043

F Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶

G Did you "materially participate" in the operation of this business during 1997? If "No," see page C-2 for limit on losses ☒ Yes ☐ No

H If you started or acquired this business during 1997, check here ▶ ☐

Part I Income

1	Gross receipts or sales. **Caution:** If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see page C-2 and check here ▶ ☐	1	17,265
2	Returns and allowances	2	
3	Subtract line 2 from line 1	3	17,265
4	Cost of goods sold (from line 42 on page 2)	4	
5	**Gross profit.** Subtract line 4 from line 3	5	17,265
6	Other income, including Federal & state gasoline or fuel tax credit or ref. (see page C-2)	6	
7	**Gross income.** Add lines 5 and 6 ▶	7	17,265

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8	Advertising	8	3,077	19	Pension and profit-sharing plans	19	
9	Bad debts from sales or services (see page C-3)	9		20	Rent or lease (see page C-4):		
				a	Vehicles, machinery, & equipment	20a	
10	Car and truck expenses (see page C-3)	10		b	Other business property	20b	
				21	Repairs and maintenance	21	
11	Commissions and fees	11		22	Supplies (not included in Part III)	22	634
12	Depletion	12		23	Taxes and licenses	23	
13	Depreciation and section 179 expense deduction (not included in Part III) (see page C-3)	13	3,821	24	Travel, meals, and entertainment:		
				a	Travel	24a	1,363
				b	Meals and entertainment		
14	Employee benefit programs (other than on line 19)	14		c	Enter 50% of ln. 24b subject to limitations (see page C-4)		
15	Insurance (other than health)	15	230				
16	Interest:						
a	Mortgage (paid to banks, etc.)	16a		d	Subtract line 24c from line 24b	24d	
b	Other	16b		25	Utilities	25	118
17	Legal and professional services	17		26	Wages (less employment credits)	26	
18	Office expense	18		27	Other expenses (from line 48 on page 2)	27	87

28	**Total expenses** before expenses for business use of home. Add lines 8 through 27 in columns ▶	28	9,330
29	Tentative profit (loss). Subtract line 28 from line 7	29	7,935
30	Expenses for business use of your home. Attach **Form 8829**	30	
31	**Net profit or (loss).** Subtract line 30 from line 29. • If a profit, enter on **Form 1040, line 12,** and ALSO on **Schedule SE, line 2** (statutory employees, see page C-5). Estates and trusts, enter on Form 1041, line 3. • If a loss, you MUST go on to line 32.	31	7,935

32 If you have a loss, check the box that describes your investment in this activity (see page C-5).
• If you checked 32a, enter the loss on **Form 1040, line 12,** and ALSO on **Schedule SE, line 2** (statutory employees, see page C-5). Estates and trusts, enter on Form 1041, line 3.
• If you checked 32b, you MUST attach **Form 6198.**

32a ☐ All investment is at risk.
32b ☐ Some investment is not at risk.

Andrew Sharp 550-70-1490

Software Consulting

Part III Cost of Goods Sold (see page C-5)

33 Method(s) used to value closing inventory: a ☐ Cost b ☐ Lower of cost or market c ☐ Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35	
36 Purchases less cost of items withdrawn for personal use	36	
37 Cost of labor. Do not include salary paid to yourself	37	
38 Materials and supplies	38	
39 Other costs	39	
40 Add lines 35 through 39	40	
41 Inventory at end of year	41	
42 **Cost of goods sold.** Subtract line 41 from line 40. Enter the result here and on page 1, line 4	42	

Part IV Information on Your Vehicle. Complete this part **ONLY** if you are claiming car or truck expenses on line 10 and are not required to file Form 4562 for this business. See the instructions for line 13 on page C-3 to find out if you must file.

43 When did you place your vehicle in service for business purposes? (month, day, year) ▶

44 Of the total number of miles you drove your vehicle during 1997, enter the number of miles you used your vehicle for:

a Business b Commuting c Other

45 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☐ No

46 Was your vehicle available for use during off-duty hours? ☐ Yes ☐ No

47a Do you have evidence to support your deduction? ☐ Yes ☐ No

b If "Yes," is the evidence written? ☐ Yes ☐ No

Part V Other Expenses. List below business expenses not included on lines 8-26 or line 30.

Professional Publications		87
48 **Total other expenses.** Enter here and on page 1, line 27	48	87

DAA

SCHEDULE D
(Form 1040)

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

▶ **Attach to Form 1040.** ▶ **See Instructions for Schedule D (Form 1040).**
▶ **Use Schedule D-1 for more space to list transactions for lines 1 and 8.**

OMB No. 1545-0074
1997
Attachment Sequence No. **12**

Name(s) shown on Form 1040: Andrew Sharp
Your social security number: 550-70-1490

Part I Short-Term Capital Gains and Losses-Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-3)	(e) Cost or other basis (see page D-4)	(f) GAIN or (LOSS) FOR ENTIRE YEAR. Subtract (e) from (d)
1					

Line	Description		Amount
2	Enter your short-term totals, if any, from Schedule D-1, line 2	2	
3	**Total short-term sales price amounts.** Add column (d) of lines 1 and 2	3	
4	Short-term gain from Forms 2119 and 6252, and short-term gain or (loss) from Forms 4684, 6781, and 8824	4	
5	Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5	
6	Short-term capital loss carryover. Enter the amount, if any, from line 9 of your 1996 Capital Loss Carryover Worksheet	6	( )
7	**Net short-term capital gain or (loss).** Combine lines 1 through 6 in column (f) ▶	7	0

Part II Long-Term Capital Gains and Losses-Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-3)	(e) Cost or other basis (see page D-4)	(f) GAIN or (LOSS) FOR ENTIRE YEAR. Subtract (e) from (d)	(g) 28% RATE GAIN or (LOSS) * (see instr. below)
8						

Line	Description		(f)	(g)
9	Enter your long-term totals, if any, from Schedule D-1, line 9	9		
10	**Total long-term sales price amounts.** Add column (d) of lines 8 and 9	10		
11	Gain from Form 4797, Part I; long-term gain from Forms 2119, 2439, and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	11	439	
12	Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12		
13	Capital gain distributions	13		
14	Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from line 14 of your 1996 Capital Loss Carryover Worksheet	14	( )	( )
15	Combine lines 8 through 14 in column (g)	15		
16	**Net long-term capital gain or (loss).** Combine lines 8 through 14 in column (f) ▶	16	439	

*** 28% Rate Gain or Loss** includes all gains and losses in Part II, column (f) from sales, exchanges, or conversions (including installment payments received) either:
- **Before** May 7, 1997, **or**
- **After** July 28, 1997, for assets held more than 1 year but **not** more than 18 months.

It also includes **ALL** "collectibles gains and losses" (as defined on page D-4).

Andrew Sharp 550-70-1490

Part III Summary of Parts I and II

17	Combine lines 7 and 16. If a loss, go to line 18. If a gain, enter the gain on Form 1040, line 13 **Next:** Complete Form 1040 through line 38. Then, go to **Part IV** to figure your tax if: • Both lines 16 and 17 are gains, **and** • Form 1040, line 38, is more than zero.	17	439
18	If line 17 is a loss, enter here and as a (loss) on Form 1040, line 13, the **smaller** of these losses: • The loss on line 17; **or** • ($3,000) or, if married filing separately, ($1,500)	18	( )
	Next: Complete Form 1040 through line 36. Then, complete the **Capital Loss Carryover Worksheet** on page D-4 if: • The loss on line 17 exceeds the loss on line 18, **or** • Form 1040, line 36, is a loss.		

Part IV Tax Computation Using Maximum Capital Gains Rates

19	Enter your taxable income from Form 1040, line 38			19	54,007
20	Enter the **smaller** of line 16 or line 17	20	439		
21	If you are filing Form 4952, enter the amount from Form 4952, line 4e	21			
22	Subtract line 21 from line 20. If zero or less, enter -0-	22	439		
23	Combine lines 7 and 15. If zero or less, enter -0-	23	0		
24	Enter the **smaller** of line 15 or line 23, but not less than zero	24	0		
25	Enter your unrecaptured section 1250 gain, if any (see page D-4)	25			
26	Add lines 24 and 25	26			
27	Subtract line 26 from line 22. If zero or less, enter -0-			27	439
28	Subtract line 27 from line 19. If zero or less, enter -0-			28	53,568
29	Enter the **smaller** of line 19 or $41,200 ($24,650 if single; $20,600 if married filing separately; $33,050 if head of household)			29	24,650
30	Enter the **smaller** of line 28 or line 29			30	24,650
31	Subtract line 22 from line 19. If zero or less, enter -0-			31	53,568
32	Enter the **larger** of line 30 or line 31			32	53,568
33	Figure the tax on the amount on line 32. Use the Tax Table or Tax Rate Schedules, whichever applies ▶			33	11,797
34	Enter the amount from line 29			34	24,650
35	Enter the amount from line 28			35	53,568
36	Subtract line 35 from line 34. If zero or less, enter -0-			36	0
37	Multiply line 36 by 10% (.10) ▶			37	0
38	Enter the **smaller** of line 19 or line 27			38	439
39	Enter the amount from line 36			39	
40	Subtract line 39 from line 38. If zero or less, enter -0-			40	439
41	Multiply line 40 by 20% (.20) ▶			41	88
42	Enter the **smaller** of line 22 or line 25			42	
43	Add lines 22 and 32	43	54,007		
44	Enter the amount from line 19	44	54,007		
45	Subtract line 44 from line 43. If zero or less, enter -0-			45	0
46	Subtract line 45 from line 42. If zero or less, enter -0-			46	0
47	Multiply line 46 by 25% (.25) ▶			47	
48	Enter the amount from line 19			48	54,007
49	Add lines 32, 36, 40, and 46			49	54,007
50	Subtract line 49 from line 48			50	0
51	Multiply line 50 by 28% (.28) ▶			51	0
52	Add lines 33, 37, 41, 47, and 51			52	11,885
53	Figure the tax on the amount on line 19. Use the Tax Table or Tax Rate Schedules, whichever applies			53	11,923
54	**Tax.** Enter the **smaller** of line 52 or line 53 here and on Form 1040, line 39 ▶			54	11,885

Name(s) shown on return. Do not enter name and social security number if shown on other side. Andrew Sharp

Your social security number 550-70-1490

Note: If you report amounts from farming or fishing on Schedule E, you must enter your gross income from those activities on line 41 below. Real estate professionals must complete line 42 below.

Part II Income or Loss From Partnerships and S Corporations

Note: If you report a loss from an at-risk activity, you MUST check either col. **(e)** or **(f)** on ln. 27 to describe your investment in the activity. See page E-4. If you check col. **(f),** you must attach **Form 6198.**

27	(a) Name	(b) Enter P for partnership; S for S corp.	(c) Check if foreign partnership	(d) Employer identification number	Investment At Risk? (e) All is at risk	(f) Some is not at risk
A	LDP III	P		94-2911983	X	
B						
C						
D						
E						

	Passive Income and Loss		Nonpassive Income and Loss			
	(g) Passive loss allowed (attach **Form 8582** if required)	(h) Passive income from **Schedule K-1**	(i) Nonpassive loss from **Schedule K-1**	(j) Section 179 expense deduction from **Form 4562**	(k) Nonpassive income from **Schedule K-1**
A	101				
B					
C					
D					
E					
28a Totals					
b Totals	101				

29	Add columns (h) and (k) of line 28a	29	0
30	Add columns (g), (i), and (j) of line 28b	30	(101)
31	Total partnership and S corporation income or (loss). Combine lines 29 and 30. Enter the result here and include in the total on line 40 below	31	-101

Part III Income or Loss From Estates and Trusts

32	(a) Name	(b) Employer identification number
A		
B		

	Passive Income and Loss		Nonpassive Income and Loss	
	(c) Passive deduction or loss allowed (attach **Form 8582** if required)	(d) Passive income from **Schedule K-1**	(e) Deduction or loss from **Schedule K-1**	(f) Other income from **Schedule K-1**
A				
B				
33a Totals				
b Totals				

34	Add columns (d) and (f) of line 33a	34	
35	Add columns (c) and (e) of line 33b	35	( )
36	Total estate and trust income or (loss). Combine lines 34 and 35. Enter the result here and include in the total on line 40 below	36	

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)-Residual Holder

37	(a) Name	(b) Employer identification number	(c) Excess inclusion from **Schedules Q,** line 2c (see page E-5)	(d) Taxable income (net loss) from **Schedules Q,** line 1b	(e) Income from **Schedules Q,** line 3b

38	Combine columns (d) and (e) only. Enter the result here and include in the total on line 40 below	38	

Part V Summary

39	Net farm rental income or (loss) from **Form 4835.** Also, complete line 41 below	39	
40	TOTAL income or (loss). Combine lines 26, 31, 36, 38, and 39. Enter the result here and on Form 1040, line 17 ▶	40	-101
41	**Reconciliation of Farming and Fishing Income.** Enter your **gross** farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), line 15b; Schedule K-1 (Form 1120S), line 23; and Schedule K-1 (Form 1041), line 14 (see page E-5)	41	
42	**Reconciliation for Real Estate Professionals.** If you were a real estate professional (see page E-4), enter the net income or (loss) you reported anywhere on Form 1040 from all rental real estate activities in which you materially participated under the passive activity loss rules	42	

DAA

Name of person with **self-employment** income (as shown on Form 1040): Andrew Sharp

Social security number of person with **self-employment** income ▶ 550-70-1490

Section B-Long Schedule SE

Part I Self-Employment Tax

Note: If your only income subject to self-employment tax is **church employee income,** skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order **is not** church employee income. See page SE-1.

A If you are a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361, but you had $400 or more of **other** net earnings from self-employment, check here and continue with Part I ▶ ☐

Line	Description		Sub-amount	Line	Amount
1	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a. **Note:** Skip this line if you use the farm optional method. See page SE-3			1	
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; and Schedule K-1 (Form 1065), line 15a (other than farming). Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report. **Note:** Skip this line if you use the nonfarm optional method. See page SE-3			2	7,935
3	Combine lines 1 and 2			3	7,935
4a	If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3			4a	7,328
b	If you elected one or both of the optional methods, enter the total of lines 15 and 17 here			4b	
c	Combine lines 4a and 4b. If less than $400, **do not** file this schedule; you do not owe self-employment tax. **Exception.** If less than $400 and you had **church employee income,** enter -0- and continue ▶			4c	7,328
5a	Enter your **church employee income** from Form W-2. **Caution:** See page SE-1 for definition of church employee income	5a			
b	Multiply line 5a by 92.35% (.9235). If less than $100, enter -0-			5b	0
6	**Net earnings from self-employment.** Add lines 4c and 5b			6	7,328
7	Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 1997			7	65,400
8a	Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation	8a	78,416		
b	Unreported tips subject to social security tax (from Form 4137, line 9)	8b			
c	Add lines 8a and 8b			8c	78,416
9	Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11 ▶			9	0
10	Multiply the **smaller** of line 6 or line 9 by 12.4% (.124)			10	0
11	Multiply line 6 by 2.9% (.029)			11	213
12	**Self-employment tax.** Add lines 10 and 11. Enter here and on **Form 1040, line 47**			12	213
13	**Deduction for one-half of self-employment tax.** Multiply line 12 by 50% (.5). Enter the result here and on **Form 1040, line 26**	13	107		

Part II Optional Methods To Figure Net Earnings (See page SE-3.)

Farm Optional Method. You may use this method **only** if:

- Your gross farm income [1] was not more than $2,400, **or**
- Your gross farm income [1] was more than $2,400 and your net farm profits [2] were less than $1,733.

Line	Description	Line	Amount
14	Maximum income for optional methods	14	1,600
15	Enter the **smaller** of: two-thirds (2/3) of gross farm income [1] (not less than zero) **or** $1,600. Also, include this amount on line 4b above	15	

Nonfarm Optional Method. You may use this method **only** if:

- Your net nonfarm profits [3] were less than $1,733 and also less than 72.189% of your gross nonfarm income, [4] **and**
- You had net earnings from self-employment of at least $400 in 2 of the prior 3 years.

Caution: You may use this method no more than five times.

Line	Description	Line	Amount
16	Subtract line 15 from line 14	16	
17	Enter the **smaller** of: two-thirds (2/3) of gross nonfarm income [4] (not less than zero) **or** the amount on line 16. Also, include this amount on line 4b above	17	

[1] From Schedule F, line 11, and Schedule K-1 (Form 1065), line 15b.
[2] From Schedule F, line 36, and Schedule K-1 (Form 1065), line 15a.
[3] From Schedule C, line 31; Schedule C-EZ, line 3; and Schedule K-1 (Form 1065), line 15a.
[4] From Schedule C, line 7; Schedule C-EZ, line 1; and Schedule K-1 (Form 1065), line 15c.

Form **4797**

Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

1997

Attachment Sequence No. **27**

Name(s) shown on return: Andrew Sharp

Identifying number: 550-70-1490

1 Enter here the gross proceeds from the sale or exchange of real estate reported to you for 1997 on Form(s) 1099-S (or a substitute statement) that you will be including on line 2, 10, or 20 . . . . | 1 |

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft-Property Held More Than 1 Year

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) GAIN or LOSS for entire year. Subtract (f) from the sum of (d) and (e)	(h) 28% RATE GAIN or (LOSS) * (see instr. below)
2 From K1							
						439	

		(g)	(h)
3 Gain, if any, from Form 4684, line 39	3		
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37	4		
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5		
6 Gain, if any, from line 32, from other than casualty or theft	6		
7 Combine lines 2 through 6 in columns (g) & (h). Enter gain or (loss) here, & on the appropriate line as follows:	7	439	0

Partnerships- Enter the gain or (loss) on Form 1065, Schedule K, lines 6a and 6b. Skip lines 8, 9, 11, and 12 below.

S corporations- Report the gain or (loss) following the instructions for Form 1120S, Schedule K, lines 5 and 6. Skip lines 8, 9, 11, and 12 below, unless line 7, column (g) is a gain and the S corporation is subject to the capital gains tax.

All others- If line 7, column (g) is zero or a loss, enter that amount on line 11 below and skip lines 8 and 9. If line 7, column (g) is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain or (loss) in each column as a long-term capital gain or (loss) on Schedule D & skip lines 8, 9, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years (see instructions)	8		
9 Subtract line 8 from line 7. If zero or less, enter -0-. Also enter on the appropriate ln. as follows (see instr.):	9		

S corporations- Enter only the gain in column (g) on Schedule D (Form 1120S), line 14, and skip lines 11 and 12 below.

All others- If line 9, column (g) is zero, enter the gain from line 7, column (g) on line 12 below. If line 9, column (g) is more than zero, enter the amount from line 8, column (g) on line 12 below, and enter the gain or (loss) in each column of line 9 as a long-term capital gain or (loss) on Schedule D.

* Corporations (other than S corporations) should not complete column (h). Partnerships and S corporations must complete column (h). All others must complete column (h) only if line 7, column (g), is a gain. 28% rate gain or loss includes all gains and losses in column (g) from sales, exchanges, or conversions (including installment payments received) **either (a) before** 5/7/97 **or (b) after** 7/28/97 for assets held more than 1 year but not more than 18 months.

Part II Ordinary Gains and Losses

10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

11 Loss, if any, from line 7, column (g)	11	
12 Gain, if any, from line 7, column (g) or amount from line 8, column (g) if applicable	12	
13 Gain, if any, from line 31	13	
14 Net gain or (loss) from Form 4684, lines 31 and 38a	14	
15 Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17 Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instr.)	17	
18 Combine lines 10 through 17 in column (g). Enter gain or (loss) here, and on the appropriate line as follows:	18	

a For all except individual returns: Enter the gain or (loss) from line 18 on the return being filed.

b For individual returns:

(1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here and on line 22 of Schedule A (Form 1040). Identify as from "Form 4797, line 18b(1)." See instructions . . . | 18b 1 |

(2) Redetermine the gain or (loss) on line 18, excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14 | 18b 2 |

For Paperwork Reduction Act Notice, see separate instructions. Form **4797** (1997)

DAA

There are no amounts for Page 2

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization

(Including Information on Listed Property)

▶ **See separate instructions.** ▶ **Attach this form to your return.**

OMB No. 1545-0172

1997

Attachment Sequence No. **67**

Name(s) shown on return: Andrew Sharp

Identifying number: 550-70-1490

Business or activity to which this form relates: Software Consulting

Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "listed property," complete Pt. V before Pt. I.)

1	Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions	1	$18,000
2	Total cost of section 179 property placed in service. See page 2 of the instructions	2	3,821
3	Threshold cost of section 179 property before reduction in limitation	3	$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions	5	18,000

	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6	See Schedule	3,821	3,821

7	Listed property. Enter amount from line 27	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	3,821
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	3,821
10	Carryover of disallowed deduction from 1996. See page 3 of the instructions	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	18,000
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	3,821
13	Carryover of disallowed deduction to 1998. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1997 Tax Year (Do Not Include Listed Property.)

Section A-General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 3 of the instructions ▶ ☐

Section B-General Depreciation System (GDS) (See page 3 of the instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only-see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C-Alternative Depreciation System (ADS) (See page 6 of the instructions.)

16a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part III Other Depreciation (Do Not Include Listed Property.) (See page 6 of the instructions.)

17	GDS and ADS deductions for assets placed in service in tax years beginning before 1997	17	
18	Property subject to section 168(f)(1) election	18	
19	ACRS and other depreciation	19	

Part IV Summary (See page 7 of the instructions.)

20	Listed property. Enter amount from line 26	20	
21	**Total.** Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations-see instructions	21	3,821
22	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

For Paperwork Reduction Act Notice, see the separate instructions. Form **4562** (1997)

DAA

There are no amounts for Page 2

Form **8271**

(Rev. January 1996)

Department of the Treasury
Internal Revenue Service

Investor Reporting of Tax Shelter Registration Number

▶ **Attach to your tax return.**

▶ **If you received this form from a partnership, S corporation, or trust, see the instr.**

OMB No. 1545-0881

Attachment Sequence No. **71**

Investor's name(s) shown on return	Investor's identifying no.	Investor's tax year ended
Andrew Sharp	550-70-1490	12/31/97

	(a) Tax Shelter Name	(b) Tax Shelter Registration Number (11-digit number)	(c) Tax Shelter Identifying Number
1	LDP III	84305000618	94-2911983
2			
3			
4			
5			
6			
7			
8			
9			
10			

Federal Subschedules

Software Consulting

Form 4562, Line 6 - Section 179 Information

Description of Property	Cost	Expense
Computer Hi-Tech USA	$ 1,434	$ 1,434
Memory modules	1,394	1,394
Floppy, Case, Mouse,Kybd&NIC	148	148
Hard Drive Frey's	239	239
Office Furniture	606	606
Total	$ 3,821	$ 3,821

Andrew Sharp
212 Thompson Sq.
Mountain View, CA 94043

Image Processing, Franchise Tax Bd
P.O. Box 942840
Sacramento, CA 94240-0009

CSI

California Resident Income Tax Return 1997

APE

[redacted]

540

FEDERAL RETURN ATTACHMENT REQUIRED: ☒ YES ☐ NO

DO NOT ATTACH LABEL

550-70-1490 SHAR** 97
ANDREW SHARP

Do Not Write In These Spaces
P
AC
A
R
RP

Step 1

Name and Address

212 THOMPSON SQ
MOUNTAIN VIEW CA 94043

FOR COMPUTERIZED USE ONLY

01	1	30	0	49	0	62	0
06	0	31	0	50	0	APE	0
09	0	35	0	51	0	3800	0
10	0	36	0	52	0	3803	0
12	76541	37	4076	53	0	CATMT	0
14	0	38	5236	54	0	SCHG1	0
16	1	39	0	55	0	5870A	0
17	84769	41	0	56	0	5805 5805F	0
18	22875	43	1160	57	0		000000000
20	4144	44	0	58	1160		
21	68	45	1160	59	0		
23	0	46	0	61	0		
28	0	47	0				
29	0	48	0				

Step 2

Filing Status

Check only one.

1 ☒ Single
2 ☐ Married filing joint return (even if only one spouse had income)
3 ☐ Married filing separate return. Enter spouse's SSN above and full name here
4 ☐ Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter child's name here.
5 ☐ Qualifying widow(er) with dependent child. Enter year spouse died 19

Step 3

Exemptions

Do not enter dollar amounts in the boxes.

Attach check or money order and Form 540-V here.

6 If someone can claim you (or your spouse, if married) as a dependent on their tax return, check the box here ● 6 ☐
7 Personal: If you checked box 1, 3 or 4 above, enter 1. If you checked box 2 or 5, enter 2. If you checked the box on line 6, see instructions . . . 7 1
8 Blind: If you (or if married, your spouse) are visually impaired, enter 1. If both are visually impaired, enter 2 8
9 Senior: If you (or if married, your spouse) are 65 or older, enter 1. If both are 65 or older, enter 2 ● 9
10 Dependents: Enter name and relationship. Do not include yourself, your spouse or the person listed on line 4.
Enter the total number of dependents 10
11 Total number of exemptions. Add line 7 through line 10 . . . 11 1

Step 4

Taxable Income

Attach copy of your Form(s) W-2, W-2G and 1099-R here.

12 State wages from your Form(s) W-2, box 17 ● 12 76,541
13 Federal AGI from Form 1040, line 32; Form 1040A, line 16; Form 1040EZ, line 4; or TeleFile Tax Record, line H . . . 13 84,768
14 California adjustments - subtractions. Enter the amount from Schedule CA (540), line 32, column B ● 14
15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See instructions 15 84,768
16 California adjustments - additions. Enter the amount from Schedule CA (540), line 32, column C ● 16 1
17 California adjusted gross income. Combine line 15 and line 16 . . . ● 17 84,769
18 Enter your CA **standard deduction OR** your CA **itemized deductions.** ● 18 22,875
19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- 19 61,894

Step 5

Tax

20 Tax. Check if from ☐ Tax Table ☒ Tax Rate Schedule ☐ FTB 3800 or ☐ FTB 3803 20 4,144
21 Exemption credits. Check one:
☒ Flowchart ☐ Federal AGI limit or ☐ CA TMT limit . . . 21 68
22 Subtract line 21 from line 20. If less than zero, enter -0- . . . 22 4,076
23 Tax. Check if from ☐ Schedule G-1 and ☐ form FTB 5870A . . . 23
24 Add line 22 and line 23 . . . 24 4,076

Andrew Sharp 550-70-1490

CSI

Step 6 Credits	25 Amount from Side 1, line 24	25	4,076
	28 Enter cr. name code no. & amt. ▶ 28		
	29 Enter cr. name code no. & amt. ▶ 29		
	30 Enter cr. name code no. & amt. ▶ 30		
	31 To claim more than three credits, see instructions ● 31		
	33 Add line 28 through line 31. These are your total credits	33	
	34 Subtract line 33 from line 25. If less than zero, enter -0-	34	4,076
Step 7 Other Taxes	35 Alternative minimum tax. Attach Schedule P (540)	● 35	
	36 Other taxes and credit recapture. See instructions	● 36	
	37 Add line 34 through line 36. This is your total tax	● 37	4,076
Step 8 Payments	38 CA income tax withheld. Enter total from your 1997 Form(s) W-2, W-2G, 1099-MISC and 1099-R. Also, attach form(s) to Side 1 ■ 38 5,236		
	39 1997 CA estimated tax and amount applied from your 1996 return. Include the amount from form FTB 3519 or Schedule K-1 (541) ■ 39		
	41 Did either you or your spouse receive more than $31,767 in wages in 1997? Yes. See instructions. No. Go to line 42 ■ 41		
	42 Add line 38 through line 41. These are your total payments	42	5,236
Step 9 Overpaid Tax or Tax Due	43 **Overpaid tax.** If line 42 is larger than line 37, subtract line 37 from line 42	43	1,160
	44 Amount of line 43 you want applied to your 1998 estimated tax	■ 44	
	45 **Overpaid tax available this year.** Subtract line 44 from line 43	■ 45	1,160
	46 **Tax due.** If line 42 is less than line 37, subtract line 42 from line 37	46	
Step 10 Contributions	47 Contribution to California Seniors Special Fund. See instructions ● 47		
	You may make a contribution of $1 or more to:		
	48 Alzheimer's Disease/Related Disorders Fund ● 48 00		
	49 California Fund for Senior Citizens ● 49 00		
	50 Rare and Endangered Species Preservation Program ● 50 00		
	51 State Children's Trust Fund for the Prevention of Child Abuse ● 51 00		
	52 California Breast Cancer Research Fund ● 52 00		
	53 California Firefighters' Memorial Fund ● 53 00		
	54 California Public School Library Protection Fund ● 54 00		
	55 D.A.R.E. California (Drug Abuse Resistance Education) Fund ● 55 00		
	56 California Military Museum Fund ● 56 00		
	57 Add line 47 through line 56. These are your total contributions	● 57	
Step 11 Refund or Amount You Owe	58 **REFUND OR NO AMOUNT DUE.** Subtract line 57 from line 45. Mail your return to: **IMAGE PROCESSING, FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0009**	■ 58 $	1,160
	59 **AMOUNT YOU OWE.** Add line 46 and line 57. Make a check/money order payable to "Franchise Tax Board" for the full amount. Write your social security number and "1997 Form 540" on it. Complete Form 540-V. **Attach** both to the front of your Form 540 and mail to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001**	■ 59 $	
Step 12 Interest & Penalties	60 Interest, late return penalties and late payment penalties	60	
	61 Underpayment of estimated tax. If form FTB 5805 or 5805F is attached, check here ☐	■ 61	
	62 If you do **not** need California income tax forms mailed to you next year, check here ☐	● 62	

Sign Here

It is unlawful to forge a spouse's signature.

IMPORTANT: See "Sign Your Return" in the Form 540 instructions to find out if you should attach a copy of your complete federal return. Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. 4

Your signature	Spouse's signature (if filing joint, both must sign)	Date	Daytime phone number
X	X		

Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge) Preparer's SSN/FEIN

Firm's name (or yours if self-employed) Firm's address

Sharp Software
HCR73 Box 30
Thetford Center, VT 05075

RFD 1,160

CSI

TAXABLE YEAR **1997**

California Adjustments - Residents

SCHEDULE **CA (540)**

Important: Attach this schedule directly behind Form 540, Side 2.

Name(s) as shown on return: Andrew Sharp

Social security number: 550-70-1490

Part I Income Adjustment Schedule

Section A - Income

Line	Description	A Federal Amounts (taxable amounts from your federal return)	B Subtractions See instructions.	C Additions See instructions.
7	Wages, salaries, tips, etc. See instructions before making an entry in column B or C	76,541		
8	Taxable interest income	61		
9	Dividend income			
10	State tax refund. Enter the same amount in column A and column B			
11	Alimony received			
12	Business income or (loss)	7,935		
13	Capital gain or (loss)	439		
14	Other gains or (losses)			
15	IRA distribution. See instructions. (a) (b)			
16	Pensions and annuities. See instructions. (a) (b)			
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc.	(101)		1
18	Farm income or (loss)			
19	Unemployment compensation. Enter the same amount in column A and column B			
20	Social security benefits (a) (b)			
21	Other income. a California lottery winnings; b Disaster loss carryover from FTB 3805V; c Federal NOL (Form 1040, line 21); d NOL carryover from FTB 3805V; e NOL from FTB 3805Z, 3806 or 3807; f Other (describe)		a b c d e f	a b c d e f
22	**Total:** Combine line 7 through line 21 in column A. Add line 7 through line 21f in column B and column C. Go to Section B	84,875	0	1

Section B - Adjustments to Income

Line	Description	A	B	C
23	IRA deduction			
24	Medical savings account deduction			
25	Moving expenses			
26	One-half of self-employment tax	107		
27	Self-employed health insurance deduction			
28	Keogh and self-employed SEP and SIMPLE plans			
29	Penalty on early withdrawal of savings			
30a	Alimony paid. (b) Recipient's: SSN ____ Last name ____			
31	Add line 23 through line 30a in columns A, B, and C	107		
32	**Total.** Subtract line 31 from line 22 in columns A, B, and C. See the instructions for how to transfer the total to Form 540	84,768	0	1

Part II Adjustments To Federal Itemized Deductions

Line	Description	Amount
34	Federal itemized deductions. Add the amounts on federal Sch. A (Form 1040), lines 4, 9, 14, 18, 19, 26 and 27	28,111
35	Enter total of federal Sch. A, line 5 (state and local income tax **and** State Disability Insurance) and line 8 (foreign tax **only**)	5,236
36	Subtract line 35 from line 34	22,875
37	Other adjustments including California lottery losses. See instructions. Specify	
38	Combine line 36 and line 37	22,875
39	(see below)	22,875

39 Is the amount on Form 540, line 13 more than the amount shown below for your filing status?

Single or married filing separate $114,152
Head of household $171,228
Married filing joint or qualifying widow(er) $228,305

NO. Transfer the amount on line 38 to line 39.
YES. Complete the Itemized Deductions Worksheet in the instructions for Sch. CA (540), line 39.

Is the amount you entered on line 39 more than your standard deduction below?

Single or married filing separate $2,583
Married filing joint, head of household or qualifying widow(er) $5,166

YES. Transfer the amount on line 39 to Form 540, line 18.
NO. Enter your **standard deduction** on Form 540, line 18.

CSI

YEAR **1997**

Sales of Business Property

(Also, involuntary conversions and recapture amounts under IRC Sections 179 and 280F and R&TC Sections 17266, 17267.2, 17268, 24356.4, 24356.7, and 24356.8.)

CALIFORNIA SCHEDULE **D-1**

Complete and attach this schedule to your tax return only if your California gains or losses are different from your federal gains or losses.

Name(s) as shown on return: Andrew Sharp

Social security or California corp. number: 550-70-1490

FEIN

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty and Theft - Property Held More Than 1 Year

Note: Use federal Form 4684, Casualties and Thefts, to report involuntary conversions from casualty and theft.

1 Enter here the gross proceeds from the sale or exchange of real estate reported to you for 1997 on federal Form(s) 1099-S, Proceeds From Real Estate Transactions, (or a substitute statement) that you will be including on line 2 or line 10 (column d), or on line 23 1

2 (a) Description of property

(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) LOSS ((f) minus the sum of (d) and (e))	(h) GAIN ((d) plus (e) minus (f))
From K1						
						439

3 Gain, if any, from federal Form 4684, Section B, line 39 3

4 IRC Section 1231 gain from installment sales from form FTB 3805E, line 26 or line 37 . . . 4

5 Gain, if any, from Part III, line 35, from other than casualty and theft . . . 5

6 Add line 2 through line 5 in column (g) and column (h) . . . . . 6 ( ) 439

7 Combine column (g) and column (h) of line 6. Enter gain or (loss) here and on the appropriate line as follows . . . 7 439

Partnerships or Limited Liability Companies: Enter the gain or (loss) on Schedule K (565 or 568), line 6. Skip lines 8, 9, 11 & 12 below.

S corporations: Report the gain or (loss) following the instructions for Schedule K (100S), line 5 and line 6. If line 7 is a gain, continue to line 8. If line 7 is a zero or a loss, enter the amount on line 11 below and skip line 8 and line 9.

All others: If line 7 is zero or a loss, enter the amount on line 11 below and skip line 8 and line 9. If line 7 is a gain and you did not have any prior year IRC Section 1231 losses, or they were recaptured in an earlier year, enter the gain as follows: **Form 540 filers,** enter the gain on Schedule D, line 1, and skip lines 8, 9 and 12 below. **Form 100 filers,** enter the gain on Schedule D, Part II, line 6, and skip lines 8, 9 and 12 below.

8 Nonrecaptured net IRC Section 1231 losses from prior years. Enter as a positive number. See instructions . . . 8

9 Subtract line 8 from line 7. If zero or less, enter -0- 9

S corporations: Enter this amount (if greater than zero) on Schedule D (100S) Section A, Part III, line 7, or Schedule D (100S), Section B, Part II, line 5, and enter the amount, if any, from line 8 on line 12 below. If line 9 is zero, enter the amount from line 7 on line 12 below.

All others: If line 9 is zero, enter the amount from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below, and enter the amount from line 9 as a capital gain on Schedule D, line 1. See instructions.

Part II Section A - Ordinary Gains and Losses

10 Ordinary gains and losses not included on line 11 through line 16 (include property held 1 year or less):

11 Loss, if any, from line 7 11

12 Gain, if any, from line 7, or amount from line 8, if applicable. See instructions

13 Gain, if any, from Part III, line 34

14 Net gain or (loss) from federal Form 4684, Section B, line 31 and line 38a (completed using California amounts) . . . 14

15 Ordinary gain from installment sales from form FTB 3805E, line 25 or line 36 (applies only to sales before 1/1/85)

16 Recapture of IRC Section 179 and R&TC Sections 17266, 17267.2, and 17268 deductions for partners, members and S corporation shareholders from property dispositions by partnerships, limited liability companies and S corporations. See instructions

17 Add line 10 through line 16 in column (g) and column (h) . . . . . 17 ( )

18 Combine column (g) and column (h) of line 17. Enter gain or (loss) here and on the appropriate line as follows: . . . 18

a For all except individual returns. See instructions.

b For individual returns:

(1) If the loss on line 11 includes a loss from federal Form 4684, Section B, Part II, column (b)(ii), enter that part of the loss here. See instructions . . . . . 18b(1)

(2) Redetermine the gain or (loss) on line 18, excluding the loss (if any) on line 18b(1). Enter here and on line 20. . . . 18b(2)

Andrew Sharp 550-70-1490

CSI

Part II Section B - Adjusting California Ordinary Gain or Loss For individual returns only.

19 Enter ordinary federal gains and losses from federal Form 1040, line 14	19	
20 Enter ordinary California gains and losses from line 18b(2)	20	
21 Ordinary gain or loss adjustment: Compare line 19 and 20. See instructions.		
a If line 19 is more than line 20, Enter the difference here and on Schedule CA (540 or 540NR), line 14, column B	21a	
b If line 20 is more than line 19, Enter the difference here and on Schedule CA (540 or 540NR), line 14, column C	21b	

Part III Gain From Disposition of Property Under IRC Sections 1245, 1250, 1252, 1254 and 1255

22 Description of IRC Sections 1245, 1250, 1252, 1254 and 1255 property:	Date acquired (mo., day, yr.)	Date sold (mo., day, yr.)
A		
B		
C		
D		

Relate lines 22A through 22D to these columns ▶ ▶		Property A	Property B	Property C	Property D
23 Gross sales price	23				
24 Cost or other basis plus expense of sale	24				
25 Depreciation (or depletion) allowed or allowable	25				
26 Adjusted basis. Subtract line 25 from line 24	26				
27 Total gain. Subtract line 26 from line 23	27				
28 If IRC Section 1245 property:					
a Depreciation allowed or allowable	28a				
b Enter the **smaller** of line 27 or line 28a	28b				
29 If IRC Section 1250 property: If straight-line depreciation was used, enter -0- on line 29g, except for a corporation subject to IRC Sec. 291:					
a Additional depreciation after 12/31/76. See instructions	29a				
b Applicable percentage multiplied by the **smaller** of line 27 or line 29a. See instructions	29b				
c Subtract line 29a from line 27. If line 27 is not more than line 29a, skip line 29d and line 29e	29c				
d Additional depreciation after 12/31/70 and before 1/1/77. See instructions	29d				
e Enter the **smaller** of line 29c or line 29d	29e				
f IRC Section 291 amount (for corporations only) See instructions	29f				
g Add line 29b, line 29e and line 29f	29g				
30 If IRC Section 1252 property: Skip this section if you did not dispose of farm land or if this form is being completed for a partnership.					
a Soil, water and land clearing expenses	30a				
b Applicable percentage multiplied by line 30a. See instructions	30b				
c Enter the **smaller** of line 27 or line 30b	30c				
31 If IRC Section 1254 property:					
a Intangible drilling and development costs deducted after 12/31/76	31a				
b Enter the **smaller** of line 27 or line 31a	31b				
32 If IRC Sec. 1255 property:					
a Applicable percentage of payments excluded from income under IRC Section 126	32a				
b Enter the **smaller** of line 27 or line 32a	32b				

Summary of Part III Gains. Complete property column A through column D for line 23 through line 32b before going to line 33.

33 Total gains for all properties. Add column A through column D of line 27	33	
34 Add column A through column D of lines 28b, 29g, 30c, 31b and 32b. Enter here and in Part II, line 13	34	
35 Subtract line 34 from line 33. Enter the portion from other than casualty and theft here and on Part I, line 5. Enter the portion from casualty and theft on federal Form 4684, Section B, line 33	35	

Part IV Recapture Amounts Under IRC Sections 179 and 280F When Business Use Drops to 50% or Less, or Under R&TC Sections 17266, 17267.2, 17268, 24356.4, 24356.7, and 24356.8. for Property Which Ceases to be Qualified Property

		(a) Expense Deductions	**(b)** Recovery Deductions
36 Expense deductions or recovery deductions. See instructions	36		
37 Depreciation or recovery deductions. See instructions	37		
38 Recapture amount. Subtract line 37 from line 36. See instructions	38		

CSI

TAXABLE YEAR **1997**

Alternative Minimum Tax and Credit Limitations - Residents

CALIFORNIA SCHEDULE **P (540)**

Attach this schedule to Form 540.

Name(s) as shown on Form 540: Andrew Sharp

Your social security number: 550-70-1490

Part I Adjustments and Preferences

Important: See instructions for information regarding California/federal differences.

1	If you itemized deductions, go to line 2. If you did not itemize deductions, enter your standard deduction from Form 540, line 18, and go to line 6	1	
2	Medical and dental expense. Enter the smaller of Schedule A, Form 1040, line 4, or 2 1/2% of Form 1040, line 32	2	
3	Personal property taxes and real property taxes. See instructions	3	3,680
4	Certain interest on a home mortgage **not** used to buy, build, or improve your home. See instructions	4	
5	Miscellaneous itemized deductions. See instructions	5	
6	Refund of personal property taxes and real property taxes. See instructions **Caution:** Do not include your state income tax refund on this line.	6	( )
7	Investment interest expense adjustment. See instructions	7	
8	Post-1986 depreciation. See instructions	8	1
9	Adjusted gain or loss. See instructions	9	(3)
10	Incentive stock options and California qualified stock options (CQSOs). See instructions	10	
11	Passive activities adjustment. See instructions	11	
12	Beneficiaries of estates and trusts. Enter the amount from Schedule K-1 (541), line 8	12	
13	Other. Enter the amount, if any, for each item, a through n, and enter the total on line 13. See instructions.		

a Appreciated contributions		**h** Loss limitations	
b Circulation expenditures		**i** Mining costs	
c Depletion		**j** Patron's adjustment	
d Depreciation (pre-1987)		**k** Pollution control facilities	
e Installment sales		**l** Research and experimental	
f Intangible drilling costs		**m** Tax shelter farm activities	
g Long-term contracts		**n** Related adjustments	

		13	
14	**Total Adjustments and Preferences.** Combine line 1 through line 13	14	3,678

Part II Alternative Minimum Taxable Income (AMTI)

15	Enter taxable income from Form 540, line 19. See instructions	15	61,894
16	Net operating loss (NOL) deduction from Schedule CA (540), line 21b, 21d and 21e, column B. Enter as a positive amount	16	
17	AMTI exclusion. See instructions	17	( )
18	If you claimed the standard deduction, or you itemized deductions and your federal AGI is less than the amount for your filing status (listed below), skip this line and go to line 19. If you itemized deductions and your federal AGI is more than the amount for your filing status, see instructions. Single or married filing separate $114,152 Married filing joint or qualifying widow(er) $228,305 Head of household $171,228	18	( )
19	Combine line 14 through line 18	19	65,572
20	Alternative minimum tax NOL deduction. See instructions. Do not enter more than 90% of line 19	20	
21	**Alternative minimum taxable income.** Subtract line 20 from line 19 (if married filing separate and line 21 is more than $165,000, see instructions)	21	65,572

Part III Exemption Amount and Alternative Minimum Tax (AMT)

22 **Exemption Amount.** (If this schedule is for a child under age 14, see instructions.)

If your filing status is:	And line 21 is not over:	Enter on line 22:
Single or head of household	$112,500	$33,750
Married filing joint or qualifying widow(er)	150,000	45,000
Married filing separate	75,000	22,500

If Part II, line 21 is over the amount shown above for your filing status, see instructions.

22		22	33,750
23	Subtract line 22 from line 21. If zero or less, enter -0-	23	31,822
24	Tentative minimum tax. Multiply line 23 by 7.0% (.07)	24	2,228
25	Regular tax before credits from Form 540, line 20. If an amount is entered on Form 540, line 23, see instructions	25	4,144
26	**Alternative Minimum Tax.** Subtract line 25 from line 24. If zero or less, enter -0- here and on Form 540, line 35. If more than zero, enter here and on Form 540, line 35. (Exception: If you have carryover credit for solar energy or commercial solar energy, first enter the result on Side 2, Part V, Section C, line 25.) If this schedule is for a child under age 14, see instructions	26	0

Continue to Side 2, Part IV to figure your allowable credits.

Andrew Sharp 550-70-1490

CSI

Part IV Exemption Credit Limitation.

1	Enter regular tax from Side 1, Part III, line 25	1	4,144
2	Enter tentative minimum tax from Side 1, Part III, line 24	2	2,228
3	Subtract line 2 from line 1. If the result is zero or less, see instructions	3	1,916

4 If your filing status is: **Is your federal AGI, Form 540, line 13 more than:**

Single or married filing separate ... $114,152
Married filing joint or qualifying widow(er) ... $228,305
Head of household ... $171,228

No. Multiply the amount from Form 540, line 11 by $68 and enter the result.
Yes. Enter the amount from Form 540 Instructions, line 21, Worksheet I, line h ... **4** 68

5 Allowable exemption credits. Is line 3 greater than line 4?
Yes. Enter the amount from line 4 here and on Form 540, line 21. Check the box labeled "Federal AGI limit," and complete Form 540. **Note:** If you also answered "no" on line 4, check the box labeled "Flowchart" instead.
No. Enter the amount from line 3 here and on Form 540, line 21. Check the box labeled "California TMT limit," and complete Form 540. **5** 68

If you are claiming additional credits, continue to Part V and complete Form 540 through line 24.

Part V Credits that Reduce Tax

Note: Be sure to attach your credit forms to Form 540.

6	Enter the amount from Form 540, line 24	6	4,076
7	Enter the tentative minimum tax from Side 1, Part III, line 24	7	2,228

Section A - Credits that reduce excess tax.	(a) Credit amount	(b) Credit used this year	(c) Tax balance that may be offset by credits	(d) Credit carryover
8 Subtract line 7 from line 6. If zero or less enter -0- and see instructions. This is your excess tax which may be offset by credits 8			1,848	
A1 Credits that reduce excess tax and have no carryover provisions.				
9 Code:170 Credit for joint custody head of household 9				
10 Code:173 Credit for dependent parent 10				
11 Code:163 Credit for senior head of household 11				
12 Code:162 Prison inmate labor credit 12				
13 Code:169 Enterprise Zone employee credit 13				
A2 Credits that reduce excess tax and have carryover provisions. See instructions.				
14 Code: ___ Credit Name: ___ 14				
15 Code: ___ Credit Name: ___ 15				
16 Code: ___ Credit Name: ___ 16				
17 Code: ___ Credit Name: ___ 17				
18 Code:188 Credit for prior year alternative minimum tax 18				
Section B Credits that may reduce tax below tentative minimum tax.				
19 If Part V, line 8 is zero, enter the amount from line 6. If line 8 is more than zero, enter the total of line 7 and the last entry in column (c). 19			4,076	
B1 Credits that reduce net tax and have carryover provisions. See instructions.				
20 Code: ___ Credit Name: ___ 20				
21 Code: ___ Credit Name: ___ 21				
22 Code: ___ Credit Name: ___ 22				
23 Code: ___ Credit Name: ___ 23				
B2 Credits that reduce net tax and have no carryover provisions.				
24 Code:187 Other state tax credit 24				
Section C Credits that may reduce alternative minimum tax.				
25 Enter your alternative minimum tax from Side 1, Part III, line 26 25			0	
26 Code:180 Solar energy credit carryover from Section B1, column (d) 26				
27 Code:181 Commercial solar energy credit carryover from Section B1, column (d) 27				
28 Adjusted AMT. Enter the balance from line 27, column (c) here and on Form 540, line 35 28			0	

Form **1040** Department of the Treasury-Internal Revenue Service
U.S. Individual Income Tax Return 1997
(99) IRS Use Only-Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 1997, or other tax year beginning , 1997, ending , 19 OMB No. 1545-0074

Label (See instructions on page 10.) LABEL HERE

Use the IRS label. Otherwise, please print or type.

Your first name and initial: Andrew | Last name: Sharp | **Your social security number**: 550-70-1490

If a joint return, spouse's first name and initial | Last name | **Spouse's social security number**

Home address (number and street). If you have a P.O. box, see page 10.: 212 Thompson Sq. | Apt. no.

City, town or post office, state, and ZIP code. If you have a foreign address, see page 10.: Mountain View CA 94043

For help in finding line instructions, see pages 2 and 3 in the booklet.

Presidential Election Campaign (See page 10.)

	Yes	No
Do you want $3 to go to this fund?	X	
If a joint return, does your spouse want $3 to go to this fund?		

Note: Checking "Yes" will not change your tax or reduce your refund.

Filing Status

Check only one box.

1 [X] Single
2 [ ] Married filing joint return (even if only one had income)
3 [ ] Married filing separate return. Enter spouse's social security no. above and full name here. ▶
4 [ ] Head of household (with qualifying person). (See page 10.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 [ ] Qualifying widow(er) with dependent child (year spouse died ▶ 19). (See page 10.)

Exemptions

6a [X] **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, **do not** check box 6a — No. of boxes checked on 6a and 6b: 1
b [ ] **Spouse**
c **Dependents:**

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) No. of months lived in your home in 1997

If more than six dependents, see page 10.

No. of your children on 6c who:
- lived with you
- did not live with you due to divorce or separation (see page 11)

Dependents on 6c not entered above

d Total number of exemptions claimed — Add numbers entered on lines above ▶ 1

Income

Attach Copy B of your Forms W-2, W-2G, and 1099-R here.

If you did not get a W-2, see page 12.

Enclose, but do not attach any payment. Also, please use Form 1040-V.

Line	Description		Amount
7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	76,541
8a	**Taxable** interest. Attach Schedule B if required	8a	61
b	**Tax-exempt** interest. DO NOT include on line 8a	8b	
9	Dividends. Attach Schedule B if required	9	
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 12)	10	
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	7,935
13	Capital gain or (loss). Attach Schedule D	13	439
14	Other gains or (losses). Attach Form 4797	14	
15a	Total IRA distributions 15a — b Taxable amount (see page 13)	15b	
16a	Total pensions and annuities 16a — b Taxable amount (see page 13)	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	-101
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits 20a — b Taxable amount (see page 14)	20b	
21	Other income. List type & amount-see pg. 15	21	
22	Add the amounts in the far right column for lines 7 through 21. This is your **total income** ▶	22	84,875

Adjusted Gross Income

If line 32 is under $29,290 (under $9,770 if a child did not live with you), see EIC inst. on page 21.

Line	Description		Amount		Total
23	IRA deduction (see page 16)	23			
24	Medical savings account deduction. Attach Form 8853	24			
25	Moving expenses. Attach Form 3903 or 3903-F	25			
26	One-half of self-employment tax. Attach Schedule SE	26	107		
27	Self-employed health insurance deduction (see page 17)	27			
28	Keogh and self-employed SEP and SIMPLE plans	28			
29	Penalty on early withdrawal of savings	29			
30	a Alimony paid b Recipient's SSN ▶	30a			
31	Add lines 23 through 30a			31	107
32	Subtract line 31 from line 22. This is your **adjusted gross income** ▶			32	84,768

For Privacy Act and Paperwork Reduction Act Notice, see page 38. Form **1040** (1997)

DAA

Section	Line	Description	Box	Amount
Tax Computation	33	Amount from line 32 (adjusted gross income)	33	84,768
	34a	Check if: ☐ You were 65 or older, ☐ Blind; ☐ Spouse was 65 or older, ☐ Blind. Add the number of boxes checked above and enter the total here ▶ 34a		
	b	If you are married filing separately and your spouse itemizes deductions or you were a dual-status alien, see page 18 and check here ▶ 34b ☐		
	35	Enter the larger of your: **Itemized deductions** from Schedule A, line 28, **OR** **Standard deduction** shown below for your filing status. **But** see page 18 if you checked any box on line 34a or 34b **or** someone can claim you as a dependent. • Single-$4,150 • Married filing jointly or Qualifying widow(er)-$6,900 • Head of household-$6,050 • Married filing separately-$3,450	35	28,111
	36	Subtract line 35 from line 33	36	56,657
If you want the IRS to figure your tax, see page 18.	37	If line 33 is $90,900 or less, multiply $2,650 by the total number of exemptions claimed on line 6d. If line 33 is over $90,900, see the worksheet on page 19 for the amount to enter	37	2,650
	38	**Taxable income.** Subt. line 37 from line 36. If ln. 37 is more than ln. 36, enter -0-	38	54,007
	39	**Tax.** See page 19. Check if any tax from a ☐ Form(s) 8814 b ☐ Form 4972 ▶	39	11,885
Credits	40	Credit for child and dependent care expenses. Attach Form 2441	40	
	41	Credit for the elderly or the disabled. Attach Schedule R	41	
	42	Adoption credit. Attach Form 8839	42	
	43	Foreign tax credit. Attach Form 1116	43	
	44	Other. Check if from a ☐ Form 3800 b ☐ Form 8396 c ☐ Form 8801 d ☐ Form (specify)	44	
	45	Add lines 40 through 44	45	
	46	Subtract line 45 from line 39. If line 45 is more than line 39, enter -0- ▶	46	11,885
Other Taxes	47	Self-employment tax. Attach Schedule SE	47	213
	48	Alternative minimum tax. Attach Form 6251	48	
	49	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	49	
	50	Tax on qualified retirement plans (including IRAs) & MSAs. Attach Form 5329 if required	50	
	51	Advance earned income credit payments from Form(s) W-2	51	
	52	Household employment taxes. Attach Schedule H	52	
	53	Add lines 46 - 52. This is your **total tax** ▶	53	12,098
Payments	54	Federal income tax withheld from Forms W-2 and 1099	54: 15,576	
	55	1997 estimated tax payments & amount applied from 1996 return	55	
Attach Forms W-2, W-2G, and 1099-R on the front.	56a	**Earned income credit.** Attach Sch. EIC if you have a qualifying child b Nontaxable earned inc.: amt ▶ and type ▶	56a	
	57	Amount paid with Form 4868 (request for extension)	57	
	58	Excess social security and RRTA tax withheld (see page 27)	58: 803	
	59	Other payments. Check if from a ☐ Form 2439 b ☐ Form 4136	59	
	60	Add ln. 54, 55, 56a, 57, 58, & 59. These are your **total payments** ▶	60	16,379
Refund	61	If line 60 is more than line 53, subtract line 53 from line 60. This is the amount you **OVERPAID**	61	4,281
Have it directly deposited! See page 27 and fill in 62b, 62c, and 62d.	62a	Amount of line 61 you want **REFUNDED TO YOU** ▶	62a	
	b	Routing number ▶ c Type: ☐ Checking ☐ Savings		
	d	Account number		
	63	Amount of line 61 you want **APPLIED TO YOUR 1998 EST. TAX** ▶	63: 4,281	
Amount You Owe	64	If line 53 is more than line 60, subtract line 60 from line 53. This is the **AMOUNT YOU OWE** For details on how to pay, see page 27 ▶	64	
	65	Estimated tax penalty. Also include on line 64	65	

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Keep a copy of this return for your records.

Your signature	Date	Your occupation
		Software Engineer
Spouse's signature. If a joint return, BOTH must sign.	Date	Spouse's occupation

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed ☒	Preparer's social security no. 550-70-1472
Firm's name (or yours if self-employed) and address ▶	Sharp Software HCR73 Box 30 Thetford Center VT	EIN	ZIP code 05075

SCHEDULES A&B (Form 1040)
Department of the Treasury
Internal Revenue Service (99)

Schedule A-Itemized Deductions

(Schedule B is on back)

▶Attach to Form 1040. ▶See Instructions for Schedules A and B (Form 1040).

OMB No. 1545-0074
1997
Attachment Sequence No. **07**

Name(s) shown on Form 1040: Andrew Sharp
Your social security number: 550-70-1490

Section	Line	Description	Box	Amount	Line	Total
Medical and Dental Expenses		**Caution:** Do not include expenses reimbursed or paid by others.				
	1	Medical and dental expenses (see page A-1)	1			
	2	Enter amount from Form 1040, line 33	2			
	3	Multiply line 2 above by 7.5% (.075)	3			
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-			4	0
Taxes You Paid (See page A-2.)	5	State and local income taxes	5	5,236		
	6	Real estate taxes (see page A-2)	6	3,680		
	7	Personal property taxes	7			
	8	Other taxes. List type and amount ▶ CA Auto Taxes - Non Bus %	8	200		
	9	Add lines 5 through 8			9	9,116
Interest You Paid (See page A-2.)	10	Home mortgage interest & points reported to you on Form 1098	10	18,874		
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 and show that person's name, identifying no., and address ▶	11			
Note: Personal interest is not deductible.	12	Points not reported to you on Form 1098. See page A-3 for special rules	12			
	13	Investment interest. Attach Form 4952 if required. (See page A-3.)	13			
	14	Add lines 10 through 13			14	18,874
Gifts to Charity	15	Gifts by cash or check. If you made any gift of $250 or more, see page A-3	15	121		
If you made a gift and got a benefit for it, see page A-3.	16	Other than by cash or check. If any gift of $250 or more, see page A-3. You **MUST** attach Form 8283 if over $500	16			
	17	Carryover from prior year	17			
	18	Add lines 15 through 17			18	121
Casualty and Theft Losses	19	Casualty or theft loss(es). Attach Form 4684. (See page A-4.)			19	
Job Expenses and Most Other Miscellaneous Deductions	20	Unreimbursed employee expenses-job travel, union dues, job education, etc. You **MUST** attach Form 2106 or 2106-EZ if required. (See page A-4.) ▶	20			
	21	Tax preparation fees	21			
(See page A-5 for expenses to deduct here.)	22	Other expenses-investment, safe deposit box, etc. List type and amount ▶	22			
	23	Add lines 20 through 22	23			
	24	Enter amount from Form 1040, line 33	24			
	25	Multiply line 24 above by 2% (.02)	25			
	26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-			26	0
Other Miscellaneous Deductions	27	Other-from list on page A-5. List type and amount ▶			27	
Total Itemized Deductions	28	Is Form 1040, line 33, over $121,200 (over $60,600 if married filing separately)? **NO.** Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter on Form 1040, line 35, the **larger** of this amount or your standard deduction. **YES.** Your deduction may be limited. See page A-5 for the amount to enter.		▶	28	28,111

SCHEDULE C (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Business

(Sole Proprietorship)

▶ **Partnerships, joint ventures, etc., must file Form 1065.**

▶ **Attach to Form 1040 or Form 1041.** ▶ **See Instructions for Schedule C (Form 1040).**

OMB No. 1545-0074

1997

Attachment Sequence No. **09**

Name of proprietor	Social security number (SSN)
Andrew Sharp	550-70-1490

A Principal business or profession, including product or service (see page C-1): Software Consulting

B Enter principal business code (see page C-6) ▶ 7872

C Business name. If no separate business name, leave blank.: Sharp Programmers

D Employer ID number (EIN), if any

E Business address (including suite or room no.) ▶ 212 Thompson Sq.
City, town or post office, state, and ZIP code: Mountain View CA 94043

F Accounting method: **(1)** ☒ Cash **(2)** ☐ Accrual **(3)** ☐ Other (specify) ▶

G Did you "materially participate" in the operation of this business during 1997? If "No," see page C-2 for limit on losses ☒ Yes ☐ No

H If you started or acquired this business during 1997, check here ▶ ☐

Part I Income

1	Gross receipts or sales. **Caution:** If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see page C-2 and check here ▶ ☐	1	17,265
2	Returns and allowances	2	
3	Subtract line 2 from line 1	3	17,265
4	Cost of goods sold (from line 42 on page 2)	4	
5	**Gross profit.** Subtract line 4 from line 3	5	17,265
6	Other income, including Federal & state gasoline or fuel tax credit or ref. (see page C-2)	6	
7	**Gross income.** Add lines 5 and 6 ▶	7	17,265

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8	Advertising	8	3,077	19	Pension and profit-sharing plans	19	
9	Bad debts from sales or services (see page C-3)	9		20	Rent or lease (see page C-4):		
				a	Vehicles, machinery, & equipment	20a	
10	Car and truck expenses (see page C-3)	10		b	Other business property	20b	
				21	Repairs and maintenance	21	
11	Commissions and fees	11		22	Supplies (not included in Part III)	22	634
12	Depletion	12		23	Taxes and licenses	23	
13	Depreciation and section 179 expense deduction (not included in Part III) (see page C-3)	13	3,821	24	Travel, meals, and entertainment:		
				a	Travel	24a	1,363
				b	Meals and entertainment		
14	Employee benefit programs (other than on line 19)	14		c	Enter 50% of ln. 24b subject to limitations (see page C-4)		
15	Insurance (other than health)	15	230				
16	Interest:						
a	Mortgage (paid to banks, etc.)	16a		d	Subtract line 24c from line 24b	24d	
b	Other	16b		25	Utilities	25	118
17	Legal and professional services	17		26	Wages (less employment credits)	26	
18	Office expense	18		27	Other expenses (from line 48 on page 2)	27	87

28	**Total expenses** before expenses for business use of home. Add lines 8 through 27 in columns ▶	28	9,330
29	Tentative profit (loss). Subtract line 28 from line 7	29	7,935
30	Expenses for business use of your home. Attach **Form 8829**	30	
31	**Net profit or (loss).** Subtract line 30 from line 29. • If a profit, enter on **Form 1040, line 12,** and ALSO on **Schedule SE, line 2** (statutory employees, see page C-5). Estates and trusts, enter on Form 1041, line 3. • If a loss, you MUST go on to line 32.	31	7,935

32 If you have a loss, check the box that describes your investment in this activity (see page C-5).
• If you checked 32a, enter the loss on **Form 1040, line 12,** and ALSO on **Schedule SE, line 2** (statutory employees, see page C-5). Estates and trusts, enter on Form 1041, line 3.
• If you checked 32b, you MUST attach **Form 6198.**

32a ☐ All investment is at risk.
32b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see Form 1040 instructions. **Schedule C (Form 1040) 1997**

DAA

Part III Cost of Goods Sold (see page C-5)

33 Method(s) used to value closing inventory: a ☐ Cost b ☐ Lower of cost or market c ☐ Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35	
36 Purchases less cost of items withdrawn for personal use	36	
37 Cost of labor. Do not include salary paid to yourself	37	
38 Materials and supplies	38	
39 Other costs	39	
40 Add lines 35 through 39	40	
41 Inventory at end of year	41	
42 **Cost of goods sold.** Subtract line 41 from line 40. Enter the result here and on page 1, line 4	42	

Part IV Information on Your Vehicle.

Complete this part **ONLY** if you are claiming car or truck expenses on line 10 and are not required to file Form 4562 for this business. See the instructions for line 13 on page C-3 to find out if you must file.

43 When did you place your vehicle in service for business purposes? (month, day, year) ▶

44 Of the total number of miles you drove your vehicle during 1997, enter the number of miles you used your vehicle for:

a Business b Commuting c Other

45 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☐ No

46 Was your vehicle available for use during off-duty hours? ☐ Yes ☐ No

47a Do you have evidence to support your deduction? ☐ Yes ☐ No

b If "Yes," is the evidence written? ☐ Yes ☐ No

Part V Other Expenses.

List below business expenses not included on lines 8-26 or line 30.

Professional Publications		87
48 **Total other expenses.** Enter here and on page 1, line 27	48	87

DAA

SCHEDULE D
(Form 1040)

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

▶ **Attach to Form 1040.** ▶ **See Instructions for Schedule D (Form 1040).**
▶ **Use Schedule D-1 for more space to list transactions for lines 1 and 8.**

OMB No. 1545-0074
1997
Attachment Sequence No. **12**

Name(s) shown on Form 1040: Andrew Sharp
Your social security number: 550-70-1490

Part I Short-Term Capital Gains and Losses-Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	**(b)** Date acquired (Mo., day, yr.)	**(c)** Date sold (Mo., day, yr.)	**(d)** Sales price (see page D-3)	**(e)** Cost or other basis (see page D-4)	**(f) GAIN or (LOSS) FOR ENTIRE YEAR.** Subtract (e) from (d)
1					

2	Enter your short-term totals, if any, from Schedule D-1, line 2	2	
3	**Total short-term sales price amounts.** Add column (d) of lines 1 and 2	3	
4	Short-term gain from Forms 2119 and 6252, and short-term gain or (loss) from Forms 4684, 6781, and 8824	4	
5	Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5	
6	Short-term capital loss carryover. Enter the amount, if any, from line 9 of your 1996 Capital Loss Carryover Worksheet	6	( )
7	**Net short-term capital gain or (loss).** Combine lines 1 through 6 in column (f) ▶	7	0

Part II Long-Term Capital Gains and Losses-Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	**(b)** Date acquired (Mo., day, yr.)	**(c)** Date sold (Mo., day, yr.)	**(d)** Sales price (see page D-3)	**(e)** Cost or other basis (see page D-4)	**(f) GAIN or (LOSS) FOR ENTIRE YEAR.** Subtract (e) from (d)	**(g) 28% RATE GAIN or (LOSS)** * (see instr. below)
8						

			(f)	(g)
9	Enter your long-term totals, if any, from Schedule D-1, line 9	9		
10	**Total long-term sales price amounts.** Add column (d) of lines 8 and 9	10		
11	Gain from Form 4797, Part I; long-term gain from Forms 2119, 2439, and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	11	439	
12	Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12		
13	Capital gain distributions	13		
14	Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from line 14 of your 1996 Capital Loss Carryover Worksheet	14	( )	( )
15	Combine lines 8 through 14 in column (g)	15		
16	**Net long-term capital gain or (loss).** Combine lines 8 through 14 in column (f) ▶	16	439	

*** 28% Rate Gain or Loss** includes all gains and losses in Part II, column (f) from sales, exchanges, or conversions (including installment payments received) either:
- **Before** May 7, 1997, **or**
- **After** July 28, 1997, for assets held more than 1 year but **not** more than 18 months.

It also includes **ALL** "collectibles gains and losses" (as defined on page D-4).

Andrew Sharp 550-70-1490

Part III Summary of Parts I and II

17	Combine lines 7 and 16. If a loss, go to line 18. If a gain, enter the gain on Form 1040, line 13 **Next:** Complete Form 1040 through line 38. Then, go to **Part IV** to figure your tax if: • Both lines 16 and 17 are gains, **and** • Form 1040, line 38, is more than zero.	17	439
18	If line 17 is a loss, enter here and as a (loss) on Form 1040, line 13, the **smaller** of these losses: • The loss on line 17; **or** • ($3,000) or, if married filing separately, ($1,500)	18	( )
	Next: Complete Form 1040 through line 36. Then, complete the **Capital Loss Carryover Worksheet** on page D-4 if: • The loss on line 17 exceeds the loss on line 18, **or** • Form 1040, line 36, is a loss.		

Part IV Tax Computation Using Maximum Capital Gains Rates

19	Enter your taxable income from Form 1040, line 38			19	54,007
20	Enter the **smaller** of line 16 or line 17	20	439		
21	If you are filing Form 4952, enter the amount from Form 4952, line 4e	21			
22	Subtract line 21 from line 20. If zero or less, enter -0-	22	439		
23	Combine lines 7 and 15. If zero or less, enter -0-	23	0		
24	Enter the **smaller** of line 15 or line 23, but not less than zero	24	0		
25	Enter your unrecaptured section 1250 gain, if any (see page D-4)	25			
26	Add lines 24 and 25	26			
27	Subtract line 26 from line 22. If zero or less, enter -0-			27	439
28	Subtract line 27 from line 19. If zero or less, enter -0-			28	53,568
29	Enter the **smaller** of line 19 or $41,200 ($24,650 if single; $20,600 if married filing separately; $33,050 if head of household)			29	24,650
30	Enter the **smaller** of line 28 or line 29			30	24,650
31	Subtract line 22 from line 19. If zero or less, enter -0-			31	53,568
32	Enter the **larger** of line 30 or line 31			32	53,568
33	Figure the tax on the amount on line 32. Use the Tax Table or Tax Rate Schedules, whichever applies ▶			33	11,797
34	Enter the amount from line 29			34	24,650
35	Enter the amount from line 28			35	53,568
36	Subtract line 35 from line 34. If zero or less, enter -0-			36	0
37	Multiply line 36 by 10% (.10) ▶			37	0
38	Enter the **smaller** of line 19 or line 27			38	439
39	Enter the amount from line 36			39	
40	Subtract line 39 from line 38. If zero or less, enter -0-			40	439
41	Multiply line 40 by 20% (.20) ▶			41	88
42	Enter the **smaller** of line 22 or line 25			42	
43	Add lines 22 and 32	43	54,007		
44	Enter the amount from line 19	44	54,007		
45	Subtract line 44 from line 43. If zero or less, enter -0-			45	0
46	Subtract line 45 from line 42. If zero or less, enter -0-			46	0
47	Multiply line 46 by 25% (.25) ▶			47	
48	Enter the amount from line 19			48	54,007
49	Add lines 32, 36, 40, and 46			49	54,007
50	Subtract line 49 from line 48			50	0
51	Multiply line 50 by 28% (.28) ▶			51	0
52	Add lines 33, 37, 41, 47, and 51			52	11,885
53	Figure the tax on the amount on line 19. Use the Tax Table or Tax Rate Schedules, whichever applies			53	11,923
54	**Tax.** Enter the **smaller** of line 52 or line 53 here and on Form 1040, line 39 ▶			54	11,885

Name(s) shown on return. Do not enter name and social security number if shown on other side. **Your social security number**

Andrew Sharp 550-70-1490

Note: If you report amounts from farming or fishing on Schedule E, you must enter your gross income from those activities on line 41 below. Real estate professionals must complete line 42 below.

Part II Income or Loss From Partnerships and S Corporations

Note: If you report a loss from an at-risk activity, you MUST check either col. **(e)** or **(f)** on ln. 27 to describe your investment in the activity. See page E-4. If you check col. **(f),** you must attach **Form 6198.**

27	**(a)** Name	**(b)** Enter **P** for partnership; **S** for S corp.	**(c)** Check if foreign partnership	**(d)** Employer identification number	Investment At Risk? **(e)** All is at risk	**(f)** Some is not at risk
A	LDP III	P		94-2911983	X	
B						
C						
D						
E						

	Passive Income and Loss		Nonpassive Income and Loss		
	(g) Passive loss allowed (attach **Form 8582** if required)	**(h)** Passive income from **Schedule K-1**	**(i)** Nonpassive loss from **Schedule K-1**	**(j)** Section 179 expense deduction from **Form 4562**	**(k)** Nonpassive income from **Schedule K-1**
A	101				
B					
C					
D					
E					
28a Totals					
b Totals	101				

29	Add columns (h) and (k) of line 28a	29	0
30	Add columns (g), (i), and (j) of line 28b	30	(101)
31	Total partnership and S corporation income or (loss). Combine lines 29 and 30. Enter the result here and include in the total on line 40 below	31	-101

Part III Income or Loss From Estates and Trusts

32	**(a)** Name	**(b)** Employer identification number
A		
B		

	Passive Income and Loss		Nonpassive Income and Loss	
	(c) Passive deduction or loss allowed (attach **Form 8582** if required)	**(d)** Passive income from **Schedule K-1**	**(e)** Deduction or loss from **Schedule K-1**	**(f)** Other income from **Schedule K-1**
A				
B				
33a Totals				
b Totals				

34	Add columns (d) and (f) of line 33a	34	
35	Add columns (c) and (e) of line 33b	35	( )
36	Total estate and trust income or (loss). Combine lines 34 and 35. Enter the result here and include in the total on line 40 below	36	

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)-Residual Holder

37	**(a)** Name	**(b)** Employer identification number	**(c)** Excess inclusion from **Schedules Q,** line 2c (see page E-5)	**(d)** Taxable income (net loss) from **Schedules Q,** line 1b	**(e)** Income from **Schedules Q,** line 3b

38	Combine columns (d) and (e) only. Enter the result here and include in the total on line 40 below	38	

Part V Summary

39	Net farm rental income or (loss) from **Form 4835.** Also, complete line 41 below	39	
40	TOTAL income or (loss). Combine lines 26, 31, 36, 38, and 39. Enter the result here and on Form 1040, line 17	40	-101
41	**Reconciliation of Farming and Fishing Income.** Enter your **gross** farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), line 15b; Schedule K-1 (Form 1120S), line 23; and Schedule K-1 (Form 1041), line 14 (see page E-5)	41	
42	**Reconciliation for Real Estate Professionals.** If you were a real estate professional (see page E-4), enter the net income or (loss) you reported anywhere on Form 1040 from all rental real estate activities in which you materially participated under the passive activity loss rules	42	

DAA

Name of person with **self-employment** income (as shown on Form 1040): Andrew Sharp

Social security number of person with **self-employment** income ▶ 550-70-1490

Section B-Long Schedule SE

Part I Self-Employment Tax

Note: If your only income subject to self-employment tax is **church employee income,** skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order **is not** church employee income. See page SE-1.

A If you are a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361, but you had $400 or more of **other** net earnings from self-employment, check here and continue with Part I ▶ ☐

Line	Description	Sub-box	Line	Amount
1	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a. **Note:** Skip this line if you use the farm optional method. See page SE-3		1	
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; and Schedule K-1 (Form 1065), line 15a (other than farming). Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report. **Note:** Skip this line if you use the nonfarm optional method. See page SE-3		2	7,935
3	Combine lines 1 and 2		3	7,935
4a	If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3		4a	7,328
b	If you elected one or both of the optional methods, enter the total of lines 15 and 17 here		4b	
c	Combine lines 4a and 4b. If less than $400, **do not** file this schedule; you do not owe self-employment tax. **Exception.** If less than $400 and you had **church employee income,** enter -0- and continue ▶		4c	7,328
5a	Enter your **church employee income** from Form W-2. **Caution:** See page SE-1 for definition of church employee income	5a		
b	Multiply line 5a by 92.35% (.9235). If less than $100, enter -0-		5b	0
6	**Net earnings from self-employment.** Add lines 4c and 5b		6	7,328
7	Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 1997		7	65,400
8a	Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation	8a 78,416		
b	Unreported tips subject to social security tax (from Form 4137, line 9)	8b		
c	Add lines 8a and 8b		8c	78,416
9	Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11 ▶		9	0
10	Multiply the **smaller** of line 6 or line 9 by 12.4% (.124)		10	0
11	Multiply line 6 by 2.9% (.029)		11	213
12	**Self-employment tax.** Add lines 10 and 11. Enter here and on **Form 1040, line 47**		12	213
13	**Deduction for one-half of self-employment tax.** Multiply line 12 by 50% (.5). Enter the result here and on **Form 1040, line 26**	13 107		

Part II Optional Methods To Figure Net Earnings (See page SE-3.)

Farm Optional Method. You may use this method **only** if:

- Your gross farm income [1] was not more than $2,400, **or**
- Your gross farm income [1] was more than $2,400 and your net farm profits [2] were less than $1,733.

Line	Description	Line	Amount
14	Maximum income for optional methods	14	1,600
15	Enter the **smaller** of: two-thirds (2/3) of gross farm income [1] (not less than zero) **or** $1,600. Also, include this amount on line 4b above	15	

Nonfarm Optional Method. You may use this method **only** if:

- Your net nonfarm profits [3] were less than $1,733 and also less than 72.189% of your gross nonfarm income, [4] **and**
- You had net earnings from self-employment of at least $400 in 2 of the prior 3 years.

Caution: You may use this method no more than five times.

Line	Description	Line	Amount
16	Subtract line 15 from line 14	16	
17	Enter the **smaller** of: two-thirds (2/3) of gross nonfarm income [4] (not less than zero) **or** the amount on line 16. Also, include this amount on line 4b above	17	

[1] From Schedule F, line 11, and Schedule K-1 (Form 1065), line 15b.
[2] From Schedule F, line 36, and Schedule K-1 (Form 1065), line 15a.
[3] From Schedule C, line 31; Schedule C-EZ, line 3; and Schedule K-1 (Form 1065), line 15a.
[4] From Schedule C, line 7; Schedule C-EZ, line 1; and Schedule K-1 (Form 1065), line 15c.

DAA

Form **4797**

Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

1997

Attachment Sequence No. **27**

Name(s) shown on return: Andrew Sharp

Identifying number: 550-70-1490

1 Enter here the gross proceeds from the sale or exchange of real estate reported to you for 1997 on Form(s) 1099-S (or a substitute statement) that you will be including on line 2, 10, or 20 1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft-Property Held More Than 1 Year

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) GAIN or LOSS for entire year. Subtract (f) from the sum of (d) and (e)	(h) 28% RATE GAIN or (LOSS) * (see instr. below)
2 From K1							
						439	

3 Gain, if any, from Form 4684, line 39	3		
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37	4		
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5		
6 Gain, if any, from line 32, from other than casualty or theft	6		
7 Combine lines 2 through 6 in columns (g) & (h). Enter gain or (loss) here, & on the appropriate line as follows:	7	439	0

Partnerships- Enter the gain or (loss) on Form 1065, Schedule K, lines 6a and 6b. Skip lines 8, 9, 11, and 12 below.

S corporations- Report the gain or (loss) following the instructions for Form 1120S, Schedule K, lines 5 and 6. Skip lines 8, 9, 11, and 12 below, unless line 7, column (g) is a gain and the S corporation is subject to the capital gains tax.

All others- If line 7, column (g) is zero or a loss, enter that amount on line 11 below and skip lines 8 and 9. If line 7, column (g) is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain or (loss) in each column as a long-term capital gain or (loss) on Schedule D & skip lines 8, 9, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years (see instructions)	8		
9 Subtract line 8 from line 7. If zero or less, enter -0-. Also enter on the appropriate ln. as follows (see instr.):	9		

S corporations- Enter only the gain in column (g) on Schedule D (Form 1120S), line 14, and skip lines 11 and 12 below.

All others- If line 9, column (g) is zero, enter the gain from line 7, column (g) on line 12 below. If line 9, column (g) is more than zero, enter the amount from line 8, column (g) on line 12 below, and enter the gain or (loss) in each column of line 9 as a long-term capital gain or (loss) on Schedule D.

* Corporations (other than S corporations) should not complete column (h). Partnerships and S corporations must complete column (h). All others must complete column (h) only if line 7, column (g), is a gain. 28% rate gain or loss includes all gains and losses in column (g) from sales, exchanges, or conversions (including installment payments received) **either (a) before** 5/7/97 **or (b) after** 7/28/97 for assets held more than 1 year but not more than 18 months.

Part II Ordinary Gains and Losses

10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

11 Loss, if any, from line 7, column (g)	11	
12 Gain, if any, from line 7, column (g) or amount from line 8, column (g) if applicable	12	
13 Gain, if any, from line 31	13	
14 Net gain or (loss) from Form 4684, lines 31 and 38a	14	
15 Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . .	16	
17 Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instr.)	17	
18 Combine lines 10 through 17 in column (g). Enter gain or (loss) here, and on the appropriate line as follows:	18	
a For all except individual returns: Enter the gain or (loss) from line 18 on the return being filed.		
b For individual returns:		
(1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here and on line 22 of Schedule A (Form 1040). Identify as from "Form 4797, line 18b(1)." See instructions	18b 1	
(2) Redetermine the gain or (loss) on line 18, excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14	18b 2	

For Paperwork Reduction Act Notice, see separate instructions. Form **4797** (1997)

DAA

There are no amounts for Page 2

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization

(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach this form to your return.

OMB No. 1545-0172

1997

Attachment Sequence No. **67**

Name(s) shown on return	Identifying number
Andrew Sharp	550-70-1490

Business or activity to which this form relates

Software Consulting

Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "listed property," complete Pt. V before Pt. I.)

1	Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions	1	$18,000
2	Total cost of section 179 property placed in service. See page 2 of the instructions	2	3,821
3	Threshold cost of section 179 property before reduction in limitation	3	$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions	5	18,000

	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6	See Schedule	3,821	3,821
7	Listed property. Enter amount from line 27	7	

8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	3,821
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	3,821
10	Carryover of disallowed deduction from 1996. See page 3 of the instructions	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	18,000
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	3,821
13	Carryover of disallowed deduction to 1998. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1997 Tax Year (Do Not Include Listed Property.)

Section A-General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 3 of the instructions ▶ ☐

Section B-General Depreciation System (GDS) (See page 3 of the instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only-see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C-Alternative Depreciation System (ADS) (See page 6 of the instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
16a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part III Other Depreciation (Do Not Include Listed Property.) (See page 6 of the instructions.)

17	GDS and ADS deductions for assets placed in service in tax years beginning before 1997	17	
18	Property subject to section 168(f)(1) election	18	
19	ACRS and other depreciation	19	

Part IV Summary (See page 7 of the instructions.)

20	Listed property. Enter amount from line 26	20	
21	**Total.** Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations-see instructions	21	3,821
22	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

For Paperwork Reduction Act Notice, see the separate instructions. Form **4562** (1997)

DAA

There are no amounts for Page 2

Form **8271**

(Rev. January 1996)

Department of the Treasury
Internal Revenue Service

Investor Reporting of Tax Shelter Registration Number

▶ **Attach to your tax return.**

▶ **If you received this form from a partnership, S corporation, or trust, see the instr.**

OMB No. 1545-0881

Attachment Sequence No. **71**

Investor's name(s) shown on return	Investor's identifying no.	Investor's tax year ended
Andrew Sharp	550-70-1490	12/31/97

	(a) Tax Shelter Name	(b) Tax Shelter Registration Number (11-digit number)	(c) Tax Shelter Identifying Number
1	LDP III	84305000618	94-2911983
2			
3			
4			
5			
6			
7			
8			
9			
10			

Federal Subschedules

Software Consulting

Form 4562, Line 6 - Section 179 Information

Description of Property	Cost	Expense
Computer Hi-Tech USA	$ 1,434	$ 1,434
Memory modules	1,394	1,394
Floppy, Case, Mouse,Kybd&NIC	148	148
Hard Drive Frey's	239	239
Office Furniture	606	606
Total	$ 3,821	$ 3,821