Schedule D (File with Form 1040)

1948

TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE

SCHEDULE OF GAINS AND LOSSES FROM SALES OR EXCHANGES OF PROPERTY

For Calendar Year 1948 or fiscal year beginning ______, 1948, and ending ______, 1949

NAME AND ADDRESS ______

(1) CAPITAL ASSETS

1. Kind of property (if necessary, attach statement of descriptive details not shown below)	2. Date acquired Mo. Day Year	3. Date sold Mo. Day Year	4. Gross sales price (contract price)	5. Depreciation allowed (or allowable) since acquisition or March 1, 1913 (attach schedule)	6. Cost or other basis (If not purchased, attach explanation)	7. Expense of sale and cost of improvements subsequent to acquisition or March 1, 1913
SHORT-TERM CAPITAL GAINS AND LOSSES—ASSETS HELD NOT MORE THAN 6 MONTHS						
			$	$	$	$
1. Totals			$	$	$	$

2. Net short-term gain or loss other than from partnerships and common trust funds (column 4 plus column 5 minus the sum of columns 6 and 7, of line 1) ______ $

3. Enter your share of net short-term gain or loss from partnerships and common trust funds ______

4. Enter here the sum of gains or losses, or difference between gain and loss, shown in lines 2 and 3 ______ $

1. Kind of property	2. Date acquired	3. Date sold	4. Gross sales price	5. Depreciation	6. Cost or other basis	7. Expense of sale
LONG-TERM CAPITAL GAINS AND LOSSES—ASSETS HELD FOR MORE THAN 6 MONTHS						
			$	$	$	$
5. Totals			$	$	$	$

6. Net long-term gain or loss other than from partnerships and common trust funds (column 4 plus column 5 minus the sum of columns 6 and 7, of line 5) ______ $

7. Enter the full amount of your share of net long-term gain or loss from partnerships and common trust funds ______

8. Enter here the sum of gains or losses, or difference between gain and loss, shown in lines 6 and 7 ______ $

9. Enter 50 percent of line 8. This is the amount to be taken into account in summary below ______ $

10. Summary of Capital Gains **(use only if gains exceed losses in lines 4 and 9):**

(*a*) Net gain for 1948 (either the sum of gains or difference between gains and losses in lines 4 and 9) ______ $

(*b*) Capital loss carry-over, 1943-1947 inclusive ______

(*c*) If line (*a*) exceeds line (*b*), enter this excess here and on line 1, Schedule D, page 2, Form 1040 ______ $

(*d*) If line (*b*) exceeds line (*a*), enter the excess here and use line (*e*) to determine allowable loss ______ $

(*e*) Enter here and on line 1, Schedule D, page 2, Form 1040, the smallest of the following: (1) the amount an line (*d*); (2) net income (adjusted gross income if tax table is used) computed without regard to capital gains or losses; or (3) $1,000 ______ $

(*f*) Enter here the amount on line (*e*) plus any capital loss carry-over from 1943 which was not used against line (*a*) or in line (*e*) ______ $

(*g*) Subtract line (*f*) from line (*d*) and enter the remainder here. This is your capital loss carry-over to 1949 ______ $

11. Summary of Capital Losses **(use only if losses exceed gains in lines 4 and 9) :**

(*a*) Net loss for 1948 (either the sum of losses or difference between losses and gains in lines 4 and 9) ______ $

(*b*) Capital loss carry-over, 1943-1947 inclusive ______

(*c*) Total of lines (*a*) and (*b*) ______ $

(*d*) Enter here and on line 1, Schedule D, page 2, Form 1040, the smallest of the following: (1) the amount an line (*c*); (2) net income (adjusted gross income if tax table is used) computed without regard to capital gains or losses; or (3) $1,000 ______ $

(*e*) Enter here the amount on line (*d*) plus the amount of any 1943 capital loss carry-over not used in line (*d*) ______ $

(*f*) Subtract line (*e*) from line (*c*) and enter the remainder here. This is your capital loss carry-over to 1949 ______ $

(2) PROPERTY OTHER THAN CAPITAL ASSETS

1. Kind of property	2. Date acquired	3. Gross sales price (contract price)	4. Depreciation allowed (or allowable) since acquisition or March 1, 1913 (attach schedule)	5. Cost or other basis (If not purchased, attach explanation)	6. Expense of sale and cost of improvements subsequent to acquisition or March 1, 1913
		$	$	$	$
1. Totals		$	$	$	$

2. Total net gain or loss (columns 3 plus 4 minus the sum of columns 5 and 6). Enter on line 2, Schedule D, page 2, Form 1040 ______ $

16—56082-1

See other side for Instructions and Computation of Alternative Tax

COMPUTATION OF ALTERNATIVE TAX

Use only If you had a net long-term capital gain or an excess of net long-term capital gain over net short-term capital loss, and line 5 or 9, page 3, Form 1040, exceeds $22,000

1. Enter the income from either line 5 (if separate return) or line 9 (if joint return.) page 3, Form 1040	$	
2. If separate return, enter net long-term capital gain or excess of net long-term capital gain over net short-term capital loss (the gain in line 9, Schedule D, less the sum of any losses in lines 4 and 10 (*b*)); if joint return, enter one-half of such amount		
3. Balance (line 1 less line 2)	$	
4. Enter tentative tax on amount on line 3 (See Form 1040 Instructions)	$	
5. If line 4 is—(*a*) Not over $400, enter 17% of amount on line 4 (*b*) Over $400 but not in excess of $100,000, enter $68 plus 12% of the excess over $400 (*c*) Over $100,000, enter $12,020 plus 9.75 % of the excess over $100,000		
6. Balance (line 4 less line 5). This is the partial tax for a separate return	$	
7. If you are filing a joint return, multiply amount on line 6 by two	$	
8. If separate return, enter 50% of amount on line 2; if joint return, enter full amount of line 2	$	
9. Enter amount from either line 6 or 7, whichever is applicable		
10. Alternative tax (line 8 plus line 9)	$	
11. Enter total normal tax and surtax from page 3, Form 1040 (either line 8 or line 13, whichever is applicable)	$	
12. Tax liability (line 10 or 11, whichever is smaller). Enter here and also in item 14, page 3, Form 1040	$	

INSTRUCTIONS—(References are to the Internal Revenue Code)

GAINS AND LOSSES FROM SALES OR EXCHANGES OF CAPITAL ASSETS AND OTHER PROPERTY.—Report details in schedule on other side.

"Capital assets" defined.—The term "capital assets" means—All property held by the taxpayer (whether or not connected with his trade or business) but does NOT include—

(*a*) stock in trade or other property of a kind properly includible in his inventory if on hand at the close of the taxable year;
(*b*) property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business;
(*c*) property used in the trade or business of a character which is subject to the allowance for depreciation provided in section 23 (1);
(*d*) real property used in the trade or business of the taxpayer;
(*e*) an obligation of the U. S. or any of its possessions or of a State or Territory, or of any political subdivision thereof, or of the District of Columbia, issued on or after March 1, 1941, on a discount basis and payable without interest at a fixed maturity date not exceeding one year from the date of issue.

If the total of the distribution to which an employee is entitled under an employees' pension, bonus, or profit-sharing trust plan meeting the requirements of section 165 (a) is received by the employee in one taxable year, on account of the employee's separation from the service, the aggregate amount of such distribution, to the extent it exceeds the amounts contributed by the employee, shall be treated as a gain from the sale or exchange of a capital asset held for more than 6 months.

A capital gain dividend, as defined in section 362 (relating to tax on regulated investment companies), shall be treated by the shareholder as gains from the sale or exchange of capital assets held for more than 6 months.

Subsections (j) and (k) of section 117, in effect, provide that all transactions covered by these subsections shall, in the event of a net gain, be taken into account at 50 percent as in the case of long-term capital gain but, in the event of a net loss, shall be taken into account at 100 percent as in the case of property other than capital assets. Thus, in the event of a net gain, all these transactions should be entered in the "long-term capital gains and losses" portion of Schedule D on the other side. In the event of a net loss, all these transactions should be entered in the "property other than capital assets" portion of Schedule D, or in such other schedules on Form 1040 as are applicable.

Even though the law excludes depreciable and real properties used in the trade or business from the definition of "capital assets" under section 117 (a), subsection 117 (j) provides that gains and losses from sales and exchanges of such properties plus gains and losses from compulsory or involuntary conversions, shall be considered as gains and losses from the sale or exchange of capital assets in the event the gains exceed the losses from all such transactions. In order to qualify under subsection (j), the depreciable and real properties used in your trade or business must (*a*) have been held by you for more than 6 months, and (*b*) not held primarily for sale to customers in the ordinary course of your trade or business, nor properly includible in your inventory if on hand at the close of the taxable year. Section 117 (k) provides that in order to elect the special treatment under section 117 (j) for gains or losses from the cutting of timber, you must (*a*) own the timber which is cut, or (*b*) have a contract right to cut the timber on the property of another, or (*c*) upon your disposal of timber under contract, retain an economic interest in such timber.

Kind of property listed.—State following facts: (*a*) For real estate (including owner-occupied residences), location and description of land and improvements; (*b*) for bonds or other evidences of indebtedness, name of issuing corporation, particular issue, denomination, and amount; and (*c*) for stocks, name of corporation, class of stock, number of shares, and capital changes affecting basis (including nontaxable distributions).

Basis.—In determining gain or loss in case of property acquired after February 28, 1913, use cost, except as otherwise provided in section 113. The basis of the property acquired by gift after December 31, 1920, is the cost or other basis to the donor in the event of gain, but, in the event of loss, it is the lower of either such donor's basis or market valve of property on date of gift. The basis of property acquired by inheritance is the fair market value of the property at time of acquisition which generally is the date of death. In the case of sales and exchanges of owner-occupied residences, automobiles, and other such nonincome-producing properties, the basis for determining gain is the original cost plus the cost of permanent improvements thereto. No losses are recognized for income tax purposes on the sale and exchange of such nonincome-producing properties. In determining GAIN in case of property, acquired before March 1, 1913, use the cost or the fair market value as of March 1, 1913, adjusted as provided in section 113 (b), whichever is greater, but in determining LOSS use cost so adjusted.

Losses on securities becoming worthless.—If (*a*) shares of stock become worthless during the year or (*b*) corporate securities with interest coupons or in registered form become worthless during the year, and are capital assets, the loss therefrom shall be considered as from the sale or exchange of capital assets as of the last day of such taxable year.

Nonbusiness debts.—If a debt, such as a personal loan but not (*a*) a debt evidenced by a corporate security with interest coupons or in registered form and (*b*) a debt the loss from the worthlessness of which is incurred in the trade or business, becomes totally worthless within the taxable year, the loss resulting therefrom shall be considered a loss from the sale or exchange, during the taxable year, of a capital asset held for not more than 6 months. Enter such loss in column 6 (describe in column 1) of schedule of short-term capital gains and losses on other side.

Classification of capital gains and losses.—The phrase "short-term" applies to gains and losses from the sale or exchange of capital assets held for 6 months or less; the phrase "long-term" to capital assets held for more than 6 months.

"Wash sales" losses.—Losses from the sale or other disposition of stocks or securities are not deductible (unless sustained in connection with the taxpayer's trade or business), if, within 30 days before or after the date of sale or other disposition, the taxpayer has acquired (by purchase or by an exchange upon which the entire amount of gain or loss was recognized by law), or has entered into a contract or option to acquire, substantially identical stock or securities.

Losses in transactions between certain persons.—No deduction is allowable for losses from sales or exchanges of property directly or indirectly between (*a*) members of a family, (*b*) a corporation and an individual owning more than 50 percent of its stock (liquidations excepted), (*c*) a grantor and fiduciary of any trust, or (*d*) a fiduciary and a beneficiary of the same trust.

Nondeductible losses.—Losses from the sale or exchange of property are not deductible unless they are incurred in trade or business or in transactions entered into for profit.

LIMITATION ON ALLOWABLE CAPITAL LOSSES.—Allowable losses from current year sales or exchanges of capital assets shall be allowed only to the extent of (1) current year gains from such sales or exchanges plus (2) the smaller of either the net income of the current year (or adjusted gross income if tax table is used) computed without regard to capital gains or losses, or $1,000. The excess of such allowable losses over the sum of items (1) plus (2) above is called "capital loss carry-over." It may be carried forward and used against any such gain and income of the five succeeding years. However; the capital loss carry-over of each year should be kept separate, since the law limits the use of such carry-over to the five succeeding years. Therefore, in offsetting your capital gain and income of 1948 by prior year loss carry-overs, use any capital loss carry-over remaining from 1943 before using any such carry-over from 1944 or subsequent years. Any 1943 carry-over which cannot be used in 1948 must be excluded in determining your total loss carry-over to 1949 and subsequent years.

ALTERNATIVE TAX.—If the net long-term capital gain exceeds the net short-term capital loss, or in the case of only a long-term capital gain, taxpayers (*a*) filing separate returns with surtax net income exceeding $22,000, or (*b*) filing joint returns with surtax net income exceeding $44,000 should compute the alternative tax (see computation of alternative tax above). The alternative tax, if less than the normal tax and surtax computed on page 3 of Form 1040, shall be the tax liability.

☆ U. S. GOVERNMENT PRINTING OFFICE 16—56082-1