



# Instructions for Form 8949

## Sales and Other Dispositions of Capital Assets

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

### Future Developments

For the latest information about developments related to Form 8949 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form8949](http://www.irs.gov/form8949).

### What's New

**Corporations and partnerships.** The use of Form 8949 by corporations and partnerships is new. Many transactions that, in previous years, would have been reported by corporations and partnerships on Schedule D or Schedule D-1 must be reported on Form 8949 if they have to be reported on a 2012 form. For business entities meeting certain criteria, an exception to the normal requirements for completing Form 8949 has been provided. See [Exception 2](#) under the instructions for lines 1 and 3.

### General Instructions

File Form 8949 with the Schedule D for the return you are filing. This includes Schedule D of Forms 1040, 1065, 1065-B, 8865, 1120, 1120S, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, and certain Forms 990-T, but not Form 1041.

Complete Form 8949 before you complete line 1, 2, 3, 8, 9, or 10 of Schedule D.

### Purpose of Form

Use Form 8949 to report sales and exchanges of capital assets. Form 8949 allows you and the IRS to reconcile amounts that were reported to you and the IRS on Form 1099-B or 1099-S (or substitute statement) with the amounts you report on your return. If you received Form 1099-B or 1099-S (or substitute statement), always report the proceeds (sales price) shown on that form (or statement) in column (d) of Form 8949. If Form 1099-B (or substitute statement) shows that the cost or other basis was reported to the IRS, always report the basis shown on that form (or statement) in column (e). If any correction or adjustment to these amounts is needed, make it in column (g). See *How To Complete Form 8949, Columns (f) and (g)*, later, for details about these adjustments.

**Individuals.** Individuals use Form 8949 to report:

- The sale or exchange of a capital asset not reported on another form or schedule,
- Gains from involuntary conversions (other than from casualty or theft) of capital assets not held for business or profit, and
- Nonbusiness bad debts.

#### Corporations and partnerships.

Corporations and partnerships use Form 8949 to report:

- The sale or exchange of a capital asset not reported on another form or schedule,
- Nonbusiness bad debts, and
- Undistributed long-term capital gains from Form 2439.

Electing large partnerships and corporations also use Form 8949 to report their share of gain or (loss) from a partnership, S corporation, estate or trust.

**Schedule D.** Use Schedule D for the following purposes.

- To figure the overall gain or loss from transactions reported on Form 8949.
- To report a gain from Form 6252 or Part I of Form 4797.
- To report a gain or loss from Form 4684, 6781, or 8824.
- To report capital gain distributions not reported directly on Form 1040, line 13 (or effectively connected capital gain distributions not reported directly on Form 1040NR, line 14).
- To report a capital loss carryover from the previous tax year to the current tax year.
- To report your share of a gain or (loss) from a partnership, S corporation, estate or trust. (However, electing large partnerships and corporations report this type of gain or (loss) on Form 8949.)

Individuals also use Schedule D to report undistributed long-term capital gains from Form 2439.

**Additional information.** See the instructions for the Schedule D you are filing for detailed information about the following.

- Other forms you may have to file.
- The definition of capital asset.
- Reporting capital gain distributions, undistributed capital gains, the sale of a main home, the sale of capital assets held for personal use, or the sale of a partnership interest.
- Capital losses, nondeductible losses, and losses from wash sales.

- Traders in securities.
- Short sales.
- Gain or loss from options.
- Installment sales.
- Demutualization of life insurance companies.
- Exclusion or rollover of gain from the sale of qualified small business stock.
- Any other rollover of gain, such as gain from the sale of publicly traded securities.
- Exclusion of gain from the sale of DC Zone assets or qualified community assets.
- Certain other items that get special treatment.
- Special reporting rules for corporations and partnerships in certain situations.

For more information about reporting on Forms 6252, 4797, 4684, 6781, and 8824, see the instructions for those forms. See Pub. 544 and Pub. 550 for more details.

### Basis and Recordkeeping

Basis is the amount of your investment in property for tax purposes. The basis of property you buy is usually its cost. You need to know your basis to figure any gain or loss on the sale or other disposition of the property. You must keep accurate records that show the basis and, if applicable, adjusted basis of your property. Your records should show the purchase price, including commissions; increases to basis, such as the cost of improvements; and decreases to basis, such as depreciation, nondividend distributions on stock, and stock splits.

For more information on basis, see the instructions for column (e), later, and these publications.

- Pub. 550, Investment Income and Expenses (Including Capital Gains and Losses).
- Pub. 551, Basis of Assets.

If you lost or did not keep records to determine your basis in securities, contact your broker for help.



The IRS partners with companies that offer Form 8949 software that can import trades from many brokerage firms and accounting software to help you keep track of your adjusted basis in securities. To find out more, go to [www.irs.gov/efile](http://www.irs.gov/efile).

## Short Term or Long Term

Separate your capital gains and losses according to how long you held or owned the property.

The holding period for short-term capital gains and losses is 1 year or less. Report these transactions on Part I of Form 8949.

The holding period for long-term capital gains and losses is more than 1 year. Report these transactions on Part II of Form 8949.

To figure the holding period, begin counting on the day after you received the property and include the day you disposed of it.

Generally, if you disposed of property that you acquired by inheritance, report the disposition as a long-term gain or loss regardless of how long you held the property. However, if you acquired the property from someone who died in 2010 and the executor of the estate made the election to file Form 8939, see Pub. 4895.

A nonbusiness bad debt must be treated as a short-term capital loss. See Pub. 550 for what qualifies as a nonbusiness bad debt and how to enter it on Part I of Form 8949.

## Corporation's or Electing Large Partnership's Gains and Losses from Partnerships, Estates, or Trusts

Report a corporation's or electing large partnership's share of capital gains and losses from investments in partnerships, estates, or trusts on the appropriate Part of Form 8949. Report a net short-term capital gain or (loss) on Part I (with box C checked) and a net long-term capital gain or (loss) on Part II (with box C checked). In column (a), enter "From Schedule K-1 (Form 1065)," "From Schedule K-1 (Form 1065-B)," or "From Schedule K-1 (Form 1041)," whichever applies; enter the gain or (loss) in column (h); and leave all other columns blank.

## Specific Instructions

Report short-term gains and losses on Part I. Report long-term gains and losses on Part II.

### Lines 1 and 3

Enter all sales and exchanges of capital assets, including stocks, bonds, etc., and real estate (if not reported on Form 4684, 4797, 6252, 6781, or 8824). Include these transactions even if you did not receive a Form 1099-B or 1099-S (or substitute statement) for the transaction. However, if the property you sold was your main

home, see *Sale of Your Home* in the Instructions for Schedule D (Form 1040).

Enter the details of each transaction on a separate row (unless one of the *Exceptions to reporting each transaction on a separate row* described later applies to you). Use as many Parts I and Parts II of Form 8949 as you need.

Use a separate Part I for each of the following types of short-term transactions.

1. Short-term transactions reported to you on Form 1099-B (or substitute statement) with an amount shown for cost or other basis **unless** the statement indicates that amount was not reported to the IRS. Check box A at the top of this Part I. If box 6b of Form 1099-B is not checked, which means basis was not reported to the IRS (or if your substitute statement shows cost or other basis for the transaction but indicates it was **not** reported to the IRS), report that transaction on Part I with box B, not box A, checked (see **2** below).

2. Short-term transactions reported to you on Form 1099-B (or substitute statement) without an amount shown for cost or other basis. Check box B at the top of this Part I. If box 6b of Form 1099-B is not checked, which means basis was not reported to the IRS (or if your substitute statement shows cost or other basis for the transaction but indicates it was not reported to the IRS), report that transaction on Part I with box B, not box A, checked.

3. Short-term transactions for which you cannot check box A or B because you did not receive a Form 1099-B (or substitute statement). Check box C at the top of this Part I.

Use a separate Part II for each of the following types of long-term transactions.

1. Long-term transactions reported to you on Form 1099-B (or substitute statement) with an amount shown for cost or other basis **unless** the statement indicates that amount was not reported to the IRS. Check box A at the top of this Part II. If box 6b of Form 1099-B is not checked, which means basis was not reported to the IRS (or if your substitute statement shows cost or other basis for the transaction but indicates it was **not** reported to the IRS), report that transaction on Part II with box B, not box A, checked (see **2** below).

2. Long-term transactions reported to you on Form 1099-B (or substitute statement) without an amount shown for cost or other basis. Check box B at the top of this Part II. If box 6b of Form 1099-B is not checked, which means basis was not reported to the IRS (or if your substitute statement shows cost or other basis for the transaction but indicates it was not reported to the IRS), report that

transaction on Part II with box B, not box A, checked.

3. Long-term transactions for which you cannot check box A or B because you did not receive a Form 1099-B (or substitute statement). Check box C at the top of this Part II.

Include on each Part I or Part II of Form 8949 only capital gains and losses described in the text for the box you check (A, B, or C) on that Part. You do not need to complete and file an entire copy of Form 8949 (Part I and Part II) if you have only gains and losses that fit into a single category (i.e., they are all either short-term or long-term and you can check a single box to describe all of them). In that case, you must complete and file either Part I or Part II and check the box that describes the gains and losses. If your gains and losses do not fit into a single category (i.e., some are short-term and some are long-term and/or some are described by the text for one box and some are described by the text for another box), complete a separate Part I or Part II for each category. Complete as many copies of Part I and Part II as you need to report each category of your gains and losses. Check only one box on each Part I and Part II. For example, if you check box A in one Part I, include on that Part I only short-term gains and losses from transactions reported to you on a statement showing that basis was reported to the IRS.

Include on your Schedule D the totals from all your Parts I and Parts II. Form 8949 and Schedule D explain exactly how to do this.

**Exceptions to reporting each transaction on a separate row.** There are two exceptions to the rule that you must report each of your transactions on a separate row of Part I or Part II.

**Exception 1.** For 2012, instead of reporting each of your transactions on a separate row of Part I or Part II, you can report them on an attached statement containing all the same information as Parts I and II and in a similar format (i.e., description of property, dates of acquisition and disposition, proceeds, basis, adjustment and code(s), and gain or (loss)). Use as many attached statements as you need. Enter the combined totals from all your attached statements on Parts I and II with the appropriate box checked. For example, report on Part I with box A checked all short-term gains and losses from transactions your broker reported to you on a statement showing that the basis of the asset sold was reported to the IRS. Enter the name of the broker followed by the words "see attached statement" in column (a). Leave columns (b) and (c)

blank. Enter "M" in column (f). If other codes also apply, enter all of them in column (f). If you have statements from more than one broker, report the totals from each broker on a separate row.

Do not enter "Available upon request" and summary totals in lieu of reporting the details of each transaction on Part I or II or attached statements.

**Exception 2.** You may enter summary totals instead of reporting the details of each transaction on a separate row of Part I or II or on attached statements if:

1. You must report more than five transactions for that Part, and
2. You file Form 1120S, 1065, or 1065-B or are a taxpayer exempt from receiving Form 1099-B, such as a corporation or exempt organization, under Regulations section 1.6045-1(c)(3)(i)(B).

If this exception applies to you, enter the summary totals on line 1 or line 3 with the correct box checked. Enter "Available upon request" in column (a). Leave columns (b) and (c) blank. Enter "M" in column (f). If other codes also apply, enter all of them in column (f).

Do not use a separate row for the totals from each broker. Instead, enter the summary totals from all brokers on a single row of Part I or Part II with the appropriate box checked.

**E-file.** If you *e-file* your return but choose not to report each transaction on a separate row on the electronic return, you must either (a) include Form 8949 as a PDF attachment to your return or (b) attach Form 8949 to Form 8453 (or the appropriate form in the Form 8453 series) and mail the forms to the IRS. You can attach one or more statements containing all the same information as Form 8949, instead of attaching Form 8949, if the statements are in a format similar to Form 8949.

**Charitable gift annuity.** If you are the beneficiary of a charitable gift annuity and receive a Form 1099-R showing an amount in box 3, report the box 3 amount on a Part II with box C checked. Enter "Form 1099-R" in column (a). Enter the box 3 amount in column (d). Also complete column (h).

**Form 2439.** Corporations and partnerships report undistributed long-term capital gains from Form 2439 on a Part II with box C checked. Enter "From Form 2439" in column (a), enter the gain in column (h), and leave all other columns blank. Individuals report undistributed long-term capital gains from Form 2439 on line 11 of Schedule D (Form 1040).

**Nondividend distributions.** Distributions from a corporation that are a return of your cost (or other basis) are not

taxed until you recover your cost (or other basis). Reduce your cost (or other basis) by these distributions. After you get back all of your cost (or other basis), enter the name of the payer of any later nondividend distributions in column (a) on a Part I or Part II (depending on how long you held the stock) with box C checked. Enter the taxable part of the distribution in columns (d) and (h). Each payer of a nondividend distribution should send you a Form 1099-DIV showing the amount of the distribution in box 3.

**Other gains or losses where sales price or basis is not known.** If you have another gain or loss for which you do not know the sales price or basis (such as a long-term capital gain from Form 8621), enter a description of the gain or loss in column (a) on a Part I or Part II (depending on how long you held the property) with box C checked. If you have a gain, enter it in columns (d) and (h). If you have a loss, enter it in columns (e) and (h). Complete any other columns you can.

### Rounding Off to Whole Dollars

You can round off cents to whole dollars on Form 8949. If you do round to whole dollars, you must round all amounts. To round, drop cent amounts under 50 cents and increase cent amounts over 49 cents to the next dollar. For example, \$1.49 becomes \$1 and \$1.50 becomes \$2.

### Column (a)—Description of Property

For stock, include the number of shares. You can use stock ticker symbols or abbreviations to describe the property as long as they are based on the descriptions of the property as shown on Form 1099-B or 1099-S (or substitute statement).

If you inherited the property from someone who died in 2010 and the executor of the estate made the election to file Form 8939, also enter "INH-2010" in column (a).

### Column (b)—Date Acquired

Enter in this column the date you acquired the asset. Use the trade date for stocks and bonds traded on an exchange or over-the-counter market. For stock or other property sold short, enter the date you acquired the stock or property delivered to the broker or lender to close the short sale.

The date acquired for an asset you held on January 1, 2001, for which you made an election to recognize any gain in a deemed sale is the date of the deemed sale and reacquisition.

Generally, if you disposed of property that you acquired by inheritance, report the sale or exchange on Part II and enter "INHERITED" in column (b) instead of the date you acquired the property. However,

if you inherited the property from someone who died in 2010 and the executor made the election to file Form 8939, also see the instructions for column (a) and see Pub. 4895 to see whether you should report the sale or exchange on a Part I or a Part II.

If you sold a block of stock (or similar property) that you acquired through several different purchases, you may report the sale on one row and enter "VARIOUS" in column (b). However, you still must report the short-term gain or (loss) on the sale on Part I and the long-term gain or (loss) on Part II.

### Column (c)—Date Sold or Disposed

Enter in this column the date you sold or disposed of the asset. Use the trade date for stocks and bonds traded on an exchange or over-the-counter market. For stock or other property sold short, enter the date you delivered the stock or property to the broker or lender to close the short sale.

### Column (d)—Proceeds (Sales Price)

Follow the instructions below that apply to your transaction(s).

**You did not receive a Form 1099-B or 1099-S (or substitute statement).** If you did not receive a Form 1099-B or 1099-S (or substitute statement) for a transaction, enter in column (d) the net proceeds. The net proceeds equal the gross proceeds minus any selling expenses (such as broker's fees, commissions, and state and local transfer taxes) and adjusted for any option premiums (as instructed in *Gain or Loss From Options* in the instructions for Schedule D (Form 1040)).

**You received a Form 1099-B or 1099-S (or substitute statement).** If you received a Form 1099-B or 1099-S (or substitute statement) for a transaction, enter in column (d) the proceeds (sales price) shown on the form or statement you received. If there are any selling expenses or option premiums that are not reflected on the form or statement you received (by an adjustment to either the proceeds or basis shown), enter "E" in column (f) and the necessary adjustment in column (g). See the example under *Column (g)—Adjustments to Gain or Loss*, later.

If the proceeds you received were more than shown on Form 1099-B or 1099-S (or substitute statement), enter the correct proceeds in column (d). This might happen if, for example, box 4 on Form 1099-S is checked.

You should not have received a Form 1099-B (or substitute statement) for a transaction merely representing the return of your original investment in a

nontransferable obligation, such as a savings bond or a certificate of deposit. But if you did, report the proceeds (sales price) shown on Form 1099-B (or substitute statement) in both columns (d) and (e).

### Column (e)—Cost or Other Basis

In general, the cost or other basis is the cost of the property plus purchase commissions and improvements, minus depreciation, amortization, and depletion. If you inherited the property, got it as a gift, or received it in a tax-free exchange or involuntary conversion or in connection with a “wash sale,” you may not be able to use the actual cost as the basis. If you do not use the actual cost, attach an explanation of your basis.

If you sold stock, adjust your basis by subtracting all the nondividend distributions you received before the sale. Also adjust your basis for any stock splits. See Pub. 550 for details.

If you elected to recognize gain on an asset held on January 1, 2001, your basis in the asset is its closing market price or fair market value, whichever applies, on the date of the deemed sale and reacquisition, whether the deemed sale resulted in a gain or an unallowed loss.

You can use the average basis method to determine the basis of shares of stock if the shares are identical to each other, you acquired them at different prices and left them in an account with a custodian or agent, and either:

- They are shares in a mutual fund (or other regulated investment company (RIC)), or
- You acquired them after 2010 in connection with a dividend reinvestment plan (DRP).

Shares are identical if they have the same CUSIP number, except that shares of stock in a DRP are not identical to shares of stock that are not in a DRP, even if they have the same CUSIP number. If you are using the average basis method and received a Form 1099-B (or substitute statement) that shows an incorrect basis,

enter “B” in column (f), enter the basis shown on Form 1099-B (or substitute statement) in column (e), and see *How To Complete Form 8949, Columns (f) and (g)*, later. For details on making the election and how to figure average basis, see Pub. 550 or Regulations section 1.1012-1(e).

The basis of property acquired by gift is generally the basis of the property in the hands of the donor. The basis of inherited property is generally the fair market value at the date of death. See Pub. 551 for details. However, if you sold property that you inherited from someone who died in 2010 and the executor made the election to file Form 8939, see Pub. 4895.

Increase the cost or other basis of an original issue discount (OID) debt instrument by the amount of OID that has been included in gross income for that instrument. See Pub. 550 for details.

If a charitable contribution deduction is allowable because of a bargain sale of property to a charitable organization, the adjusted basis for purposes of determining gain from the sale is the amount that has the same ratio to the adjusted basis as the amount realized has to the fair market value. See Pub. 544 for details.

For more details, see Pub. 551.

**Form 1099-B.** If the property you sold was a covered security, its basis should be shown in box 3 of the Form 1099-B (or substitute statement) you received from your broker. Generally, a covered security is stock acquired after 2010 (after 2011 if in a mutual fund or other regulated investment company, or acquired through a dividend reinvestment plan).

If box 6a on Form 1099-B is checked, the property sold was not a covered security.

Enter the basis shown on Form 1099-B (or substitute statement) in column (e). If the basis shown on Form 1099-B (or substitute statement) is not correct, see *How To Complete Form 8949, Columns (f) and (g)*, later, for the adjustment you must make.

If no basis is shown on Form 1099-B (or substitute statement), enter the correct basis of the property in column (e).

### Column (f)—Code

In order to explain any adjustment to gain or loss in column (g), enter the appropriate code(s) in column (f). See *How To Complete Form 8949, Columns (f) and (g)*, later. If more than one code applies, enter all the codes that apply in alphabetical order (for example, “BOQ”). Do not separate the codes by a space or comma.

### Column (g)—Adjustments to Gain or Loss

Enter in this column any necessary adjustments to gain or loss. Enter negative amounts in parentheses. Also enter a code in column (f) to explain the adjustment. See *How To Complete Form 8949, Columns (f) and (g)*, later.

**More than one code.** If you entered more than one code in column (f) on the same row, enter the net adjustment in column (g). For example, if one adjustment is \$5,000 and another is (\$1,000), enter \$4,000 (\$5,000 – \$1,000).

**Example.** You sold your main home in 2012 for \$320,000 and received a Form 1099-S showing the \$320,000 gross proceeds. The home’s basis was \$100,000. You had selling expenses of \$20,000. Under the tests described in *Sale of Your Home* in the Instructions for Schedule D (Form 1040), you can exclude the entire \$200,000 gain from income. On Form 8949, Part II, check box C at the top. Complete columns (a), (b), and (c). Enter \$320,000 in column (d) and \$100,000 in column (e). Enter “EH” in column (f). In column (g), enter \$220,000 (\$20,000 selling expenses + \$200,000 exclusion) as a negative number. Put it in parentheses to show it is negative. In column (h), enter -0- (\$320,000 – \$100,000 – \$220,000). If this is your only transaction on this Part II, enter \$320,000 in column (d) on line 10 of Schedule D (Form 1040), \$100,000 in column (e), (\$220,000) in column (g), and -0- in column (h).

## How To Complete Form 8949, Columns (f) and (g)

For most transactions, you do not need to complete columns (f) and (g) and can leave them blank. You may need to complete columns (f) and (g) if you got a Form 1099-B or 1099-S (or substitute statement) that is incorrect, if you are excluding or postponing a capital gain, if you have a disallowed loss, or in certain other situations. Details are in the table below. If you enter more than one code in column (f), see *More than one code* in the instructions for column (g).

IF . . .	THEN enter this code in column (f) . . .	AND. . .
You received a Form 1099-B (or substitute statement) and the basis shown in box 3 is incorrect . . . . .	B	<ul style="list-style-type: none"> <li>• If box B is checked at the top of Part I or II, enter the correct basis in column (e), and enter -0- in column (g).</li> <li>• If box A is checked at the top of Part I or II, enter the basis shown on Form 1099-B (or substitute statement) in column (e), even though that basis is incorrect. Correct the error by entering an adjustment in column (g). To figure the adjustment needed, see the <i>Worksheet for Basis Adjustments in Column (g)</i>. Also see <i>Example 4—adjustment for incorrect basis</i> in the instructions for column (h).</li> </ul>
You received a Form 1099-B (or substitute statement) and the type of gain or loss (short term or long term) shown in box 1c is incorrect . . . . .	T	Enter -0- in column (g). Report the gain or loss on the correct Part of Form 8949.
You received a Form 1099-B or 1099-S (or substitute statement) as a nominee for the actual owner of the property . . . . .	N	Report the transaction on Form 8949 as you would if you were the actual owner, but enter any resulting gain as a negative adjustment (in parentheses) in column (g) or any resulting loss as a positive adjustment in column (g). However, if you received capital gain distributions as a nominee, report them instead as described under <i>Capital Gain Distributions</i> in the Instructions for Schedule D (Form 1040).
You sold or exchanged your main home at a gain, must report the sale or exchange on Part II of Form 8949 (as explained in <i>Sale of Your Home</i> in the Instructions for Schedule D (Form 1040)), and can exclude some or all of the gain . . . . .	H	Report the sale or exchange on Form 8949 as you would if you were not taking the exclusion. Then enter the amount of excluded (nontaxable) gain as a negative number (in parentheses) in column (g). See the example in the instructions for column (g).
You sold or exchanged qualified small business stock and can exclude part of the gain . . . . .	Q	Report the sale or exchange on Form 8949 as you would if you were not taking the exclusion and enter the amount of the exclusion as a negative number (in parentheses) in column (g). However, if the transaction is reported as an installment sale, see <i>Gain from an installment sale of QSB stock</i> in the Instructions for Schedule D (Form 1040).
You can exclude all or part of your gain under the rules explained in the Schedule D instructions for DC Zone assets or qualified community assets . . . . .	X	Report the sale or exchange on Form 8949 as you would if you were not taking the exclusion. Then enter the amount of the exclusion as a negative number (in parentheses) in column (g).
You are electing to postpone all or part of your gain under the rules explained in the Schedule D instructions for any rollover of gain (for example, rollover of gain from QSB stock or publicly traded securities) . . . . .	R	Report the sale or exchange on Form 8949 as you would if you were not making the election. Then enter the amount of postponed gain as a negative number (in parentheses) in column (g).

IF . . .	THEN enter this code in column (f) . . .	AND. . .
You have a nondeductible loss from a wash sale . . . . .	W	Report the sale or exchange on Form 8949 and enter the amount of the nondeductible loss as a positive number in column (g). See the Schedule D instructions for more information about wash sales.
You have a nondeductible loss other than a loss indicated by code W . . . . .	L	Report the sale or exchange on Form 8949 and enter the amount of the nondeductible loss as a positive number in column (g). See <i>Nondeductible Losses</i> in the Instructions for Schedule D (Form 1040).
You received a Form 1099-B or 1099-S (or substitute statement) for a transaction and there are selling expenses or option premiums that are not reflected on the form or statement by an adjustment to either the proceeds or basis shown . . . . .	E	Enter in column (d) the proceeds shown on the form or statement you received. Enter in column (e) any cost or other basis shown on Form 1099-B (or substitute statement). In column (g), enter as a negative number (in parentheses) any selling expenses and option premium that you paid (and that are not reflected on the form or statement you received) and enter as a positive number any option premium that you received (and that is not reflected on the form or statement you received). For more information about option premiums, see <i>Gain or Loss From Options</i> in the Instructions for Schedule D (Form 1040).
You had a loss from the sale, exchange, or worthlessness of small business (section 1244) stock and the total loss is more than the maximum amount that can be treated as an ordinary loss . . . . .	S	See <i>Small Business (Section 1244) Stock</i> in the Schedule D (Form 1040) instructions.
You disposed of collectibles (see the Schedule D instructions) . . . . .	C	Enter -0- in column (g). Report the disposition on Form 8949 as you would report any sale or exchange.
You report multiple transactions on a single row as described in <i>Exceptions to reporting each transaction on a separate row</i> . . . . .	M	See <i>Exceptions to reporting each transaction on a separate row</i> . Enter -0- in column (g) unless an adjustment is required because of another code.
You have an adjustment not explained earlier in this column . . . . .	O	Enter the appropriate adjustment amount in column (g). See the instructions for column (g).
None of the other statements in this column apply . . . . .	Leave columns (f) and (g) blank.	

**Column (h)—Gain or (Loss)**

Figure gain or loss on each row. First, subtract the cost or other basis in column (e) from the proceeds (sales price) in column (d). Then take into account any adjustments in column (g). Enter the gain or (loss) in column (h). Enter negative amounts in parentheses.

**Example 1—gain.** Column (d) is \$6,000 and column (e) is \$2,000. Enter \$4,000 in column (h).

**Example 2—loss.** Column (d) is \$6,000 and column (e) is \$8,000. Enter (\$2,000) in column (h).

**Example 3—adjustment.** Column (d) is \$6,000, column (e) is \$2,000, and column (g) is (\$1,000). Enter \$3,000 in column (h).

**Example 4—adjustment for incorrect basis.** You sold stock for \$1,000. You had owned the stock for 3 months. Your correct basis for the stock is \$100, but you receive a Form 1099-B that shows your basis is \$900 and shows your broker reported that basis to the IRS. Enter \$900 on line 1 of the *Worksheet for Basis Adjustments in Column (g)*. Enter \$100 on line 2 of the worksheet. Since

line 1 is larger than line 2, leave line 3 blank and enter \$800 (\$900 – \$100) as a positive number on line 4. Also enter \$800 in column (g) of a Part I with box A checked at the top. Enter “B” in column (f). Enter \$1,000 in column (d) and \$900 in column (e). To figure your gain or loss, subtract \$900 from \$1,000. Combine the result, \$100, with the \$800 adjustment in column (g). Your gain is \$900 (\$100 + \$800). Enter \$900 in column (h).

**Worksheet for Basis Adjustments in Column (g)**

If the basis shown on Form 1099-B (or substitute statement) is not correct, do the following.

- If the basis was not reported to the IRS, enter the correct basis in column (e) and enter -0- in column (g) (unless you must make an adjustment for some other reason).
- If the basis was reported to the IRS, enter the reported basis shown on Form 1099-B (or substitute statement) in column (e) and use this worksheet to figure the adjustment to include in column (g).

1. Enter the cost or other basis shown on Form 1099-B (or substitute statement) . . . . .	1.	<hr/>
2. Enter the correct cost or other basis . . . . .	2.	<hr/>
3. If line 1 is larger than line 2, leave this line blank and go to line 4. If line 2 is larger than line 1, subtract line 1 from line 2. Enter the result here and in column (g) as a negative number (in parentheses) . . . . .	3.	<hr/>
4. If line 1 is larger than line 2, subtract line 2 from line 1. Enter the result here and in column (g) as a positive number . . . . .	4.	<hr/>

**Lines 2 and 4**

The total of the amounts in column (h) of line 2 of all your Forms 8949 should equal the amount you get by combining columns (d), (e), and (g) on the corresponding line of Schedule D. For example, the total of the amounts in column (h) of line 2 of all

your Forms 8949 with box A checked should equal the amount you get by combining columns (d), (e), and (g) on line 1 of Schedule D.

The total of the amounts in column (h) of line 4 of all your Forms 8949 should equal the amount you get by combining

columns (d), (e), and (g) on the corresponding line of Schedule D. For example, the total of the amounts in column (h) of line 4 of all your Forms 8949 with box A checked should equal the amount you get by combining columns (d), (e), and (g) on line 8 of Schedule D.