### Part I  Short-Term Capital Gains and Losses—Assets held one year or less

<table>
<thead>
<tr>
<th>(a) Description of property (Example, 100 shares 7% preferred of &quot;Z&quot; Co.)</th>
<th>(b) Date acquired (month, day, year)</th>
<th>(c) Date sold (month, day, year)</th>
<th>(d) Sales price (see instructions)</th>
<th>(e) Cost or other basis (see instructions)</th>
<th>(f) Gain (loss) ((O) minus (E))</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
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<tr>
<td>2 Short-term capital gain from installment sales from Form 6252, line 22 or 30.</td>
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<tr>
<td>3 Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships and from fiduciaries</td>
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<td>4 Net short-term capital gain (loss)—Combine lines 1 through 3. Enter here and on Form 1065, Schedule K, line 4d or 7.</td>
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</tbody>
</table>

### Part II  Long-Term Capital Gains and Losses—Assets held more than one year

<table>
<thead>
<tr>
<th>(a) Description of property (Example, 100 shares 7% preferred of &quot;Z&quot; Co.)</th>
<th>(b) Date acquired (month, day, year)</th>
<th>(c) Date sold (month, day, year)</th>
<th>(d) Sales price (see instructions)</th>
<th>(e) Cost or other basis (see instructions)</th>
<th>(f) Gain or (loss) ((O) minus (E))</th>
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</thead>
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<td>5</td>
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<tr>
<td>6 Long-term capital gain from installment sales from Form 6252, line 22 or 30</td>
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<tr>
<td>7 Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships and from fiduciaries</td>
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<tr>
<td>8 Capital gain distributions</td>
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</tr>
<tr>
<td>9 Net long-term capital gain (loss)—Combine lines 5 through 8. Enter here and on Form 1065, Schedule K, line 4e or 7.</td>
<td></td>
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</tbody>
</table>

### General Instructions

*Section references are to the Internal Revenue Code.*

**Purpose of Schedule.**—Use Schedule D (Form 1065) to report sales or exchanges of capital assets, except capital gains (losses) that are specially allocated to any partners.

Specially allocated capital gains (losses) received by the partnership as a partner in other partnerships and from fiduciaries are to be entered on Schedule D, line 3 or 7, whichever applies. Capital gains (losses) of the partnership that are specially allocated to partners should be entered directly on line 4d, 4e, or 7 of Schedules K and K-1, whichever applies. Do not include these amounts on Schedule D. See How Income Is Shared Among Partners in the General Instructions for Schedules K and K-1 of the Instructions for Form 1065 for more information.

**General Information.**—To report sales or exchanges of property other than capital assets, including the sale or exchange of property used in a trade or business and involuntary conversions (other than casualties and thefts), see Form 4797, Sales of Business Property, and related instructions. If property is involuntarily converted because of a casualty or theft, use Form 4684, Casualties and Thefts.

For amounts received from an installment sale, the holding period rule in effect in the year of sale will determine the treatment of the amounts received as long-term or short-term capital gain.

Report every sale or exchange of property in detail, even though there is no gain or loss. For more information, see Publication 544, Sales and Other Dispositions of Assets. Note: For information on liquidations of corporations, see Publication 542, Tax Information on Corporations, and Publication 544.

**What Are Capital Assets?**—Each item of property the partnership held (whether or not connected with its trade or business) is a capital asset except:

1. Assets that can be inventoried or property held mainly for sale to customers.
2. Depreciable or real property used in the trade or business.
3. Certain copyrights; literary, musical, or artistic compositions; letters or memorandums; or similar property.
4. Accounts or notes receivable acquired in the ordinary course of trade or business for services rendered or from the sale of property described in 1 above.
5. U.S. Government publications, including the Congressional Record, that the partnership received from the government, other than by purchase at the normal sales price, or that the partnership got from another taxpayer who had received it in a similar way, if the partnership's basis is determined by reference to the previous owner.

**Exchange of "Like-Kind" Property.**—Use Form 8824, Like-Kind Exchanges, to report an exchange of like-kind property. Also report the exchange on Schedule D or on Form 4797, whichever applies. Complete and attach a Form 8824 to the partnership's return for each exchange. The partnership must report an exchange of business or investment property for "like-kind" property even if no gain or loss on the property is recognized.

If Schedule D is used to report a like-kind exchange, write "From Form 8824" on the appropriate line (line 1 or 5, column (a)). Skip columns (b) through (e) and enter the gain or loss, if any, from Form 8824 in column (f). Write in the top margin of Schedule D "Like-Kind Exchange" or, if an exchange involved a related party, write "Related Party Like-Kind Exchange." See Form 8824 and its instructions for details.

**Items for Special Treatment and Special Cases.**—The following items may require special treatment:

- Transactions by a securities dealer.
- Bonds and other debt instruments.
- Certain real estate subdivided for sale that may be considered a capital asset.
- Gain on the sale of depreciable property to a more than 50% owned entity, or to a trust in which the partnership is a beneficiary, is treated as ordinary gain.

For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 1065.
Specific Instructions

Column (c). Date Sold.—Be sure to use the trade date, and not the settlement date, as the date sold for year-end stock sales made on an established market.

Column (d). Sales Price.—Enter in this column either the gross sales price or the net sales price of the sale. On sales of stocks and bonds, report the gross amount as reported to the partnership by the partnership’s broker on Form 1099-B or similar statement. However, if the broker advised the partnership that gross proceeds (gross sales price) less commissions and option premiums were reported to IRS, enter that net amount in column (d).

Column (e). Cost or Other Basis.—In general, the cost or other basis is the cost of the property plus purchase commissions and improvements and minus depreciation, amortization, and depletion. If the partnership got the property in a tax-free exchange, involuntary conversion, or wash sale of stock, it may not be able to use the actual cash cost as the basis. If the partnership does not use cash cost, attach an explanation of the basis.

When selling stock, adjust the basis by subtracting all the stock-related nontaxable distributions received before the sale. This includes nontaxable distributions from utility company stock and mutual funds. Also adjust the basis for any stock splits or stock dividends.

If a charitable contribution deduction is passed through to a partner because of a sale of property to a charitable organization, the adjusted basis for determining gain from the sale is an amount which has the same ratio to the adjusted basis as the amount realized has to the fair market value.

See section 852(f) for the treatment of certain load charges incurred in acquiring stock in a mutual fund with a reinvestment right.

If the gross sales price is reported in column (d), increase the cost or other basis by any expense of sale such as broker’s fee, commission, or option premium before making an entry in column (e).

For more information, see Publication 551, Basis of Assets.

Lines 3 and 7. Capital Gains and Losses From Other Partnerships and Fiduciaries.—See the Schedule K-1 or other information supplied to you by the other partnership or fiduciary.

Line 8. Capital Gain Distributions.—On line 8, report as capital gain distributions: (a) capital gain dividends; and (b) the partnership’s share of the undistributed capital gain from a regulated investment company. (Also see the instructions for Schedule K-1, line 21, item a, in the Instructions for Form 1065.)