SCHEDULE D (Form 1120L)
Department of the Treasury
Internal Revenue Service

U.S. Life Insurance Company Sales or Exchanges of Property

1980

Name | Employer identification number

Part I Capital Assets—Short-term capital gains and losses—Assets held one year or less

a. Kind of property (if necessary, attach description)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Depreciation allowed (or allowable)	f. Cost or other basis	g. Gain or loss (d plus e less f)
1						

2 Unused capital loss carryover (attach computation)
3 Net short-term capital gain or (loss) (total of column g). Enter here and on line 8

Long-term capital gains and losses—Assets held more than one year (Use columns a through g. Use columns a through k for gains on assets whose F.M.V. on 12/31/58 exceeded their adjusted basis on that date.)

4						

5 Total of column g (if columns h through k are not required)

h. F.M.V. as of 12/31/58	i. Adjusted basis as of 12/31/58	j. Subtract column i from column h, but not less than zero	k. Gain (subtract column j from column g, but not less than zero)

6 Total of column k
7 Net long-term capital gain or (loss) (combine lines 5 and 6). Enter here and on line 9

Part II Summary of Capital Gains and Losses

	a. Loss	b. Gain
8 Net short-term capital gain or (loss) from line 3		
9 Net long-term capital gain or (loss) from line 7		

10 Subtract net long-term capital loss (line 9, col. a) from net short-term capital gain (line 8, col. b). Enter here (but not less than zero) and on Form 1120L, Schedule A, line 6
11 Subtract net short-term capital loss (line 8, col. a) from net long-term capital gain (line 9, col. b). Enter here (but not less than zero) and on Form 1120L—Schedule C, line 7 and Schedule E, line 8

Part III Alternative Tax Computation

12 (a) Taxable investment income (Form 1120L, page 1, line 1(a))
(b) Minus line 11 above (but not less than zero)
13 (a) Gain from operations (Form 1120L, page 1, line 1(b))
(b) Minus line 11 above (but not less than zero)
14 Enter the smaller of line 12 or line 13
15 50% of the excess, if any, of line 13 over line 12
16 Amount subtracted from policyholders' surplus account (Form 1120L, page 1, line 3)
17 Total of lines 14, 15, and 16
18 Enter the smaller of line 17 or $25,000 (members of a controlled group, see instructions)
19 Subtract line 18 from line 17
20 Enter the smaller of line 19 or $25,000 (members of a controlled group, see instructions)
21 Subtract line 20 from line 19
22 Enter the smaller of line 21 or $25,000 (members of a controlled group, see instructions)
23 Subtract line 22 from line 21
24 Enter the smaller of line 23 or $25,000 (members of a controlled group, see instructions)
25 Subtract line 24 from line 23
26 17% of line 18
27 20% of line 20
28 30% of line 22
29 40% of line 24
30 46% of line 25
31 28% of line 11
32 Alternative tax—total of lines 26 through 31. If applicable, enter here and on Form 1120L, page 1, line 6. Check box on that line to indicate alternative tax from Schedule D (Form 1120L)

Part IV Ordinary Gains and Losses (Use columns a through g. Use columns a through k for gains on assets whose F.M.V. on 12/31/58 exceeded their adjusted basis on that date. Exclude any ordinary gain from the sale of investment assets reported in column j, Part V and column q, Part VI. For investment assets, see instructions for Part I.)

	a. Kind of property (if necessary, attach description)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Depreciation allowed (or allowable)	f. Cost or other basis	g. Gain or loss (d plus e less f)
33							

34 Total of column g (where columns h through k are not required) . . . .

h. F.M.V. as of 12/31/58	i. Adjusted basis as of 12/31/58	j. Subtract column i from column h, but not less than zero	k. Gain (subtract column j from column g, but not less than zero)

35 Total of column k . . . .

36 (a) Combine lines 34 and 35 . . . .

(b) Sections 1245 and 1250 etc. gains from investment assets. Enter here and on Schedule A, line 7 . . . .

(c) Total net ordinary gain or (loss). Subtract line 36(b) from line 36(a). Enter here and include in total of line 11, Schedule E . . . .

Part V Gain from Disposition of Depreciable Property and Certain Real Property Held More Than One Year—Section 1245 (Report gain from disposition of other depreciable real property in Part VI. For investment assets, see instructions for Part I.)

	a. Kind of property (if necessary, attach description)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Cost or other basis
37					

f. Total depreciation allowed (or allowable)	g. Adjusted basis (subtract col. f from col. e)	h. Total gain (subtract col. g from col. d)	i. Depreciation allowed (or allowable) after applicable date (see instructions)	j. Ordinary gain (smaller of col. h or col. i)	k. Other gain (subtract col. j from col. h)

38 Total ordinary gain. Enter here and on line 33, and identify as gain from line 38 . . . . .

39 Total other gain. Enter here and on line 43, and identify as gain from Part V. (If this amount includes any gain from casualty or theft, see instructions.) . . . .

Part VI Gain from Disposition of Depreciable Real Property Held More Than One Year—Section 1250 (If held 1 year or less, see instructions for columns i, l, and o. For investment assets, see instructions for Part I.)

	a. Kind of property (if necessary, attach description)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Cost or other basis	f. Total depreciation allowed (or allowable)
40						

g. Adjusted basis (subtract col. f from col. e)	h. Total gain (subtract col. g from col. d)	i. Enter additional depreciation after 12/31/75	j. Applicable percentage times the smaller of col. h or col. i (see instructions)	k. Subtract col. i from column h. (If zero or less, enter zero and skip cols. l through p.)	l. Enter additional depreciation after 12/31/69 and before 1/1/76

m. Applicable percentage times the smaller of col. k or col. l (see instructions)	n. Subtract col. l from col. k. (If zero or less, enter zero and skip cols. o and p.)	o. Enter additional depreciation after 12/31/63 and before 1/1/70	p. Applicable percentage times the smaller of col. n or col. o (see instructions)	q. Ordinary gain (add cols. j, m, and p)	r. Other gain (subtract column q from col. h)

41 Total ordinary gain. Enter here and on line 33, and identify as gain from line 41 . . . . .

42 Total other gain. Enter here and on line 43, and identify as gain from Part VI. (If this amount includes any gain from casualty or theft, see instructions.) . . . .

Part VII Sale or Exchange of Property Used in Trade or Business and Involuntary Conversions—Section 1231

	a. Kind of property (if necessary, attach description)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Depreciation allowed (or allowable)	f. Cost or other basis	g. Gain or loss (d plus e less f)
43							

44 Total (If gain, enter on line 4; if loss, enter on line 33. Identify as gain or (loss) from Part VII.) . . . . .

Instructions

(References are to the Internal Revenue Code.)

Report every sale or exchange of property in detail even if there is no gain or loss.

All or part of the gain on a disposition of property may be required to be reported as ordinary income under sections 1245, 1250 (see Parts V and VI), 1251, 1252, 1254, and 1255. The remaining gain may be subject to capital gain treatment depending on the circumstances.

Involuntary conversions.—

(a) If gains from casualty or theft of property used in a trade or business or of any capital asset held more than one year are equal to or more than the losses, the gains and losses are entered in Part VII and treated as section 1231 gains and losses. If the losses from involuntary conversions are more than the gains, the gains and losses are entered in Part IV and treated as ordinary gains and losses. This applies to both insured and uninsured property.

(b) Gains from involuntary conversions of property that is also section 1245 or 1250 property must first be reported in Part V or VI to determine how much gain is ordinary income. Any remaining gain (line 39, Part V, or line 42, Part VI) is included in the separate computation described above. Similar computations are required for section 1251, 1252, 1254 or 1255 property.

Options to buy or sell.—For the treatment of gain or loss of a purchaser or a grantor of an option of stock, securities, or commodities, see section 1234.

Gain from the sale of depreciable property between certain related taxpayers may be taxed as ordinary income. See section 1239.

PART I

Capital assets.—Each item of property held by a corporation (whether or not connected with its trade or business) is a capital asset except as provided in section 1221. However, gains or losses from the sale or exchange of depreciable assets of any trade or business (other than an insurance business) carried on by the life insurance company (such as renting real estate or operating a radio station, a housing development, or a farm) will be treated as gains or losses from the sale or exchange of capital assets.

Exchange of "like kind" property.—Although no gain or loss is recognized when property held for use in a trade or business or for investment (not including stock in trade or other property held primarily for sale, nor stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest) is exchanged solely for property of a "like kind" to be held either for use in a trade or business or for investment, you must report the transaction in the appropriate part and identify the property disposed of in column (a). Enter the date of acquisition in column (b) and write the date of exchange in column (c). Write "like kind exchange" in column (d) and enter the adjusted basis in column (f). Enter zero in column (g). (See section 1031.)

Investment assets.—Gains or losses from the sale or exchange of investment assets are treated as gains or losses from the sale or exchange of capital assets. All sales of investment assets subject to sections 1245 and 1250 should be reported in Parts V and VI respectively, regardless of the time held. If held one year or less, the other gain reported in column k, Part V and column r, Part VI, should be entered on line 1, Part I and identified as gain from Part V or Part VI. If held more than one year, the other gain reported in column k, Part V and column r, Part VI, should be entered on line 4, Part I, and identified as gain from Part V or Part VI. Any amount in column j, Part V and column q, Part VI (ordinary income from the sale of investment assets) should be included in Part IV, line 33.

Column g.—Unless section 817 applies, the gain or loss is column d plus column e, less column f. If section 817 applies, complete columns a through f and attach a schedule showing the computation of the gain reported in column g. See instructions for "Basis."

Columns h–k.—These columns are used only for gains on disposition of property if the F.M.V. of property held on December 31, 1958 exceeded the adjusted basis for determining gain at that date.

Line 4.—A. Columns a–g: Enter the total of applicable items from Part VII and other long-term capital gains and losses (exclude gains from those assets whose F.M.V. on 12/31/58 exceeded the adjusted basis at that date).

B. Columns a–k: Enter only the long-term capital gains of those assets whose F.M.V. on 12/31/58 exceeded the adjusted basis on that date.

Capital losses.—Capital losses are allowed only to the extent of capital gains. A net capital loss may be carried back 3 years and forward 5 as a short-term capital loss. However, the amount allowable as a capital loss carryback is subject to the limitations of section 1212(a)(1).

A quick refund of the tax overpayment created by the capital loss carryback may be obtained by filing Form 1139, Corporation Application for Tentative Refund. If net capital loss carryback creates an unused investment credit, an unused jobs credit, or an unused work incentive (WIN) credit, in an earlier year, the unused credit may be carried back to the 3 preceding years. A quick refund of the tax overpayment may also be obtained by filing Form 1139.

Worthless securities.—Except for banks, if securities that are capital assets become wholly worthless during the tax year, the loss is treated as a capital loss on the last day of the tax year.

Losses not allowable.—No loss is allowed for wash sales of stock or securities. (See section 1091.) No loss is allowed (except for distributions in liquidation) on transactions between related persons. (See section 267.)

Long-term capital gains from regulated investment companies.—Include in income as a long-term capital gain the amount the corporation has been notified is its share of the undistributed capital gains of a regulated investment company.

Short sales of capital assets.—See section 1233 for rules on certain short sales of stock or other securities and transactions in commodity futures.

Basis.—Gains and losses may be figured differently depending on various factors.

(a) Gain on property held on December 31, 1958.—The gain that is recognized on the sale or other disposition of certain property held by the company on 12/31/58 is limited. The gain on the sale or other disposition of this property is the amount (but not less than zero) by which the gain (determined without section 817(b)(1)) is more than the difference between the fair market value on 12/31/58, and the adjusted basis (as provided in section 1016(a)) for determining gain at that date. This limitation applies only if (1) the property was held by a life insurance company on 12/31/58; (2) the fair market value of the property on 12/31/58 is greater than the adjusted basis for determining gain at that date; and (3) the taxpayer has been a life insurance company at all times from 12/31/58 to the date of sale or other disposition of the property.

(b) Certain substituted property acquired after December 31, 1958.—See section 817(b)(2)(A)–(E) for rules for this property.

For (a) and (b), above, property does not include insurance and annuity contracts (and supplementary contracts) and stock-in-trade or inventory-type property.

(c) Losses on property held on December 31, 1958, and certain substituted property acquired after December 31, 1958.—The basis for determining losses on property described in (a) and (b) above is cost adjusted by section 1016.

(d) Other property acquired after December 31, 1958.—If property, other than property described in (b) above, was purchased after 12/31/58, the basis is cost, adjusted by section 1016. If property was acquired by bequest, gift, involuntary conversion, or wash sale of stock, see sections 1014, 1015, 1033, and 1091.

(e) Bargain sale to a charitable organization.—If a charitable contribution deduction is allowed for the sale of property to a charitable organization, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

PART III

Alternative tax.—If there is a net capital gain, an alternative tax may be used instead of the regular tax if the alternative tax is less than the regular tax. The alternative tax is the sum of (1) a partial tax computed at the rates specified in section 11 on the taxable income determined by reducing the taxable investment income, and the gain from operations, by the net capital gain, and (2) 28% of the net capital gain.

Members of a controlled group under section 1561.—For members of a controlled group, the $25,000 amount in each taxable income bracket is to be divided equally unless all members of the controlled group agree to an unequal allocation. Members of controlled groups will enter their part of the taxable income bracket amount on lines 18, 20, 22, and 24.

If an unequal apportionment plan is adopted or amended, each member of the controlled group must attach a copy of its consent to the plan to its tax return. See the regulations under section 1561 for the time and manner of making this election.

PART IV

Ordinary gains and losses.—*(For investment assets, see instructions for Part I.)* Include gains and losses from disposition or involuntary conversion of land and depreciable property held one year or less and gains and losses from compulsory or involuntary conversion of capital assets held one year or less.

If losses from casualty or theft of property used in a trade or business (as defined in section 1231) or of any capital asset held more than one year exceed the gains, enter the gains and losses in Part IV as ordinary gains and losses.

PART V

Gain from disposition of depreciable property and certain real property held more than one year (section 1245).—(Report any gain from property held not more than one year in Part IV. For investment assets, see instructions for Part I.)

In general, when section 1245 property (as defined below) is disposed of, gain will be treated as ordinary income to the extent of depreciation allowed (or allowable) after 1961. Except for certain involuntary conversions (see instructions for Part IV), the balance of the gain, if any, is to be combined in Part VII with gains and losses from section 1231 property.

Section 1245 property is property which is depreciable (or subject to amortization) and is either—

(a) personal property,

(b) elevators and escalators,

(c) real property (other than property described in (d)) subject to amortization under section 169, 185, 188, 190, 193, or 194; or

(d) tangible real property (except buildings and their structural components) if used as an integral part of certain business activities or as a facility for research or for the bulk storage of fungible commodities (including commodities in a liquid or gaseous state) in connection with these activities. These business activities are manufacturing, production, extraction, or furnishing transportation, communications or certain other public utility services.

See section 1245(b) for exceptions and limitations involving: (a) disposition by gift, (b) certain tax-free transactions, (c) like-kind exchanges, involuntary conversions, (d) sales or exchanges to effectuate FCC policies and exchanges to comply with SEC orders, and (e) transfers to a tax-exempt organization where property will be used in an unrelated business.

Column i.—Enter depreciation allowed (or allowable) after December 31, 1961. However, use June 30, 1963 for elevators and escalators and December 31, 1969 for livestock.

PART VI

Gain from disposition of depreciable real property held more than one year (section 1250).—(Report any gain from this property held one year or less in Part IV. For investment assets, see instructions in Part I.)

In general, when section 1250 property (as defined below) is disposed of, all or a part of the "additional depreciation" is treated as ordinary income. Except for certain involuntary conversions (see instructions for Part IV), the balance of gain is combined in Part VII with gains and loses from section 1231 property.

Section 1250 property is depreciable real property other than section 1245 property.

See section 1250(d) for exceptions and limitations involving: (a) disposition by gift, (b) certain tax-free transactions, (c) like kind exchanges, involuntary conversions, (d) sales or exchanges to effectuate FCC policies and exchanges to comply with SEC orders, (e) disposition of qualified low-income housing, (f) transfers to a tax-exempt organization where property will be used in an unrelated business, and (g) property disposed of under foreclosure proceedings.

Columns i, l, and o, additional depreciation.—For section 1250 property held 1 year or less, additional depreciation is the total amount of depreciation claimed. Omit columns i through p and enter in column q the lesser of the amount of gain (column h) or the total amount of depreciation claimed (column f).

For property held more than 1 year, additional depreciation is the excess of actual depreciation after December 31, 1963, over depreciation figured for that period under the straight line method. Enter in column i the additional depreciation for the period after December 31, 1975, in column l the additional depreciation for the period after December 31, 1969, and before January 1, 1976, and in column o, additional depreciation for the period after December 31, 1963, and before January 1, 1970.

For additional depreciation of rehabilitation expenditures, see section 1250(b)(4).

Column j, applicable percentage.—Enter 100% of column i in column j, except:

(a) For section 1250 property on which a mortgage is insured under section 221(d)(3) or 236 of the National Housing Act, or housing financed or assisted by direct loan or tax abatement under similar provisions of State or local laws for which the owner is subject to the restrictions in section 1039(b)(1)(B), the percentage is 100% minus 1% for each full month the property was held over 100 full months;

(b) For dwelling units which, on the average, were held for occupancy by families or individuals eligible to receive subsidies under section 8, U.S. Housing Act of 1937, or under the provisions of State or local law authorizing similar levels of subsidy for lower income families, the percentage is 100% minus 1% for each full month the property was held over 100 full months;

(c) For section 1250 property on which a loan is made or insured under title V of the Housing Act of 1949, the percentage is 100% minus 1% for each full month the property was held over 100 full months; and

(d) For section 1250 property for which a depreciation deduction for rehabilitation expenditures was allowed under section 167(k), the percentage is 100% minus 1% for each full month over 100 full months after the date the property was placed in service.

If on the average 85% or more of the dwelling units contained in a building (or part) are units described in paragraph (b), the building (or part) is treated as property described in paragraph (b).

Items (a), (b), and (c) do not apply to the additional depreciation described in section 1250(b)(4).

Column m, applicable percentage.—Enter 100% of column l in column m, except:

(a) For section 1250 property disposed of under a written contract that was, on July 24, 1969, and thereafter, binding on the property owner, the percentage is 100% minus 1% for each full month the property was held over 20 full months;

(b) For section 1250 property on which a mortgage is insured under section 221(d)(3) or 236 of the National Housing Act, or housing financed or assisted by direct loan or tax abatement under similar State or local laws, and on which the owner is subject to the restrictions in section 1039(b)(1)(B), the percentage is 100% minus 1% for each full month the property was held over 20 full months;

(c) For residential rental property other than that covered by (a) and (b) above, the percentage is 100% minus 1% for each full month the property was held over 100 full months;

(d) For section 1250 property for which a depreciation deduction for rehabilitation expenditures was allowed under section 167(k), the percentage is 100% minus 1% for each full month over 100 full months after the date the property was placed in service.

Items (a), (b), and (c) do not apply to the additional depreciation described in section 1250(b)(4).

Column p, applicable percentage.—The percentage is 100% minus 1% for each full month the property was held over 20 full months.

PART VII

Sale or exchange of property used in trade or business and involuntary conversion (section 1231).—Section 1231 provides special treatment for the recognized gains and losses on the sale or exchange of "property used in the trade or business" and upon the compulsory or involuntary conversion of this property and capital assets held more than one year.

Note: *Refer to the previous page for rules for involuntary conversions from casualty or theft.*

After determining in Parts V and VI how much of the total gain from disposition of depreciable property is ordinary gain, combine the total other gain with other gains and losses from section 1231 property to determine if there is a net gain or net loss. The total shown on line 44 determines whether the items represent a long-term capital gain or an ordinary loss. This total must be entered on line 4 or line 33, whichever applies.

In determining whether gains exceed losses, include the gains and losses as if they were all ordinary gains and losses. The limitation of section 1211 does not apply.

Section 817(a) provides that in applying section 1231(a), the term "property used in the trade or business" includes only (1) property used in carrying on an insurance business, which is subject to depreciation provided in section 167 and held for more than one year (including real property but excluding (a) inventoriable property or property held primarily for sale to customers, and (b) certain copyrights; literary, musical or artistic compositions; letters or memorandums; or similar property); and (2) timber, coal, and domestic iron ore to which section 631 applies.

The total shown on line 44, page 2, determines whether the items represent a long-term capital gain or an ordinary loss. In either case, after the initial determination, the items must be segregated into (1) assets held on December 31, 1958, where the F.M.V. exceeded the adjusted basis on that date, and (2) other. Enter the totals into the appropriate schedules of Part I or Part IV.

Line 43.—Enter each section 1231 item not carried over from line 37.

Line 44.—Enter the net gain or loss for the section 1231 items described in Part VII.

Minimum tax on tax preference items.—If the net long-term capital gain exceeds the net short-term capital loss, you may be liable for minimum tax. See Form 4626, Computation of Minimum Tax—Corporations and Fiduciaries.

☆ U.S. GOVERNMENT PRINTING OFFICE : 1980—O-313-135