

**U.S. Income Tax Return  
for Certain Political Organizations**  
To be filed by those organizations having taxable income (line 19).  
(Under Section 527 of the Internal Revenue Code)

For calendar year 1978 or other taxable year beginning \_\_\_\_\_, 1978 and ending \_\_\_\_\_, 19\_\_.

**Note:** If you are a section 501(c) organization and described in instruction A.3, check here .

Please print or type	Name of organization	Employer identification number (see instruction O)
	Number and street	Date organization formed
	City or town, State and ZIP code	Were the required forms 1087, 1096, and 1099 filed? <input type="checkbox"/> Yes <input type="checkbox"/> No

Enter name of candidate **▶** \_\_\_\_\_

The books are in care of **▶** \_\_\_\_\_ Telephone No. **▶** \_\_\_\_\_

Located at **▶** \_\_\_\_\_

**Important**—Fill in all applicable lines and schedules.

<b>Gross Income</b>	1 Dividends (attach schedule) . . . . .	1	_____
	2 Interest on obligations of the United States and U.S. instrumentalities . . . . .	2	_____
	3 Other interest . . . . .	3	_____
	4 Gross rents . . . . .	4	_____
	5 Gross royalties . . . . .	5	_____
	6 (a) Capital gain net income from Schedule D, line 9 . . . . .	6(a)	_____
	(b) Net gain or (loss) from Form 4797, line 11, Part II (attach Form 4797) . . . . .	6(b)	_____
	7 Other income (see "Note" in instruction D—attach schedule) . . . . .	7	_____
8 <b>Total income</b> (add lines 1 through 7) . . . . .	8	_____	
<b>Deductions</b>	9 Salaries and wages . . . . .	9	_____
	10 Repairs . . . . .	10	_____
	11 Rents . . . . .	11	_____
	12 Taxes . . . . .	12	_____
	13 Interest . . . . .	13	_____
	14 Depreciation from Form 4562 (attach Form 4562) _____, less depreciation claimed elsewhere on the return _____ Balance <b>▶</b>	14	_____
	15 Other deductions (attach schedule) . . . . .	15	_____
	16 <b>Total deductions</b> (add lines 9 through 15) . . . . .	16	_____
	17 Taxable income before specific deduction of \$100 (line 8 less line 16). (Section 501(c) organizations show: (a) amount of net investment income (see Instruction A3(b)(ii)) <b>▶</b> _____, (b) aggregate amount expended for an exempt function (attach schedule) <b>▶</b> _____, and enter on line 17, the lesser of (a) or (b) . . . . .	17	_____
	18 Less specific deduction of \$100 (not allowed for newsletter funds defined under section 527(g)) . . . . .	18	_____
	19 <b>Taxable income</b> (subtract line 18 from line 17) . . . . .	19	_____
<b>Tax</b>	20 <b>Total tax</b> (from Schedule A, line 10) . . . . .	20	_____
	21 <b>Credits:</b> (a) Tax deposited with Form 7004 . . . . .	21	_____
	(b) Tax deposited with Form 7005 (attach copy) . . . . .		_____
	(c) Credit from regulated investment companies (attach Form 2439) . . . . .		_____
	22 <b>Tax due</b> (subtract line 21 from line 20). See instruction I for depository method of payment . . . . .	22	_____
23 <b>Overpayment</b> (subtract line 20 from line 21) . . . . .	23	_____	

**Foreign Financial Accounts and Foreign Trusts**

1 Did you, at any time during the taxable year, have an interest in or signature or other authority over a bank, securities, or other financial account in a foreign country (see instruction T)?  Yes  No

2 Were you the grantor of, or transferor to, a foreign trust during any taxable year, which foreign trust was in being during the current taxable year, whether or not you have any beneficial interest in such trust?  Yes  No

If "Yes," you may be required to file Forms 3520, 3520-A, or 926.

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. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

<b>Signature of officer</b> _____	<b>Date</b> _____	<b>Title</b> _____
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**Please Sign Here**

<b>Paid Preparer's Information</b>	Preparer's signature <b>▶</b> _____	Preparer's social security no. _____	Check if self-employed <input type="checkbox"/>
	Firm's name (or yours, if self-employed), address and ZIP code <b>▶</b> _____	E.I. No. <b>▶</b> _____	Date <b>▶</b> _____

Schedule A.—Tax Computation Schedule (Fiscal year organizations—Do not compute your tax on Schedule A. Instead compute your tax on form 1120-POL—FY (1978-79) and attach it to Form 1120-POL.)

Table with 10 rows for tax computation. Columns include line numbers and descriptions: 1 Taxable income, 2 46% of the first \$25,000, 3 48% of taxable income in excess of \$25,000, 4 Total of lines 2 and 3, 5 Income tax, 6 (a) Work incentive credit, (b) Foreign tax credit, 7 Total of lines 6(a) and (b), 8 Subtract line 7 from line 5, 9 Tax from recomputing a prior year WIN credit, 10 Total tax.

Schedule D.—Capital Gains and Losses (See Instructions for Schedule D)

Part I Short-term Capital Gains and Losses—Assets Held ONE YEAR or Less

Table for Part I with 6 columns: a. Kind of property and description, b. Date acquired, c. Date sold, d. Gross sales price less expense of sale, e. Cost or other basis, f. Gain or (loss). Includes rows for unused capital loss carryover and net short-term capital gain or loss.

Part II Long-term Capital Gains and Losses—Assets Held More Than ONE YEAR

Table for Part II with 6 columns: a-f. Includes row for section 1231 gain and net long-term capital gain or loss.

Part III Summary of Schedule D Gains and Losses

Table for Part III with 3 rows: 7 Enter excess of net short-term capital gain over net long-term capital loss, 8 Enter excess of net long-term capital gain over net short-term capital loss, 9 Total of lines 7 and 8.

Part IV Alternative Tax Computation (Fiscal year organizations—Do not compute your alternative tax on Part IV, Schedule D. Instead, compute your alternative tax on Form 1120-POL—FY (1978-79) and attach it to Form 1120-POL.)

Table for Part IV with 6 rows: 10 Taxable income, 11 Excess of net long-term capital gain over net short-term capital loss, 12 Subtract line 11 from line 10, 13 46% of the first \$25,000, 14 48% of taxable income in excess of \$25,000, 15 30% of line 11, 16 Alternative tax.

Schedule K.—Record of Federal Tax Deposits Tax Class Number 503

(List Deposits in Order of Date Made—See Instruction I)

Table for Schedule K with 8 columns: Date of deposit, Amount, Date of deposit, Amount, Date of deposit, Amount, Date of deposit, Amount.

**Schedule L.—Balance Sheets**

	Beginning of Taxable Year		End of Taxable Year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
<b>Assets</b>				
<b>1</b> Cash: (a) Savings and interest-bearing accounts . . . . .				
(b) Other . . . . .				
<b>2</b> Accounts receivable net . . . . .				
<b>3</b> Notes receivable net (attach schedule) . . . . .				
<b>4</b> Inventories . . . . .				
<b>5</b> Government obligations: (a) U.S. and instrumentalities . . . . .				
(b) State, subdivisions thereof, etc. . . . .				
<b>6</b> Investments in nongovernment bonds, etc, (attach schedule) . . . . .				
<b>7</b> Investments in corporate stocks (attach schedule) . . . . .				
<b>8</b> Loans:				
(a) Mortgage loans (number of loans ► _____) . . . . .				
(b) Other loans (attach schedule) . . . . .				
<b>9</b> Other investments (attach schedule) . . . . .				
<b>10</b> Depreciable (depletable) assets (attach schedule):				
(a) Held for investment purposes . . . . .				
(b) Less accumulated depreciation . . . . .				
(c) Held for campaign purposes . . . . .				
(d) Less accumulated depreciation . . . . .				
<b>11</b> Land: (a) Held for investment purposes . . . . .				
(b) Held for campaign purposes . . . . .				
<b>12</b> Other assets (attach schedule) . . . . .				
<b>13</b> Total assets . . . . .				
<b>Liabilities</b>				
<b>14</b> Accounts payable . . . . .				
<b>15</b> Contributions, gifts, grants, etc. payable . . . . .				
<b>16</b> Mortgages and notes payable (attach schedule) . . . . .				
<b>17</b> Other liabilities (attach schedule) . . . . .				
<b>18</b> Total liabilities . . . . .				
<b>Net Worth (Fund Balances)</b>				
<b>19</b> Principal Fund . . . . .				
. . . . .				
<b>20</b> Income Fund . . . . .				
. . . . .				
<b>21</b> Total Net Worth (Fund Balances) . . . . .				
<b>22</b> Total liabilities and Net Worth (line 18 plus line 21) . . . . .				

**Schedule M.—Analysis of Changes in Net Worth**

<b>1</b> Total net worth at beginning of year—from Schedule L, line 21, column (B) . . . . .	<b>1</b>	
<b>2</b> Enter amount from line 17, page 1 . . . . .	<b>2</b>	
<b>3</b> Nontaxable income from contributions . . . . .	<b>3</b>	
<b>4</b> Nontaxable income from other sources . . . . .	<b>4</b>	
<b>5</b> Other increases not included above (itemize) ► . . . . .		
. . . . .		
. . . . .		
. . . . .		
<b>6</b> Total (add lines 1 through 5) . . . . .	<b>6</b>	
<b>7</b> Campaign expenses . . . . .	<b>7</b>	
<b>8</b> Expenses attributable to other nontaxable income . . . . .	<b>8</b>	
<b>9</b> Other decreases not included above (itemize) ► . . . . .		
. . . . .		
. . . . .		
<b>10</b> Total of lines 7, 8 and 9 . . . . .	<b>10</b>	
<b>11</b> Total net worth at end of year (subtract line 10 from line 6)—This equals Schedule L, line 21, column (D) . . . . .	<b>11</b>	

## General Instructions

(References are to the Internal Revenue Code.)

### A. Who Must File Form 1120-POL.—

1. A political organization, that is, a party, committee, association, fund (including a separate segregated fund (described in section 527(f)(3)) set up by a section 501(c) organization), or other organization, organized and operated primarily for the purpose of accepting contributions or making expenditures, or both, to influence the selection, nomination, election or appointment of any individual to any public office or office in a political organization, or the election of Presidential or Vice-Presidential electors, must file Form 1120-POL if such organization has any taxable income (defined in C below).

2. A newsletter fund (as described in section 527(g)) must file Form 1120-POL if it has political organization taxable income. Taxable income is the same as described in C below with these modifications:

- the \$100 specific deduction is not allowed and
- the exempt function shall be only the preparation and circulation of the newsletter.

For further information, see section 527(g).

3. (a) Under section 527(f) certain organizations described in section 501(c) and exempt from tax under section 501(a), must file Form 1120-POL if they:

- expend any amount during the taxable year directly (or through another organization) for an exempt function (defined in E below) and
- have taxable income.

(b) For purposes of a section 501(c) organization, taxable income shall be an amount equal to the lesser of:

- the aggregate amount expended during the taxable year for an exempt function (defined in E below) or
- the net investment income of such organization for the taxable year. Net investment income, for this purpose, means the gross amount of interest, dividends, rents, royalties, plus the excess (if any) of gains from the sale or exchange of assets over the losses from the sale or exchange of assets, over the deductions directly connected with the production of this income.

Both of the above amounts are computed by taking into account the modifications described in C.2. below.

Section 501(c) organizations will not take into account items taken into account for purposes of the tax imposed by section 511.

(c) If a section 501(c) organization sets up a separate segregated fund (section 527(f)(3)), the taxable income of such fund will be determined in accordance with instruction C.

For further information, see section 527(f).

**B. Tax Imposed.**—The tax imposed consists of a normal tax and surtax computed as provided in section 11 as though the political organization were a corporation and as though the political organization taxable income was the taxable income referred to in section 11. The surtax exemption (section 11(d)) is not allowed.

### C. Taxable Income.—

**Note:** Generally, campaign contributions are not includible in income; expenditures for campaign purposes are not deductible. (See instruction D below.)

Taxable income is the excess of:

1. gross income for the taxable year (excluding any exempt function income which is defined below) over

2. the deductions allowed which are directly connected with the production of gross income (excluding exempt function income) computed with the following modifications—

- a specific deduction of \$100 is allowed,
- a net operating loss deduction (section 172) is not allowed, and
- a deduction under part VIII of subchapter B (relating to special deductions for corporations) is not allowed.

**D. Exempt Function Income.**—Exempt function income is any amount received as:

- contributions of money or other property,
  - membership dues, fees, or assessments from members of the political organization,
  - proceeds from a political fund-raising or entertainment event, or proceeds from the sale of political campaign materials, which are not received in the ordinary course of any trade or business, or
  - proceeds from the conducting of any bingo game as defined in section 513(f)(2),
- to the extent such amount is segregated for use only for the exempt function of the political organization.

**Note:** Income received in the course of an ordinary trade or business is to be included in line 7, "other income," page 1.

**E. Exempt Function.**—For purposes of section 527, the term "exempt function" means the function of influencing or attempting to influence the selection, nomination, election, or appointment of any individual to any Federal, State, or local public office or office in a political organization, or the election of Presidential or Vice-Presidential electors, whether or not such individual or electors are selected, nominated, elected or appointed.

### F. Where to File.—

If the political organization's main office is located in	Use this address
New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester	Internal Revenue Service Center Holtsville, NY 00501
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Internal Revenue Service Center Andover, MA 05501
Alabama, Florida, Georgia, Mississippi, South Carolina	Internal Revenue Service Center Atlanta, GA 31101
Michigan, Ohio	Internal Revenue Service Center Cincinnati, OH 45999
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Internal Revenue Service Center Austin, TX 73301
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Internal Revenue Service Center Ogden, UT 84201
Illinois, Iowa, Missouri, Wisconsin	Internal Revenue Service Center Kansas City, MO 64999
California, Hawaii	Internal Revenue Service Center Fresno, CA 93888
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Internal Revenue Service Center Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania	Internal Revenue Service Center Philadelphia, PA 19255

**G. When to File.**—In general, Form 1120-POL must be filed on or before the 15th day of the 3rd month after the end of the taxable year.

You may request an automatic 3-month extension of time to file Form 1120-POL by filing Form 7004.

Form 7005 may be used to request an additional extension but only by organizations that have previously obtained an automatic 3-month extension by filing Form 7004.

**H. Period to be Covered by 1978 Return.**—File the 1978 return for calendar year 1978 and fiscal years beginning in 1978 and ending in 1979. If the return is for a fiscal year, fill in the taxable year space on the form.

**I. Depositary Method of Tax Payment.**—The balance of the tax due (line 22) must be paid in full when the return is filed or in two installments, 50% by the 15th day of the 3rd month and 50% by the 15th day of the 6th month after the end of the taxable year.

Organization income tax payments must be deposited at an authorized financial institution or Federal Reserve Bank or Branch (FRB), with a Federal Tax Deposit Form preinscribed with a Tax Class Number 503, in accordance with instructions appearing on the reverse of that form. Deposits made at a FRB must be made with the FRB servicing the geographic area where a taxpayer is located. The deposit must be made in a form of payment that the receiving FRB considers to be an im-

mediate credit item. Additional information can be obtained from an authorized depository or FRB. Each deposit must be accompanied by a Federal Tax Deposit Form preinscribed with a Tax Class Number 503. Do not remit directly to Internal Revenue. Records of deposits will be sent to Internal Revenue for crediting to the organization's account.

The timeliness of deposits will be determined by date received by the financial institution or FRB. If a tax payment is made by mail, a deposit received after the due date will be considered timely if the taxpayer establishes that it was mailed on or before the second day before the prescribed due date as provided by section 7502. Tax deposits made at FRBs which are **not** in compliance with deposit requirements will nevertheless be processed by the receiving FRB rather than returned to the taxpayer. Furthermore, such tax payments received by an FRB will be dated as paid based upon the date when the proceeds of the accompanying payment instrument are collected by the FRB, and if made by mail, section 7502 will not apply.

Organizations needing Federal Tax Deposit Forms preinscribed with a Tax Class Number 503 may obtain them from the Internal Revenue Service Center where they will file their returns. The application should include the organization's name, identification number, address, and the taxable year to which the deposits relate.

In Schedule K, list all Tax Class Number 503 deposits that relate to the taxable year for which this return is filed and which were made before or simultaneously with the filing of this return.

**J. Change in Accounting Period.**—To change your accounting period, see section 1.442-1 of the regulations and Form 1128, Application for Change in Accounting Period.

**K. Accounting Methods.**—Taxable income must be computed using the method of accounting regularly used in keeping the organization's books and records. In all cases, the method adopted must clearly reflect taxable income. (See section 446.)

Unless the law specifically permits, you may not change the method of accounting used to report income in prior years (for income as a whole or for any material item) without first obtaining consent on Form 3115, Application for Change in Accounting Method.

**L. Rounding Off to Whole-dollar Amounts.**—The money items may be shown as whole-dollar amounts by eliminating any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

**M. Attachments.**—If more space is needed on forms or schedules, attach separate sheets. Attach schedules in alphabetical order and forms in numerical order to the back of Form 1120-POL. Be sure to put the taxpayer's name and employer identification number on these separate sheets.

**N. Signature.**—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of an organization.

If your organization officer filled in Form 1120-POL, the space under the signature of officer should remain blank. If someone prepares Form 1120-POL and does not charge the organization, that person should not sign the return. Certain others who prepare Form 1120-POL should not sign. For example, a regular, full-time employee of the organization such as clerk, secretary, etc. does not have to sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 1120-POL must sign the return and fill in the other blanks in the Paid Preparer's Information area of the return.

When more than one person prepares Form 1120-POL, the preparer with primary responsibility for the overall accuracy of the return must sign as the preparer.

If the preparer is self-employed (i.e., is not employed by any person or business entity to prepare the return), he or she should check the "SE" box.

If you have questions about whether a preparer is required to sign Form 1120-POL, please contact an IRS office.

The person required to sign the return **MUST**:

—Sign it, by hand, in the space provided for the preparer's signature (Signature stamps or labels are not acceptable);

—Give a copy of Form 1120-POL to the taxpayer in addition to the copy filed with IRS.

**Publication 1054** is a guide listing some of the preparer's other responsibilities and penalties for which he or she may be liable. The publication also contains the regulation citations which govern their work. Tax return preparers should be familiar with their responsibilities. This publication is available at IRS offices.

**O. Identifying Number.**—All political organizations (including separate segregated funds described in section 527(f)(3) and newsletter funds) must use an employer identification number. If you do not have an employer identification number for

the political organization, apply for one from your Internal Revenue Service Center on Form SS-4, available from any Internal Revenue or Social Security Administration district office.

#### **P. Penalties.**—

Avoid penalties and interest by correctly filing and paying the tax when due.

1. A political organization that fails to file its tax return by the prescribed due date including any extensions of time for filing may be subject to a penalty of 5% a month, up to a maximum of 25%, for each month the return is not filed.

2. A political organization that fails to pay the tax when due may be subject to a penalty of 1/2% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid.

The penalties mentioned above are imposed on the net amount due—see section 6651(a)(1) and (2).

The above penalties will not be imposed if the political organization can show that the failure to file or to pay was due to reasonable cause and not to willful neglect.

The penalties are in addition to the interest charge imposed on unpaid tax at a rate established pursuant to section 6621.

**Q. Possession Tax Credit.**—See Form 5712 for rules on how to elect to claim the possession tax credit (section 936). Compute the credit on Form 5735 and include the amount of the credit in the total for Schedule A (Form 1120-POL), line 7, if applicable. Write in the margin next to the entry on line 7, the amount of the credit and identify it as being a section 936 credit.

**R. Estimated Tax, Minimum Tax and Investment Credit.**—Estimated tax, minimum tax and investment credit do not apply to political organizations defined in section 527.

**S. Financial Statements.**—Section 501 (c) organizations do not have to complete Schedules L and M.

**T. Foreign Financial Accounts and Foreign Trusts.**—If at any time during the year, you had an interest in or signature or other authority over a bank account, securities account or other financial account in a foreign country, check the **Yes** box for question 1. However, you should check the **No** box if the combined assets in the account(s) were \$1,000 or less during the entire year, or were with a U.S. military banking facility operated by a U.S. financial institution.

If you own more than 50 percent of the stock in any corporation that owns one or more foreign bank accounts, you must check the **Yes** box for question 1.

Get Form 90-22.1 to see if you are considered to have an interest in, or signature or other authority over a bank, security, or other financial account in a foreign country.

If you checked Yes for question 1, file Form 90-22.1. You can get this form from many IRS offices. File the completed form by June 30, 1979, with the Department of the Treasury, P.O. Box 28309, Central Station, Washington, DC 20005. Do not file it with the IRS, it is not a tax return.

If you were a grantor of, or transferor to a foreign trust, which trust was in being during the taxable year, check the **Yes** box for question 2.

## Instructions for Schedule D

This schedule provides for the reporting of sales or exchanges of capital assets. Every sale or exchange of property must be reported even though no gain or loss is indicated.

For reporting 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 (section 1231), see Form 4797 and related instructions.

**Capital Assets.**—The Tax Reform Act of 1976 increased the holding period for long-term capital gains and losses to more than one year for taxable years beginning in 1978 and after.

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 gain.

Gains and losses on futures transactions (but not options on futures transactions) in any commodity subject to the rules of

a board of trade or commodity exchange will retain the more than 6-month holding period rule for long-term treatment. See section 1222.

Each item of property held by a political organization (whether or not connected with its trade or business) is a capital asset except:

1. inventorable assets or property held primarily for sale to customers;
2. depreciable or real property used in a 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. certain short-term Federal, State, and municipal obligations; and
6. a publication of the United States Government (including the Congressional Record) which is received from the United States Government or any agency thereof, other than by purchase at the price at which it is offered for sale to the public, and which is held by (a) a taxpayer who so received such publication, or (b) a taxpayer in whose hands the basis of such publication is determined, for purposes of determining gain from a sale or exchange, in whole or in part by reference to the basis of such publication in the hands of a taxpayer described in 6(a).

**Capital Losses.**—Capital losses are allowed only to the extent of capital gains. A net capital loss, however, may be carried back three years and forward five as a short-term capital loss. The capital loss may be carried back only to the extent it

does not increase or produce a net operating loss in the taxable year to which it is being carried.

Under the provisions of section 6411, a quick refund of the tax overpayment created by the capital loss carryback may be obtained by filing Form 1139.

**Basis.**—In determining gain or loss, the basis of property will generally be its cost. However, where the political organization receives appreciated property after May 7, 1974, then the basis of this property will be the same as it would be in the hands of the transferor, increased by the amount of gain recognized to the transferor.

**Exchange of "Like Kind" Property.**—Although no gain or loss is recognized when property held for productive 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 productive use in a trade or business or for investment, you must report the transaction on Schedule D or Form 4797, whichever is applicable. If Schedule D is applicable, 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 (e). Enter zero in column (f). (See section 1031.)

**Alternative Tax Computation.**—If you have an excess of net long-term capital gain over net short-term capital loss, compute the tax using the alternative method (Part IV) to determine if the resulting tax is less than the tax computed using the regular method.