SCHEDULE D
Form 1120
U. S. Treasury Department
Internal Revenue Service

SCHEDULE OF GAINS AND LOSSES FROM SALES OR EXCHANGES OF PROPERTY

1954

FOR CALENDAR YEAR 1954

or other taxable year beginning , 1954, and ending , 195

Name and address

(I) CAPITAL ASSETS

a. Description of Property	b. Date Acquired Mo. Day Yr.	c. Date Sold Mo. Day Yr.	d. Gross Sales Price (Contract price)	e. Depreciation Allowed (or allowable) Since Acquisition or March 1, 1913 (Furnish details)	f. Cost or Other Basis and Cost of Improvements Subsequent to Acquisition or March 1, 1913	g. Expense of Sale	h. Gain or Loss (Column d plus column e less the sum of columns f and g)
Short-Term Capital Gains and Losses—Assets Held for Not More Than 6 Months							
1.			$	$	$	$	$
2. Unused net capital loss carry-over from five preceding taxable years (attach statement)							
3. Total of short-term capital gains or losses or difference between short-term capital gains and losses							$
Long-Term Capital Gains and Losses—Assets Held for More Than 6 Months							
4.			$	$	$	$	$
5. Total of long-term capital gains or losses or difference between long-term capital gains and losses							$

Summary of Capital Gains and Losses

Classification	Gain or Loss To Be Taken Into Account a. Gain	b. Loss
6. Net short-term capital gain or loss from line 3	$	$
7. Net long-term capital gain or loss from line 5	$	$
8. Net short-term capital gain (line 6, col. a) reduced by any net long-term capital loss (line 7, col. b). Enter here and as item 13 (a), page 1, Form 1120	$	x x x x x x x x x x
9. Net long-term capital gain (line 7, col. a) reduced by any net short-term capital loss (line 6, col. b). Enter here and as item 13 (b), page 1, Form 1120	$	x x x x x x x x x x
10. Excess of losses over gains in lines 6 and 7. This excess is not allowable	x x x x x x x x x x	$

Alternative Tax Computation for Calendar Year 1954 and Taxable Years Ending on or Before March 31, 1955

For other taxable years attach Form 1120FY

11. Line 7, page 3, Form 1120 (When deductions are allowable under sections 243, 244, 245, 247, 922, and 941, disregard lines 11 and 12 and compute taxable income for purposes of the alternative tax (line 13) according to the "Alternative tax" instructions on the reverse side.)		$
12. Net long-term capital gain reduced by any net short-term capital loss (line 9 of summary)		
13. Line 11 minus line 12		$
14. If amount of line 13 is:		
(a) Not over $25,000; enter 30 percent of line 13 (32 percent if a consolidated return)		$
(b) Over $25,000; enter 52 percent of line 13 (54 percent if a consolidated return)	$	
Subtract $5,500 and enter difference		$
15. Less: Adjustment for partially tax-exempt interest; enter 30 percent of line 1, Schedule K, Form 1120, but not in excess of 30 percent of line 13		
16. Partial tax		$
17. 26 percent of line 12 (25% for years beginning on or after April 1, 1954)		
18. Alternative tax (line 16 plus line 17)		$
19. Normal tax and surtax (line 10, page 3, Form 1120)		$
20. Tax liability (line 18 or 19, whichever is lesser). Enter here and as line 11, page 3, Form 1120		$

(II) PROPERTY OTHER THAN CAPITAL ASSETS

a. Description of Property	b. Date Acquired Mo. Day Yr.	c. Date Sold Mo. Day Yr.	d. Gross Sales Price (Contract price)	e. Depreciation Allowed (or allowable) Since Acquisition or March 1, 1913 (Furnish details)	f. Cost or Other Basis and Cost of Improvements Subsequent to Acquisition or March 1, 1913	g. Expense of Sale	h. Gain or Loss (Column d plus column e less the sum of columns f and g)
1.			$	$	$	$	$
2. Total net gain (or loss). Enter here and as item 13 (c), page 1, Form 1120							$

State with respect to each item of property reported in Schedule D (I) and (II): (1) How property was acquired

(2) Whether at time of sale or exchange—(Check appropriate block(s))

☐ (a) purchaser owned directly or indirectly more than 50 percent in value of your outstanding stock,

☐ (b) where purchaser was a corporation, more than 50 percent in value of its capital stock and 50 percent in value of your capital stock was owned directly or indirectly by or for the same individual or his family, and

☐ (c) where purchaser was a corporation, whether more than 50 percent in value of its capital stock was owned directly or indirectly by you.

State name and address of purchaser

INSTRUCTIONS

(References are to the Internal Revenue Code)

Instructions For Insurance Companies Using This Schedule

Companies taxable under section 831 and having losses from capital assets sold or exchanged in order to obtain funds to meet abnormal insurance losses, etc., shall attach a schedule corresponding to Schedule E, Form 1120M.

For companies taxable under section 831 or section 821 (a) (1) or (b), "net capital loss" means the amount by which the losses for the taxable year from sales or exchanges of capital assets exceed the sum of the gains from such sales or exchanges and the lesser of (1) the taxable income (computed without regard to gains or losses from sales or exchanges of capital assets or to the deduction for partially tax-exempt interest provided in section 242) or (2) losses from the sale or exchange of capital assets sold or exchanged to obtain funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders.

For companies taxable under section 821 (a) (1) or (b), all references to "item" or "line" numbers, Form 1120, shall be considered as references to the appropriate "item" or "line" in Form 1120M. It will be necessary for such companies to substitute for lines 14, 15, and 16 on other side a computation conforming to that on pages 2 and 3 of Form 1120M.

GENERAL INSTRUCTIONS

Gains and losses from sales or exchanges of capital assets and other property.—Report sales or exchanges of capital assets and sales or exchanges of property other than capital assets in Schedule D on other side. Every sale or exchange of property, even though no gain or loss may be indicated, must be reported in detail.

Losses from sales or exchanges of capital assets shall be allowed only to the extent of gains from such sales or exchanges. However, the amount of a net capital loss sustained in any taxable year may be carried over to each of the five succeeding taxable years and treated in each such succeeding taxable year as a short-term capital loss to the extent not allowed as a deduction against any net capital gains of any taxable year intervening between the taxable year in which the net capital loss was sustained and the taxable year to which carried.

Definition of capital assets.—The term "capital assets" means property held by the taxpayer (whether or not connected with its trade or business), but does not include (1) stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business; or (2) property used in the trade or business, of a character which is subject to the allowance for depreciation provided in section 167, or real property used in the trade or business of the taxpayer; or (3) certain copyrights, literary, musical, or artistic compositions, or similar properties; or (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; or (5) an obligation of the United States or any of its possessions, or of a State or Territory, or any political subdivision thereof, or of the District of Columbia, issued on or after March 1, 1941, on a discount basis and payable without interest at a fixed maturity date not exceeding 1 year from the date of issue.

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

Enter full description of each item of property sold or exchanged, even though no gain or loss may be indicated. Such description should include the following facts: (*a*) For real estate, location and description of land, description of improvements, details explaining depreciation; (*b*) for bonds or other evidences of indebtedness, name of issuing corporation, description of the particular issue, denomination, and amount; (*c*) for stocks, name of issuing corporation, class of stock, number of shares, and capital changes affecting basis (nontaxable stock dividends, other nontaxable distributions, stock rights, etc.).

The "basis" for the property is not subject to the same rule for reporting gains as for losses, if the property was acquired before March 1, 1913. If the property sold or exchanged was acquired prior to March 1, 1913, the basis for determining GAIN is the cost or the fair market value as of March 1, 1913, adjusted as provided in section 1016, whichever is greater, but in determining LOSS the basis is cost so adjusted. If property was acquired after February 28, 1913, basis for both gain and loss is the cost of such property, except as otherwise provided. The exceptions arise chiefly where property was acquired by bequest, gift, tax-free exchange, involuntary conversion, or wash sale of stock; see sections 1014, 1015, 1031, 1033, and 1091, respectively. If the amount shown as the basis is other than actual cash cost of the property sold or exchanged, full details must be furnished regarding the acquisition of the property.

Enter in column e, on other side, the amount of depreciation, exhaustion, wear and tear, obsolescence, amortization, and depletion in respect of the property. This amount shall be the sum of the following:

(*a*) The amount of depreciation, exhaustion, wear and tear, obsolescence, amortization, and depletion which has been allowed (but not less than the amount allowable) in respect of such property since date of acquisition, or since February 28, 1913, if the property was acquired before that date. For any period after December 31, 1951, the amount of depreciation, etc., allowed (and which is in excess of the amount allowable) shall be disregarded to the extent that such excess does not result in a reduction for any taxable year of the taxpayer's income or excess profits taxes. In respect of any period after February 28, 1913, and before January 1, 1952, the taxpayer may disregard depreciation, etc., which was in excess of the amount allowable and which did not result in reduction of income or excess profits taxes only if an election is made in accordance with regulations. See section 1020; and

(*b*) The amount of depreciation, exhaustion, wear and tear, obsolescence, amortization, and depletion actually sustained prior to March 1, 1913, if the property was acquired before that date.

Subsequent improvements to be entered in column f. include expenditures for additions, improvements, renewals, and replacements made to restore the property or prolong its useful life. Do not include ordinary repairs, interest, or taxes in column f. or elsewhere in computing gain or loss.

If emergency facilities are sold or exchanged, see section 1238.

Losses on securities becoming worthless.—If any securities (as defined below) become worthless within the taxable year and are capital assets, the loss resulting therefrom shall, in the case of a taxpayer other than a bank, as defined in section 581, be considered as a loss from the sale or exchange, on the last day of such taxable year, of capital assets. Section 165 (g) (1).

Definition of security.—For the purpose of determining capital losses under section 165, the term "security" means a share of stock in a corporation; a right to subscribe for, or to receive, a share of stock in a corporation; or a bond, debenture, note, or certificate, or other evidence of indebtedness, issued by a corporation or by a government or political subdivision thereof, with interest coupons or in registered form. However, securities issued by certain affiliated corporations shall not be deemed capital assets. Section 165 (g) (3).

Losses not allowable.—No loss shall be recognized in any sale or other disposition of shares of stock or securities where there has been acquired substantially identical stock or securities or there has been entered into a contract or option to acquire substantially identical stock or securities within 30 days before or after the date of such sale or disposition, except in cases of dealers in stocks and securities and with respect to transactions made in the ordinary course of such business. Section 1091.

Except in the case of distributions in liquidation, no deduction shall be allowed in respect of losses from sales or exchanges of property, directly or indirectly, between an individual and a corporation in which such individual owns, directly or indirectly, more than 50 percent in value of the outstanding stock; or (except in the case of distributions in liquidation) between two corporations more than 50 percent in value of the outstanding stock of each of which is owned, directly or indirectly, by or for the same individual, if either one of such corporations, with respect to the taxable year of the corporation preceding the date of the sale or exchange was, under the law applicable to such taxable year, (1) a personal holding company, as defined in section 542, or (2) a foreign personal holding company, as defined in section 552. (For the purpose of determining the ownership of stock, in applying this paragraph, see section 267.)

Gain on sales by a "controlled" corporation.—In the case of a sale or exchange, directly or indirectly, of property between an individual and a corporation more than 80 percent in value of the outstanding stock of which is owned by such individual, his spouse, and his minor children and minor grandchildren, any gain recognized to the transferor from such sale or exchange shall be treated as gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231, if such property in the hands of the transferee is depreciable under section 167. Section 1239.

Gains and losses from involuntary conversion and from the sale or exchange of certain property used in the trade or business.—The term "property used in the trade or business," as used in section 1231, means property which has been held more than 6 months, which is used in the trade or business, and which is either real property or property subject to depreciation under section 167, and which is not (*a*) property of a kind which would properly be includible in the inventory of the taxpayer if on hand at the close of the taxable year, (*b*) property held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business, or (*c*) certain copyrights or similar properties. Such term also includes timber and coal with respect to which section 631 applies as well as unharvested crops to which section 1231 (b) (4) applies. Such term also includes livestock (but not poultry) held for draft, breeding, or dairy purposes and held for 12 months or more from the date of acquisition.

Section 1231 provides special treatment for the gains and losses upon the sale or exchange of "property used in the trade or business" and upon the compulsory or involuntary conversion of (1) such property and (2) capital assets held for more than 6 months. Such gains and losses during the taxable year are treated as gains and losses from the sale or exchange of capital assets held for more than 6 months, if the aggregate of such gains exceeds the aggregate of such losses. If, however, such gains do not exceed such losses, such gains and losses shall not be treated as gains and losses from the sale or exchange of capital assets.

In determining whether gains do or do not exceed losses, it is necessary to include the gains and losses to the extent that they would be included if they were all ordinary gains and losses. The limitation of section 1211 on the deductibility of capital losses does not operate to exclude any such losses from the computation as to the excess of gains over losses, but all such losses are included in full.

For special treatment of gain or loss upon the cutting of timber, or upon the disposal of timber or coal under a contract by which the owner retains an economic interest in such timber or coal, see section 631.

Alternative tax.—If for any taxable year the net long-term capital gain exceeds the net short-term capital loss, or if there is only a net long-term capital gain, section 1201 imposes an alternative tax in lieu of the normal tax and surtax imposed upon taxable income, if any, only if such tax is less than the tax imposed by section 11 (relating to normal tax and surtax on corporations), sections 821 and 831 (relating to normal tax and surtax on insurance companies, other than life insurance companies), or section 511 (a) (1) (relating to taxation of business income of certain organizations described in section 511 (a) (2)). The alternative tax is the sum of (1) a partial tax, computed at the normal tax and surtax rates on the taxable income decreased by the amount of the excess of the net long-term capital gain over the net short-term capital loss, and (2) 26 percent of such excess for taxable years beginning before April 1, 1954, determined without regard to section 21, or 25 percent for years beginning after March 31, 1954.

If the corporation computes an alternative tax under section 1201 and is entitled to special deductions for dividends received (sections 243, 244, 245); the special deduction for dividends paid (section 247); the special deduction for a Western Hemisphere trade corporation (section 922); or the special deduction for a China Trade Act corporation (section 941) the amount to be entered on line 13 shall be computed as follows:

(1) Add back to the taxable income (item 33, page 1, Form 1120) any deductions claimed in item 29 or item 32 (b), page 1, Form 1120, under the authority of sections 243, 244, 245, 247, 922, and 941.

(2) Subtract from this total the excess of net long-term capital gain over net short-term capital loss (line 9 of Schedule D).

(3) Recompute the special deductions allowable under sections 243, 244, 245, 247, 922, and 941. For the purpose of this recomputation, the term "taxable income" employed in these sections and in section 246 shall be considered to be the result in (2) above.

(4) Subtract from the result in (2) above the special deductions recomputed in (3) above and enter the difference, plus line 1, Schedule K, Form 1120, in line 13.

Bonds, etc., losses of banks.—In the case of a bank, as defined in section 581, if the losses in the taxable year from sales or exchanges of bonds, debentures, notes, or certificates, or other evidences of indebtedness, issued by any corporation (including one issued by a government or political subdivision thereof) with interest coupons or in registered form, exceed the gains from such sales or exchanges, such excess shall be considered as an ordinary loss and deductible in full against other income. Section 582.

Dealers in securities. Capital gains and ordinary losses.—Under the provisions of section 1236, gain by a dealer in securities from the sale or exchange of a security, as defined in section 1236, shall in no event be considered as gain from the sale or exchange of a capital asset unless (*a*) the security was, before the expiration of the thirtieth day after the date of its acquisition, clearly identified in the dealer's records as a security held for investment or, if acquired before October 20, 1951, was so identified before November 20, 1951; and (*b*) the security was not, at any time after the expiration of such thirtieth day, held by the dealer primarily for sale to customers in the ordinary course of trade or business. A loss from the sale or exchange of a security shall, if section 582 (c) is not applicable, be considered a capital loss if at any time after November 19, 1951, the security was clearly identified in the dealer's records as a security held for investment.

Short sales of capital assets.—For rules regarding tax consequences of certain short sales of stock or other securities (including those dealt with on a "when issued" basis), and transactions in commodity futures, see section 1233.

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