



**PART V—TOTAL SCHEDULE D GAINS AND LOSSES**

<b>13</b> Enter excess of net short-term capital gain (line 8) over net long-term capital loss (line 10) . . . . .	.....
<b>14</b> Enter excess of net long-term capital gain (line 10) over net short-term capital loss (line 8) . . . . .	.....
<b>15</b> Net gain (loss) from property other than capital assets (line 12) . . . . .	.....
<b>16</b> Total of lines 13, 14, and 15. Enter here and on Form 1120, page 1, line 9 . . . . .	.....

**Alternative Tax Computation**

<b>17</b> Taxable income (line 30, page 1, Form 1120) . . . . .	.....
<b>18</b> Net long-term capital gain reduced by any net short-term capital loss (line 14) . . . . .	.....
<b>19</b> Line 17 less line 18 . . . . .	.....
<b>20</b> Surtax exemption (line 19, \$25,000, or amount apportioned under section 1561, whichever is lesser) . . . . .	.....
<b>21</b> Line 19 less line 20 . . . . .	.....
<b>22</b> 25 percent of line 18 . . . . .	.....
<b>23</b> 22 percent of line 19 . . . . .	.....
<b>24</b> 26 percent of line 21 . . . . .	.....
<b>25</b> If multiple surtax exemption is elected under section 1562, enter 6 percent of line 20 . . . . .	.....
<b>26</b> Alternative tax—Add lines 22 through 25. If applicable, enter here and on line 5, Schedule J, Form 1120, and write "alt." in the margin to the right of the entry . . . . .	.....

**INSTRUCTIONS**

(References are to the Internal Revenue Code)

**Gains and losses from sales or exchanges of capital assets and other property.**—Sales or exchanges of capital assets and sales or exchanges of property other than capital assets must be reported in detail even though no gain or loss may be indicated.

Losses from sales or exchanges of capital assets are allowed only to the extent of gains from such sales or exchanges. However, a net capital loss may be carried over to each of the five succeeding taxable years (or to the extent such loss is attributable to a foreign expropriation loss to each of the ten succeeding taxable years). A net capital loss shall be 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 gain 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 or other property which would properly be included in inventory 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; 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 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.

**Basis.**—In determining gain or loss for property acquired after February 28, 1913, use cost, except 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.

**Losses on securities becoming worthless.**—If any securities become worthless during the taxable year and are capital assets, in the case of a taxpayer other than a bank as defined in section 581, the loss shall 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).

**Losses not allowable.**—No loss is recognized for wash sales of stock or securities. Section 1091.

No loss is allowed (except distributions in liquidation) between related persons. Section 267.

**Gain from disposition of depreciable property under sections 1245 and 1250—assets held more than 6 months (Part I).**—(Report any gain from such property held for 6 months or less in

Part IV). Except as provided below section 1245 property means depreciable (a) personal property (other than livestock) including intangible personal property, (b) tangible real property (except for buildings and their structural components) if used as an integral part of manufacturing, production, or extraction, or of furnishing transportation, communications, electrical energy, gas, water, or sewage disposal services, or used as a research or storage facility in connection with these activities, and (c) elevators and escalators.

Except as provided below section 1250 property means depreciable real property (other than section 1245 property).

**See sections 1245(b) and 1250(d) for exceptions and limitations involving:** (a) disposition by gift; (b) certain tax-free transactions; (c) like kind exchanges, involuntary conversions; and (d) sales or exchanges to effectuate FCC policies and exchanges to comply with SEC orders.

**Column f of Part I.**—In computing depreciation allowed or allowable for elevators or escalators enter in column f-1 depreciation prior to July 1, 1963, and in column f-2 depreciation after June 30, 1963.

**Column i of Part I, section 1250 property only.**—If held for more than 6 months, but not more than 1 year, enter the smaller of

- (1) column h, or
- (2) column f-2.

If held for more than 1 year, enter the result of multiplying the smaller of

- (1) column h, or
- (2) column f-2 less the amount of depreciation computed for the same period using the straight line method,

by the percentage obtained by subtracting from 100%, one percentage point for each full month the property was held in excess of 20 months.

Where substantial improvements have been made within the preceding ten years, see section 1250(f).

For provisions relating to recapture of exploration expenditures on the sale or other disposition of mining property, see section 617.

**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.

**Installment sales.**—If you sold personal property for more than \$1,000 or real property regardless of amount, you may be eligible to report any gain under the installment plan if (1) there are no payments in the year of sale, or (2) the payments in the year of sale do not exceed 30% of the selling price. Section 453.

For treatment of a portion of payments as "unstated interest" on deferred payment sales, see section 483.

(Instructions continued on reverse of duplicate)

# Gains and Losses From Sales or Exchanges of Property

# 1967

Name \_\_\_\_\_

Employer Identification No. \_\_\_\_\_

**PART I—GAIN FROM DISPOSITION OF DEPRECIABLE PROPERTY UNDER SECTIONS 1245 AND 1250—Assets Held More Than 6 Months—Where double headings appear, use the first heading for section 1245 and the second heading for section 1250.**

a. Kind of property (if necessary, attach statement of descriptive details not shown below—write 1245 or 1250 to indicate type of asset)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale
1 _____				
_____				
_____				

f. Depreciation allowed (or allowable) since acquisition		g. Adjusted basis (e less sum of f-1 and f-2)	h. Total gain (d less g)	i. Ordinary gain (lesser of f-2 or h) OR (see instructions)	j. Other gain (h less i)
f-1. Prior to January 1, 1962 OR Prior to January 1, 1964	f-2. After December 31, 1961 OR After December 31, 1963				
_____	_____				
_____	_____				
_____	_____				

2 Total ordinary gain. Enter here and on line 11 and identify as gain from Part I . . . . .

3 Total other gain. Enter here and on line 4 and identify as gain from Part I . . . . .

**PART II—SALE OR EXCHANGE OF PROPERTY UNDER SECTION 1231**

a. Kind of property (if necessary, attach statement of descriptive details not shown below)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Depreciation allowed (or allowable) since acquisition	f. Cost or other basis, cost of subsequent improvements (if not purchased attach explanation) and expense of sale	g. Gain or loss (d plus e less f)
4 _____						
_____						
_____						

5 Total (If gain, enter on line 9; if loss, enter on line 11. Identify as gain or loss from Part II.) . . . . .

**PART III—CAPITAL ASSETS**  
**Short-Term Capital Gains and Losses—Assets Held Not More Than 6 Months**

6 _____						
_____						
_____						

7 Unused capital loss carryover (attach statement) . . . . .

8 Net short-term capital gain (or loss) . . . . .

**Long-Term Capital Gains and Losses—Assets Held More Than 6 Months**

9 _____						
_____						
_____						

10 Net long-term capital gain (or loss) . . . . .

**PART IV—PROPERTY OTHER THAN CAPITAL ASSETS**

11 _____						
_____						
_____						

12 Net gain (or loss). Enter here and on line 15 . . . . .

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**Alternative Tax Computation**

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**INSTRUCTIONS (Continued from reverse side of original)**

**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 which would properly be includible in inventory 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. The term includes timber, coal, and domestic iron ore to which section 631 applies as well as unharvested crops to which section 1231(b)(4) applies. The 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 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, the gains do not exceed the 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. The total shown on line 5 determines whether the items reflected therein represent a long-term capital gain or an ordinary loss. The total must be entered on line 9 or line 11, whichever is applicable.

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

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

**Alternative tax.**—If 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 (re-

lating 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 excess of net long-term capital gain over net short-term capital loss and (2) 25 percent of such excess.

If the corporation computes an alternative tax under section 1201 and is entitled to special deductions for dividends received (sections 243, 244, and 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), such special deductions are to be based upon taxable income including the excess of net long-term capital gain over net short-term capital loss.

**Bonds, etc., losses of banks.**—In the case of a bank, as defined in section 581, if losses 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) exceed the gains from such sales or exchanges, such excess shall be considered as an ordinary loss and deductible in full. 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; 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 be considered a capital loss if 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.

**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 A-3 of Form 1120M. For companies taxable under section 821, all references to line numbers on Form 1120 shall be considered as references to the appropriate line on Form 1120M.