

**SCHEDULE D
(Form 1120)**

Capital Gains and Losses

1972

Department of the Treasury
Internal Revenue Service

For the calendar year 1972, or other taxable year beginning

....., 1972, and ending, 19.....

Name

Employer Identification Number

Part I Short-term Capital Gains and Losses—Assets Held 6 Months or Less

a. Kind of property and description (Example, 100 shares of "Z" Co.)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price	e. Cost or other basis and expense of sale	f. Gain or (loss) (d less e)
1					
2	Unused capital loss carryover (attach computation)				
3	Net short-term capital gain or (loss)				

Part II Long-term Capital Gains and Losses—Assets Held More Than 6 Months

4	Enter Section 1231 gain from line 4(a)(1), Form 4797	
5		

Instructions

(References are to the Internal Revenue Code)

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 the trade or business and involuntary conversions (section 1231), see Form 4797 and related instructions.

PARTS I and II

Capital Assets.—Each item of property held by the corporation (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 the trade or business; (3) certain copyrights, literary, musical, or artistic compositions, letters or memorandums, or similar property; (4) accounts or notes receivable acquired in the ordinary course of trade or business for services rendered or from the sale of property described in (1) above; and (5) certain short-term Federal, State, and municipal obligations issued on or after March 1, 1941, on a discount basis.

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 back. Foreign expropriation capital losses may not be carried back but may be carried forward ten years instead of five.

Under the provisions of section 6411, a quick refund of the taxes affected by the capital loss carryback may be obtained by filing Form 1139. If a net capital loss carryback creates an unused investment credit in a preceding year, the unused credit may be carried back to the three preceding years, and, under the provisions of section 6411, a quick refund of the taxes affected may likewise be obtained by filing Form 1139.

Short Sales of Capital Assets.—For rules relating to certain short sales of stock or other securities, and transactions in commodity futures, see section 1233.

Worthless Securities.—Except for banks, if securities which are capital assets become wholly worthless during the taxable year, the loss is to be treated as a capital loss as of the last day of the taxable year.

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

Basis.—In determining gain or loss, the basis of property will generally be its cost. If 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. Attach an explanation if the basis used is other than actual cash cost of the property.

If a charitable contribution deduction is allowed by reason of a 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.

Insurance Companies.—Companies taxable under section 831 having losses from capital assets sold or exchanged 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 are to be considered as references to the appropriate line on Form 1120M.

PART IV

Alternative Tax Computation.—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, compute the tax using the alternative method (section 1201) to determine if the resulting tax is less than the tax computed using the regular method.

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 any net short-term capital loss and (2) 30% of such excess.

An alternative tax rate of 25%, however, is to apply to the lesser of (1) the amount of "subsection (d) gain" or (2) the excess of net long-term capital gain over any net short-term capital loss.

Subsection (d) gain consists of:

(1) long-term capital gains (except sections 631 and 1235 gains) received before 1975 from sales or other dispositions under binding contracts that were entered into on or before October 9, 1969; and

(2) installment proceeds consisting of long-term capital gains (except gains under sections 631 and 1235) received before 1975 from sales made pursuant to a binding contract that was entered into on or before October 9, 1969.

In computing the alternative tax, deductions subject to a limitation based upon taxable income (such as contributions and the special deductions in Schedule I) do not have to be recomputed.

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.

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 method 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. (See section 453.) Such sales must provide for two or more payments, with at least one payment being made in each of two taxable years.

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