

**Gains and Losses From Commodity Futures
 Contracts and Straddle Positions**
 ▶ To be filed with Form 1040, 1041, 1065, 1120, 1120S, etc.

Name(s) as shown on tax return _____ Identifying number _____

- A.** Check here if you elect to carryback a net commodity futures loss. (See instructions)
B. Check here if you have made the mixed straddle election this year or last year. (See instructions)

Part I Regulated Futures Contracts Marked to Market

a. Description of property	b. Date entered	c. Date closed or "open"	d. Gross sales price less expense of sale OR Fair market value	e. Cost or other basis as adjusted	f. LOSS	g. GAIN
1						
2 Add column f and column g, line 1					()	
3 Combine line 2, column f and line 2, column g and enter the net gain or (loss)						
4 If you have a net commodity futures loss and checked box A above, enter the amount to be carried back here					()	
5 Subtract line 4 from line 3						
6 Multiply line 5 by 40%. Enter as a short-term capital gain or (loss) on Schedule D, Part I. Identify as Form 6781, Part I .						
7 Multiply line 5 by 60%. Enter as a long-term capital gain or (loss) on Schedule D, Part II. Identify as Form 6781, Part I .						

Part II Gains and Losses From Straddle Positions (Attach a separate schedule listing each straddle and its components.)

Section A.—Losses From Straddle Positions

a. Description of property	b. Date acquired	c. Date sold	d. Gross sales price less expense of sale	e. Cost or other basis as adjusted	f. LOSS If column e is more than d, enter difference. Otherwise, enter zero.	g. Unrealized gain on offsetting positions.	h. Recognized loss. If column f is more than g, enter difference. Otherwise, enter zero.
8							
9a Enter short-term portion of line 8, column h here and on Schedule D, Part I. Identify as Form 6781, Part II							()
9b Enter long-term portion of line 8, column h here and on Schedule D, Part II. Identify as Form 6781, Part II							()

Section B.—Gains From Straddle Positions

a. Description of property	b. Date acquired	c. Date sold	d. Gross sales price less expense of sale	e. Cost or other basis as adjusted	f. GAIN If column d is more than e, enter difference. Otherwise, enter zero.
10					
11a Enter short-term portion of line 10, column f here and on Schedule D, Part I. Identify as Form 6781, Part II .					
11b Enter long-term portion of line 10, column f here and on Schedule D, Part II. Identify as Form 6781, Part II .					

Part III Unrealized Gains From Positions Held on Last Day of Tax Year. (Memo Entry Only—See Instructions)

a. Description of property	b. Date acquired	c. Fair market value on last business day of tax year	d. Cost or other basis as adjusted	e. UNREALIZED GAIN If column c is more than d, enter difference. Otherwise, enter zero.
12				

Instructions

(Section references are to the Internal Revenue Code.)

Paperwork Reduction Act Notice.—We ask for the information to carry out the Internal Revenue laws of the United States. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Purpose of Form

Form 6781 is to be used by individuals, partnerships, fiduciaries, corporations, etc. that held commodity futures contracts or straddle positions during the tax year.

Form 6781 is applicable to contracts and positions established after June 23, 1981. Property acquired or positions established before June 24, 1981 should be entered directly on Schedule D. However, if you made the section 508(c) or 509 election from Public Law 97-34, in 1981, also include on this form all regulated futures contracts and positions established before June 24, 1981. If either election was not made in 1981, they cannot be made in 1982 or later years.

Any transaction that is neither a regulated futures contract nor part of a straddle should be entered directly on your Schedule D instead of Form 6781.

Do not use Form 6781 to report hedging transactions, as defined in section 1256 (e). Report them directly on your tax return. Any gain or loss on a hedging transaction is treated as ordinary income or loss.

Elections

Net commodity futures loss election.—A taxpayer, other than a corporation, estate, or trust, that has a net commodity futures loss for 1982 may elect to carry it back to 1981. The amount which may be carried back cannot be more than the net commodity futures gain for 1981. See section 1212(c) for definition of net commodity futures loss and net commodity futures gain. Make the election by checking box A and entering the amount to be carried back in line 4. To carry your loss back, file an amended Form 6781 for 1981, together with a Form 1040X or amended return.

Mixed straddle election.—A mixed straddle is any straddle, at least one (but not all) of the positions of which is a regulated futures contract, and with respect to which each position forming part of such straddle is clearly identified by the close of the day on which it was acquired as being part of such straddle. You may elect not to have Part I apply to regulated futures contracts that are part of a mixed straddle. If you make this election, it will apply for all subsequent tax years as well. It cannot be revoked without the consent of the Commissioner. To make this election, check box B and report the regulated futures component in Part II instead of Part I. If you do not make this election, and you have a loss on the regulated futures component, reduce the loss by any unrealized gain on the non-regulated futures component before making an entry in Part I. You must also reduce the loss from any regulated futures component of a straddle which would be a mixed straddle if the positions were properly identified as such. Attach a computation and indicate in the property description that the contract is part of a mixed straddle.

Part I—Regulated Futures Contracts Marked to Market.

A regulated futures contract is a contract which requires delivery of personal property (as defined in instructions for Part II) or an

interest in such property, with respect to which the amount required to be deposited or which may be withdrawn depends on a system of marking to market, and which is traded on or subject to the rules of either (1) a domestic board of trade designated as a contract market by the Commodity Futures Trading Commission or (2) any board of trade or exchange designated by the Secretary of the Treasury.

Include in Part I all regulated futures contracts (except those subject to a mixed straddle election) open at the end of your tax year or closed out during your tax year.

Column a.—Description of property.—Enter the commodity, contract price, quantity, delivery date, and indicate whether the property is a long or short position. Example: Wheat, \$4.00 a bushel, 5,000 bushels, December 1983, long.

Column b.—Enter the date you entered into the regulated futures contract.

Column c.—If you closed out the regulated futures contract during 1982, enter the date closed. If you did not close during 1982, enter the word "open."

Columns d and e.—Long contracts.—If you entered into a long contract during your 1982 tax year, enter in column e the long contract price plus paid commissions. If you entered into the contract before then, enter the settlement price as of the close of the last business day of your 1981 tax year. If you closed the contract in 1982, enter in column d the closing contract price less commissions. If the contract is open at year end, enter the settlement price as of the close of the last business day of your 1982 tax year.

Short contracts.—If you entered into a short contract during your 1982 tax year, enter in column d the short contract price less paid commissions. If you entered into the contract before then, enter the settlement price as of the close of the last business day of your 1981 tax year. If you closed the contract during your 1982 tax year, enter in column e the closing contract price plus commissions. If the contract is open at year end, enter the settlement price as of the close of the last business day of your 1982 tax year.

Note: Settlement price is without adjustment for anticipated commissions.

Example: You enter into a contract to buy 5,000 bushels of wheat at \$4.00 a bushel, and later close the contract at \$3.80 a bushel. Enter \$19,000 minus commissions in column d and \$20,000 plus commissions in column e. If this was a short contract (a contract to sell), enter \$20,000 minus commissions in column d and \$19,000 plus commissions in column e.

Part II—Gains and Losses From Straddle Positions.

Attach a separate schedule listing each straddle and its component positions. If it is an identified or mixed straddle, indicate this on the schedule.

Use section A for losses from straddle positions. A loss is allowed only to the extent it exceeds the unrealized gain on offsetting positions. The part of the loss not allowed is treated as if incurred in the following year.

Use section B for gains from straddle positions.

Include in Part II positions that are part of an identified straddle. An *identified straddle* is any straddle (1) which is clearly identified on the taxpayer's records, before the close

of the day on which the straddle is acquired, as an identified straddle, (2) all of the original positions of which were acquired on the same day and were either disposed of on the same day during the tax year or none were disposed of by the end of the tax year, and (3) were not part of a larger straddle.

Straddle.—A straddle means offsetting positions with respect to personal property.

Position.—A position means an interest (including a futures or forward contract or option) in personal property.

Personal Property.—Any personal property (other than stock) of a type which is actively traded.

Offsetting positions.—If there is a substantial decrease in risk of loss to a taxpayer holding a position because that taxpayer or a related party also holds one or more other positions, then those positions are offsetting.

If any position is not part of an identified straddle, such position can not be treated as offsetting any position that is part of an identified straddle.

Related parties.—In determining whether two or more positions are offsetting, the taxpayer shall be treated as holding any position held by a spouse. In addition, the taxpayer is treated as holding positions held by taxpayers which file a consolidated return with the taxpayer, and as holding positions held by flow through entities, to the extent the taxpayer has an interest in such entities.

For further information concerning definitions, flow through entities, and specific rules as to the tax treatment of gains and losses from straddle positions, see section 1092.

Columns a through e.—Enter the information similar to that required in Part I. In addition, if the property is part of an identified or mixed straddle, indicate this in column a. Include in column e interest and carrying charges properly allocable to personal property that is part of a straddle. You cannot deduct these expenses. See section 263(g) for definition of interest and carrying charges.

Section A, column f.—Include in this column any loss not allowed in the prior year to the extent of the unrealized gain.

Lines 9 and 11.—Separate recognized gains and losses into short-term and long-term. Attach a separate schedule. For the holding period for straddle positions, see section 1092(b).

Part III—Unrealized Gains From Positions Held on Last Day of Tax Year.

Section 1092 contains a reporting requirement. You must complete Part III by listing each position (whether or not part of a straddle) that you held at the end of the tax year (including any position you are treated as holding because it is held by a related party) if the settlement price of the position at such time exceeds your cost or other basis as adjusted.

Do not include the following in Part III:

- Positions that are part of an identified straddle;
- Property that is stock in trade or inventory;
- Positions that are part of a hedging transaction (as defined in section 1256(e));
- Property used in a trade or business subject to depreciation.

If you do not have a loss on any position (including a regulated futures contract) for the entire tax year, or your only loss was on a position listed above, do not complete this part.