

Gains and Losses From Regulated Futures Contracts and Straddles

1983
82

► To be filed with Form 1040, 1041, 1065, 1120, 1120S, etc.

Name(s) as shown on tax return	Identifying number
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- A.** Check here if you made the mixed straddle election this year or an earlier year. (See instructions)
B. Check here if you elect to carryback a net commodity futures loss. (See instructions)

PART I.—Regulated Futures Contracts Marked to Market

a. Description of property (or identification of account)	b. Date entered	c. Date closed or "open"	d. LOSS	e. GAIN
1				
2 Add column d and column e, line 1			()	
3 Combine columns d and e of line 2 and enter the net gain or (loss)				
4 Form 1099-B adjustments (see instructions, attach schedule)				
5 Combine lines 3 and 4				
6 If you have a net commodity futures loss and checked box B above, enter the amount to be carried back			()	
7 Subtract line 6 from line 5				
8 Multiply line 7 by 40%. Enter as a short-term capital gain or (loss) on Schedule D, Part I. Identify as Form 6781, Part I				
9 Multiply line 7 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 Straddles (Attach a separate schedule listing each straddle and its components.)

Section A.—Losses From Straddles

a. Description of property	b. Date acquired	c. Date sold	d. Gross sales price	e. Cost or other basis plus expense of sale	f. LOSS If column e is more than d, enter difference. Otherwise, enter zero.	g. Unrecognized gain on offsetting positions.	h. Recognized loss. If column f is more than g, enter difference. Otherwise, enter zero.
10							
11a Enter short-term portion of line 10, column h here and on Schedule D, Part I. Identify as Form 6781, Part II						()	
b Enter long-term portion of line 10, column h here and on Schedule D, Part II. Identify as Form 6781, Part II						()	

Section B.—Gains From Straddles

a. Description of property	b. Date acquired	c. Date sold	d. Gross sales price	e. Cost or other basis plus expense of sale	f. GAIN If column d is more than e, enter difference. Otherwise, enter zero.
12					
13a Enter short-term portion of line 12, column f here and on Schedule D, Part I. Identify as Form 6781, Part II					
b Enter long-term portion of line 12, column f here and on Schedule D, Part II. Identify as Form 6781, Part II					

PART III.—Unrecognized 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. UNRECOGNIZED GAIN If column c is more than d, enter difference. Otherwise, enter zero.
14				

Instructions

(Section references are to the Internal Revenue Code.)

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers 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 regulated futures contracts or straddles.

Form 6781 applies to contracts and positions established after June 23, 1981. 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 covered by the election. If either election was not made by the due date of your 1981 tax return, they cannot be made in later years.

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.—

Mixed straddle election.—You may elect not to have the marked to market rules apply to regulated futures contracts that are part of a mixed straddle. A mixed straddle is any straddle, at least one (but not all) of the positions of which is a regulated futures contract. Each position forming part of the straddle must be clearly identified on the day the first regulated futures contract forming part of the straddle is acquired as being part of such straddle. If you made this election, it will apply for all later years as well. It cannot be revoked without the consent of the Commissioner. If you made this election, check box A and report the regulated futures component in Part II instead of Part I.

If you did not make this election, and you have a loss on the regulated futures component, use Part II to reduce the loss by any unrecognized 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 had been properly identified as such.

Attach a computation and indicate in the property description if the contract is part of a mixed straddle.

Net commodity futures loss election.—An individual or partnership having a net commodity futures loss for 1983 may elect to carry it back to 1981 or 1982. The amount which may be carried back cannot be more than the net commodity futures gain for each year. The loss is carried to the earliest year first. See section 1212(c) for definition of net commodity futures loss and net commodity futures gain. Make the election by checking box B and entering the amount to be carried back in line 6. To carry your loss back, file an amended Form 6781 for the applicable year, together with a Form 1040X or amended return.

Part I

A regulated futures contract is a contract for which the amount required to be deposited or withdrawn depends on a system of marking to market, and 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. This includes any foreign currency contract as defined in section 1256(g).

Include in Part I all regulated futures contracts open at the end of your tax year or closed out during the year. If you receive a Form 1099-B, enter the amount from boxes 6 and 8 of each form in columns d or e of Form 6781, Part I. In column a of Form 6781, Part I write "Form 1099-B" and identify the account by writing the broker's name. Do not complete columns b and c.

On Form 6781, Part I, list each transaction separately if the Form 1099-B you received is not for your tax year. Also list each transaction not included on a Form 1099-B separately. Complete all columns as follows:

Column a.—Enter the commodity, delivery date, and indicate whether the property is a long or short position. Example: Wheat, December 1984, long.

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

Column c.—If you closed out the regulated futures contract during 1983, enter the date closed. If you did not close during 1983, enter the word "open."

Columns d and e.—Enter the net gain or loss from each transaction. If any contract was open in an earlier year, it will be necessary to adjust your gain or loss by any earlier year unrealized gain or loss on that contract, before making an entry in column d or e.

Line 4.—If you receive a Form 1099-B and boxes 6 and 8 of Form 1099-B include a straddle, hedging transaction, or gain or loss reported in a prior year, it may be necessary to make certain adjustments listed in (a) through (d) below. Attach a schedule listing each adjustment and enter the total on line 4.

(a) Enter the regulated futures part of a mixed straddle if you made the mixed straddle election.

(b) If you did not make the mixed straddle election or the straddle wasn't identified as a mixed straddle and you had a loss on the regulated futures part which was less than the unrecognized gain on the non-regulated futures part, enter the amount of the loss. If the unrecognized gain is less than the loss, enter the unrecognized gain.

(c) Enter the regulated futures part of a hedging transaction.

(d) Enter any gain or loss included in boxes 6 and 8, which was reported in a prior year because the regulated futures contract was open at the end of the prior year.

Part II

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 positions that are part of a straddle. A loss is allowed only to the extent it exceeds the unrecognized 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 positions that are part of a straddle.

Do not include in Part II, positions that are part of an identified straddle if all of the positions are open at the end of the year. If you closed the entire identified straddle or any positions of the straddle during the tax year, then include the straddle in Part II. An identified straddle is any straddle (1) clearly identified on the taxpayer's records, during the

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

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

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.

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

Column a.—Enter information similar to Part I for each transaction.

Column b.—Enter the date you entered into or acquired the position.

Column c.—Enter the date you closed out or sold the position.

Columns d and e.—For positions sold or closed out, enter the sales price or closing price in column d, and the cost or other basis plus commissions paid in column e. 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 unrecognized gain.

Section A, column g.—Enter the unrecognized gain on positions offsetting those in columns a through f. Figure this column by subtracting the cost or other basis of the offsetting position from the settlement price of that position as of the close of the last business day of your 1983 tax year. Do not enter less than zero.

Lines 11 and 13.—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

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.