1998 Instructions for Schedule D, Capital Gains and Losses

General Instructions

Changes To Note
- For sales, exchanges, and conversions after 1997, property held more than 1 year (instead of more than 18 months) generally is eligible for the 10%, 20%, and 25% maximum capital gains rates. This rule also applies to installment payments received after 1997. The 28% rate will now apply only to pre-1998 gains (e.g., from fiscal year partnerships and mutual funds), collectibles gains, and part or all of the gain from the sale or exchange of qualified small business stock.
- If you sold qualified small business stock held more than 5 years, you may be able to exclude up to 50% of the gain. See page D-5 for details.

Other Forms You May Have To File

Use Form 4797 to report the following:
- The sale or exchange of property used in a trade or business; depreciable and amortizable property; oil, gas, geothermal, or other mineral property; and section 126 property.
- The involuntary conversion (other than from casualty or theft) of property used in a trade or business and capital assets held for business or profit.
- The disposition of noncapital assets other than inventory or property held primarily for sale to customers in the ordinary course of your trade or business.
- Ordinary loss on the sale, exchange, or worthlessness of small business investment company (section 1242) stock.
- Ordinary loss on the sale, exchange, or worthlessness of small business (section 1244) stock.

Use Form 6781 to report gains and losses from section 1256 contracts and straddles.

Use Form 8824 if you made one or more “like-kind” exchanges. A like-kind exchange occurs when you exchange business or investment property for property of a like kind. For exchanges of capital assets, include the gain or (loss) from Form 8824, if any, on line 4 or line 11.

Capital Asset
Most property you own and use for personal purposes, pleasure, or investment is a capital asset. For example, your house, furniture, car, stocks, and bonds are capital assets. A capital asset is any property held by you except the following:
- Stock in trade or other property included in inventory or held for sale to customers.
- Accounts or notes receivable for services performed in the ordinary course of your trade or business as an employee, or from the sale of any property described in 1.
- Depreciable property used in your trade or business even if it is fully depreciated.
- Real estate used in your trade or business.
- Copyrights, literary, musical, or artistic compositions, letters or memoranda, or similar property: (a) created by your personal efforts; (b) prepared or produced for you (in the case of letters, memoranda, or similar property); or (c) that you received from someone who created them or for whom they were created, as mentioned in (a) or (b), in a way (such as by gift) that entitled you to the basis of the previous owner.
- U.S. Government publications, including the Congressional Record, that you received from the government, other than by purchase at the normal sales price, or that you got from someone who had received it in a similar way, if your basis is determined by reference to the previous owner’s basis.

Actual Capital Assets Held for Personal Use

Gain from the sale or exchange of this property is a capital gain. Report it on Schedule D, Part I or Part II. Loss from the sale or exchange of this property is not deductible. But if you had a loss from the sale or exchange of real estate held for personal use for which you received a Form 1099-S, you must report the transaction on Schedule D even though the loss is not deductible.

For example, you have a loss on the sale of a vacation home that is not your main home. Report it on line 1 or 8, depending on how long you owned the home. Complete columns (a) through (e). Because the loss is not deductible, enter “-0-” in column (f).

Short Term or Long Term

Separate your capital gains and losses according to how long you held or owned the property. The holding period for short-term capital gains and losses is 1 year or less. The holding period for long-term capital gains and losses is more than 1 year. To figure the holding period, begin counting on the day after you received the property and include the day you disposed of it.

If you disposed of property that you acquired by inheritance, report the disposition as a long-term gain or loss, regardless of how long you held the property.

A nonbusiness bad debt must be treated as a short-term capital loss. See Pub. 550 for what qualifies as a nonbusiness bad debt and how to enter it on Schedule D.

Partnership Interests

A sale or other disposition of an interest in a partnership may result in ordinary income or unrecaptured section 1250 gain. See Pub. 541 and the worksheet for line 25 on page D-7.
Capital Gain Distributions

Enter on line 13, column (f), the total capital gain distributions paid to you during the year, regardless of how long you held your investment. Enter on line 13, column (g), the total of the amounts reported to you as the 28% rate gain portion of your total capital gain distributions. See below for a filled-in example of how to report capital gain distributions.

If you have an amount in box 2c, see the worksheet for line 25 on page D-7. If you have an amount in box 2d, see Exclusion of Gain on Qualified Small Business Stock (Section 1202) on page D-5.

If you received capital gain distributions as a nominee (that is, they were paid to you but actually belong to someone else), report only the amount that belongs to you on line 13. Attach a statement showing the full amount you received and the amount you received as a nominee. See page B-1 for filing requirements for Forms 1099-DIV and 1096.

Note: The example below is for a taxpayer whose only capital gains are capital gain distributions from a mutual fund (or other regulated investment company). If you have other capital gains or losses, you will have to complete additional lines on page 1 of Schedule D.

FIRST . . . Enter the total amounts from all your Forms 1099-DIV (or substitute statements), boxes 2a and 2b, on Schedule D, line 13, columns (f) and (g), respectively.

THEN . . . Complete lines 15 and 16, and go to Part III on the back of Schedule D.

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For Paperwork Reduction Act Notice, see Form 1040 instructions.
Sale of Your Home

If you sold or exchanged your main home in 1998, do not report it on your tax return unless your gain exceeds your exclusion amount. Generally, if you meet the two tests below, you can exclude up to $250,000 of gain. If both you and your spouse meet these tests, and you file a joint return, you can exclude up to $500,000 of gain (but only one spouse needs to meet the ownership requirement in Test 1).

Test 1. You owned and used the home as your main home for 2 years or more during the 5-year period ending on the date you sold or exchanged your home.

Test 2. You have not sold or exchanged another main home during the 2-year period ending on the date of the sale or exchange of your home (not counting any sales or exchanges before May 7, 1997).

See Pub. 523 for details, including how to report any taxable gain on Schedule D, if:

- You do not meet one of the above two tests.
- You (or your spouse if married) used any part of the home for business or rental purposes after May 6, 1997, or
- Your gain exceeds your exclusion amount.

Note: Form 2119, which was previously used to report home sales, is now obsolete.

Nondeductible Losses

Do not deduct a loss from the direct or indirect sale or exchange of property between any of the following.

- Members of a family.
- A corporation and an individual owning more than 50% of the corporation’s stock (unless the loss is from a distribution in complete liquidation of a corporation).
- A grantor and a fiduciary of a trust.
- A fiduciary and a beneficiary of the same trust.
- A fiduciary and a beneficiary of another trust created by the same grantor.

An executor of an estate and a beneficiary of that estate, unless the sale or exchange to satisfy a pecuniary bequest (i.e., a bequest of a sum of money).

An individual and a tax-exempt organization controlled by the individual or the individual’s family.

See Pub. 544 for more details on sales and exchanges between related parties.

If you disposed of (a) an asset used in an activity to which the at-risk rules apply or (b) any part of your interest in an activity to which the at-risk rules apply, and you have amounts in the activity for which you are not at risk, see the instructions for Form 6198.

If the loss is allowable under the at-risk rules, it may then be subject to the passive activity rules. See Form 8582 and its instructions to see how to report capital gains and losses from a passive activity.

Items for Special Treatment

- Transactions by a securities dealer. See section 1236.
- Bonds and other debt instruments. See Pub. 550 for details.
- Certain real estate subdivided for sale that may be considered a capital asset. See section 1237.
- Gain on the sale of depreciable property to a more than 50% owned entity, or to a trust of which you are a beneficiary. See Pub. 544 for details.
- Gain on the disposition of stock in an interest charge domestic international sales corporation. See section 955(c).
- Gain on the sale or exchange of stock in certain foreign corporations. See section 1248.
- Transfer of property to a partnership that would be treated as an investment company if it were incorporated. See Pub. 541.
- Sales of stock received under a qualified public utility dividend reinvestment plan. See Pub. 550 for details.
- Transfer of appreciated property to a political organization. See section 84.
- In general, no gain or loss is recognized on the transfer of property from an individual to a spouse or a former spouse if the transfer is incident to a divorce. See Pub. 504.
- Amounts received on the retirement of a debt instrument generally are treated as received in exchange for the debt instrument. See Pub. 550.
- Any loss on the disposition of converted wetland or highly erodible cropland that is first used for farming after March 1, 1986, is reported as a long-term capital loss on Schedule D, but any gain is reported as ordinary income on Form 4797.
- Amounts received by shareholders in corporate liquidations. See Pub. 550.
- Cash received in lieu of fractional shares of stock as a result of a stock split or stock dividend. See Pub. 550 for details.

- Mutual fund load charges may not be taken into account in determining gain or loss on certain dispositions of stock in mutual funds if reinvestment rights were exercised. For details, see Pub. 564.

Wash Sales

A wash sale occurs when you sell or otherwise dispose of stock or securities (including a contract or option to acquire or sell stock or securities) at a loss and, within 30 days before or after the sale, you directly or indirectly:

- Buy substantially identical stock or securities,
- Acquire substantially identical stock or securities in a fully taxable trade, or
- Enter into a contract or option to acquire substantially identical stock or securities.

You cannot deduct losses from wash sales unless the loss was incurred in the ordinary course of your business as a dealer in stock or securities. The basis of the substantially identical property (or contract or option to acquire such property) is its cost increased by the disallowed loss. For more details on wash sales, see Pub. 550.

Report a wash sale transaction on line 1 or 8. Show the full amount of the (loss) in column (f). Directly below the line on which you reported the loss, enter “Wash Sale” in column (a) and the amount of the loss not allowed as a positive amount in column (f).

Short Sales

A short sale is a contract to sell property you borrowed for delivery to a buyer. At a later date, you either buy substantially identical property and deliver it to the lender or deliver property that you held but did not want to transfer at the time of the sale. Usually, your holding period is the amount of time you actually held the property eventually delivered to the lender to close the short sale. However, your gain when closing a short sale is short term if you (a) held substantially identical property for 1 year or less on the date of the short sale, or (b) acquired property substantially identical to the property sold short after the short sale but on or before the date you close the short sale.

If you held substantially identical property for more than 1 year on the date of a short sale, any loss realized on the short sale is a long-term capital loss, even if the property used to close the short sale was held 1 year or less.
**Constructive Sales Treatment for Certain Appreciated Positions**

Generally, you must recognize gain (but not loss) on the date you enter into a constructive sale of any appreciated position in stock, a partnership interest, or certain debt instruments as if the position were disposed of at fair market value on that date.

You are treated as making a constructive sale of an appreciated position when you (or a related person, in some cases) do one of the following:

- Enter into a short sale of the same or substantially identical property (i.e., a "short sale against the box").
- Enter into an offsetting notional principal contract relating to the same or substantially identical property.
- Enter into a futures or forward contract to deliver the same or substantially identical property.
- Acquire the same or substantially identical property (if the appreciated position is a short sale, offsetting notional principal contract, or a futures or forward contract).

**Exception.** Generally, constructive sale treatment does not apply if:

- You closed the transaction before the end of the 30th day after the end of the year in which it was entered into,
- You held the appreciated position to which the transaction relates throughout the 60-day period starting on the date the transaction was closed, and
- At no time during that 60-day period was your risk of loss reduced by holding certain other positions.

For details and other exceptions to these rules, see Pub. 550.

**Gain or Loss From Options**

Report on Schedule D gain or loss from the closing or expiration of an option that is not a section 1256 contract, but that is a capital asset in your hands. If a purchased option expired, enter the expiration date in column (c) and enter "EXPIRED" in column (d). If an option that was granted (written) expired, enter the expiration date in column (b) and enter "EXPIRED" in column (e). Fill in the other columns as appropriate. See Pub. 550 for more details.

**Sales of Stock to ESOPs or Certain Cooperatives**

If you sold qualified securities (defined in section 1042(c)(1)) held for at least 3 years to an employee stock ownership plan (ESOP) or eligible worker-owned cooperative, you may be able to elect to postpone all or part of the gain on the sale if you bought qualified replacement property (securities) within the period that began 3 months before the sale and ended 12 months after the sale. If you make the election, you must recognize gain on the sale only to the extent the proceeds from the sale exceed the cost of the qualified replacement property. You must reduce the basis of the replacement property by any postponed gain. If you dispose of any replacement property, you may have to recognize all of the postponed gain.

Generally, to qualify for the election, the ESOP or cooperative must own immediately after the sale at least 30% of the outstanding stock of the corporation that issued the qualified securities. Also, the qualified replacement property must have been issued by a domestic operating corporation.

Similar rules apply to the sale of stock of a qualified refiner or processor to an eligible farmers’ cooperative. See section 1042(g) for details and exceptions.

You must make the election no later than the due date (including extensions) for filing your tax return for the year in which you sold the stock. To make the election, report the entire gain realized on the sale on line 8. Directly below the line on which you reported the gain, enter in column (a) "Section 1042 election" and enter as a (loss) in column (f) the amount of the gain you are postponing or expect to postpone. If the actual postponed gain is different from what you expected, file an amended return.

Also attach the following statements:

1. A “statement of election” that indicates you are making an election under section 1042(a) and that includes the following information: (a) a description of the securities sold, the date of the sale, the amount realized on the sale, and the adjusted basis of the qualified securities; (b) the name of the ESOP or cooperative to which the qualified securities were sold; and (c) for a sale that was part of a single, interrelated transaction under a prearranged agreement between taxpayers involving other sales of qualified securities, the names and identifying numbers of the other taxpayers under the agreement and the number of shares sold by the other taxpayers.

2. A notarized “statement of purchase” describing the qualified replacement property, date of purchase, and the cost of the property, and declaring the property to be qualified replacement property for the qualified stock you sold. The statement must have been notarized no later than 30 days after the purchase. If you have not yet purchased the qualified replacement property, you must attach the notarized “statement of purchase” to your income tax return for the year following the election year (or the election will not be valid).

3. A verified written statement of the domestic corporation whose employees are covered by the ESOP acquiring the qualified securities, or of any authorized officer of the cooperative, consenting to the taxes under sections 4978 and 4979A on certain dispositions and prohibited allocations of the stock purchased by the ESOP or cooperative.

For details, see section 1042 and Temporary Regulations section 1.1042-1T.

**Specialized Small Business Investment Companies (SSBICs)**

If you sold publicly traded securities, you may be able to postpone all or part of the gain on that sale if you bought common stock or a partnership interest in an SSBIC during the 60-day period that began on the date of the sale. An SSBIC is any partnership or corporation licensed by the Small Business Administration under section 301(d) of the Small Business Investment Act of 1958. You must recognize gain to the extent the sale proceeds exceed the cost of your SSBIC stock or partnership interest purchased during the 60-day period that began on the date of the sale (and not previously taken into account). The gain you postpone is limited to $50,000 a year and $500,000 during your lifetime (reduce these amounts by one-half if you are married filing separately). Reduce the basis of your SSBIC stock or partnership interest by any postponed gain. If you choose to postpone gain, report the entire gain realized on the sale on line 1 or 8. Directly below the line on which you reported the gain, enter in column (a) “SSBIC Rollover” and enter as a (loss) in column (f) the amount of the postponed gain. Also attach a schedule showing (a) how you figured the postponed gain, (b) the name of the SSBIC in which you purchased common stock or a partnership interest, (c) the date of that purchase, and (d) your new basis in that SSBIC stock or partnership interest.
**Exclusion of Gain on Qualified Small Business Stock (Section 1202)**

Section 1202 allows for an exclusion of up to 50% of the eligible gain on the sale or exchange of qualified small business stock. The section 1202 exclusion applies only to qualified small business stock issued after August 10, 1993, and held for more than 5 years. To be qualified small business stock, the stock must meet all of the following tests:

- It must be stock in a C corporation (i.e., not S corporation stock).
- It must have been originally issued after August 10, 1993.
- As of the date the stock was issued, the corporation was a qualified small business. A qualified small business is a domestic C corporation with total gross assets of $50 million or less at all times after August 9, 1993, and before the stock was issued, and immediately after the stock was issued. Gross assets include those of any predecessor of the corporation. All corporations that are members of the same parent-subsidiary controlled group are treated as one corporation.
- You must have acquired the stock at its original issue (either directly or through an underwriter), either in exchange for money or other property or as pay for services (other than as an underwriter) to the corporation. In certain cases, you may meet the test if you acquired the stock from another person who met the test (such as by gift or inheritance) or through a conversion or exchange of qualified small business stock you held.
- During substantially all the time you held the stock:
  1. The corporation was a C corporation.
  2. At least 80% of the value of the corporation's assets were used in the active conduct of one or more qualified businesses (defined below), and
  3. The corporation was not a foreign corporation, DISC, former DISC, corporation that has made (or that has a subsidiary that has made) a section 936 election, regulated investment company, real estate investment trust, REMIC, FASIT, or cooperative.

**Note:** A specialized small business investment company (SSBIC) is treated as having met tests 2 and 3 above. A qualified business is any business other than the following:

- One involving services performed in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, athletics, financial services, or brokerage services.
- One whose principal asset is the reputation or skill of one or more employees.
- Any banking, insurance, financing, leasing, investing, or similar business.
- Any farming business (including the raising or harvesting of trees).
- Any business involving the production of products for which percentage depletion can be claimed.
- Any business of operating a hotel, motel, restaurant, or similar business.

For more details about limits and additional requirements that may apply, see section 1202.

**Pass-Through Entities**

If you held an interest in a pass-through entity (a partnership, S corporation, or mutual fund or other regulated investment company) that sold qualified small business stock, you must have held the interest on the date the pass-through entity acquired the qualified small business stock and at all times thereafter until the stock was sold to qualify for the exclusion.

**How To Report**

Report in column (f) of line 8 the entire gain realized on the sale of qualified small business stock. In column (g) of line 8, report as 28% rate gain an amount equal to the section 1202 exclusion. In column (a) “Section 1202 exclusion” and enter as a (loss) in column (f) the amount of the allowable exclusion.

**Gain From Form 1099-DIV.** If you received a Form 1099-DIV with a gain in box 2d, part or all of that gain (which is also included in box 2a) may be eligible for the section 1202 exclusion. In column (a) of line 8, enter the name of the corporation whose stock was sold. In column (f), enter the amount of your allowable exclusion as a loss. In column (g), enter the amount of your allowable exclusion as a gain.

**Gain From Form 2439.** If you received a Form 2439 with a gain in box 1d, part or all of that gain (which is also included in box 1a) may be eligible for the section 1202 exclusion. In column (a) of line 8, enter the name of the corporation whose stock was sold. In column (f), enter the amount of your allowable exclusion as a loss. In column (g), enter the amount of your allowable exclusion as a gain.

**Alternative Minimum Tax.** You must include 42% of the exclusion amount on Form 6251, line 14m. Complete Form 6251 to see if you owe this tax.

**Rollover of Gain From Qualified Stock**

If you sold qualified small business stock (defined above) that you held for more than 6 months, you may postpone gain if you purchase other qualified small business stock during the 60-day period that began on the date of the sale. You must recognize gain to the extent the sale proceeds exceed the cost of the replacement stock. Reduce the basis of the replacement stock by any postponed gain. If you choose to postpone gain, report the entire gain realized on the sale on line 1 or 8. Directly below the line on which you reported the gain, enter in column (a) “Section 1045 Rollover” and enter as a (loss) in column (f) the amount of the postponed gain.

**Undistributed Capital Gains**

Include on line 11, column (f), the amount from box 1a of Form 2439. This represents your share of the undistributed long-term capital gains of the regulated investment company (mutual fund) or real estate investment trust.

Include on line 11, column (g), the amount, if any, from box 1b of Form 2439. If there is an amount in box 1c of Form 2439, see the worksheet for line 25 on page D-7. If there is an amount in box 1d of Form 2439, see **Exclusion of Gain on Qualified Small Business Stock (Section 1202)** on this page.

Enter on Form 1040, line 63, the tax paid as shown in box 2 of Form 2439. Add to the basis of your stock the excess of the amount included in income over the amount of the credit for the tax paid. See Pub. 550 for more details.

**Installment Sales**

If you sold property (other than publicly traded stocks or securities) at a gain and you will receive a payment in a tax year after the year of sale, you must report the sale on the installment method unless you elect not to. Use **Form 6252** to report the sale on the installment method. Also use Form 6252 to report any payment received in 1998 from a sale made in an earlier year that you reported on the installment method. To elect out of the installment method, report the full amount of the gain on Schedule D on a timely filed return (including extensions).
Specific Instructions

**Column (b)—Date Acquired**

Enter in this column the date the asset was acquired. Use the trade date for stocks and bonds traded on an exchange or over-the-counter market. For stock or other property sold short, enter the date the stock or property was delivered to the broker or lender to close the short sale.

If you disposed of property that you acquired by inheritance, report the gain or (loss) on line 8 and enter "INHERITED" in column (b) instead of the date you acquired the property.

If you sold a block of stock (or similar property) that was acquired through several different purchases, you may report the sale on one line and enter "VARIOUS" in column (b). However, you still must report the short-term gain or (loss) on the sale in Part I and the long-term gain or (loss) in Part II.

**Column (c)—Date Sold**

Enter in this column the date the asset was sold. Use the trade date for stocks and bonds traded on an exchange or over-the-counter market. For stock or other property sold short, enter the date you sold the stock or property you borrowed to open the short sale transaction.

**Column (d)—Sales Price**

Enter in this column either the gross sales price or the net sales price from the sale. If you sold stocks or bonds and you received a Form 1099-B or similar statement from your broker that shows gross sales price, enter that amount in column (d). But if Form 1099-B (or your broker) indicates that gross proceeds minus commissions and option premiums were reported to the IRS, enter that net amount in column (d). If the net amount is entered in column (d), do not include the commissions and option premiums from the sale in column (e).

You should not have received a Form 1099-B (or substitute statement) for a transaction merely representing the return of your original investment in a nontransferable obligation, such as a savings bond or a certificate of deposit. But if you did, report the amount shown on Form 1099-B (or substitute statement) in both columns (d) and (e).

Caution: Be sure to add all sales price entries on lines 1 and 8, column (d), to amounts on lines 2 and 9, column (d). Enter the totals on lines 3 and 10.

**Column (e)—Cost or Other Basis**

In general, the cost or other basis is the cost of the property plus purchase commissions and improvements, minus depreciation, amortization, and depletion. If you inherited the property, got it as a gift, or received it in a tax-free exchange, involuntary conversion, or "wash sale" of stock, you may not be able to use the actual cost as the basis. If you do not use the actual cost, attach an explanation of your basis.

When selling stock, adjust your basis by subtracting all the nontaxable distributions you received before the sale. Also adjust your basis for any stock splits. See Pub. 550 for details on how to figure your basis in stock that split while you owned it.

You can choose to use an average basis for mutual fund shares if you acquired the shares at various times and prices and you left the shares on deposit in an account handled by a custodian or agent who acquired or redeemed those shares. For details on how to figure average basis, see Pub. 564.

The basis of property acquired by gift is generally the basis of the property in the hands of the donor. The basis of property acquired from a decedent is generally the fair market value at the date of death. See Pub. 544 for details.

Increase the cost or other basis of an original issue discount (OID) debt instrument by the amount of OID that has been included in gross income for that instrument.

If a charitable contribution deduction is allowed because of a bargain sale of property to a charitable organization, the adjusted basis for purposes of determining gain from the sale is the amount which has the same ratio to the adjusted basis as the amount realized has to the fair market value.

Increase your cost or other basis by any expense of sale, such as broker’s fees, commissions, state and local transfer taxes, and option premiums, before making an entry in column (e), unless you reported the net sales price in column (d).

For more details, see Pub. 551.

**Capital Loss Carryover Worksheet—Line 18**

(keep for your records)

Use this worksheet to figure your capital loss carryovers from 1998 to 1999 if Schedule D, line 18, is a loss and (a) that loss is a smaller loss than the loss on Schedule D, line 17, or (b) Form 1040, line 37, is a loss. Otherwise, you do not have any carryovers.

Use this worksheet to figure your capital loss carryovers from 1998 to 1999 if Schedule D, line 18, is a loss and (a) that loss is a smaller loss than the loss on Schedule D, line 17, or (b) Form 1040, line 37, is a loss. Otherwise, you do not have any carryovers.

1. Enter the amount from Form 1040, line 37. If a loss, enclose the amount in parentheses

2. Enter the loss from Schedule D, line 18, as a positive amount

3. Combine lines 1 and 2. If zero or less, enter -0-

4. Enter the smaller of line 2 or line 3

5. Subtract line 4 from line 6

6. Enter any gain from Schedule D, line 16

7. Add lines 4 and 6

8. Subtract line 7 from line 5. If zero or less, enter -0-

9. Enter the loss from Schedule D, line 7, as a positive amount

10. Enter any gain from Schedule D, line 16

11. Subtract line 5 from line 4. If zero or less, enter -0-

12. Add lines 10 and 11

13. Long-term capital loss carryover to 1999. Subtract line 12 from line 9. If zero or less, enter -0-
Column (f)—Gain or (Loss)

You must make a separate entry in this column for each transaction reported on lines 1 and 8 and any other line(s) that applies to you. For lines 1 and 8, subtract the amount in column (e) from the amount in column (d). Enter negative amounts in parentheses.

Column (g)—28% Rate Gain or (Loss)

Enter in column (g) only the amount, if any, from Part II, column (f), that is equal to the amount of your section 1202 exclusion from the eligible gain on qualified small business stock (see page D-5) or from collectibles gains and losses. A collectibles gain or loss is any long-term gain or loss from the sale or exchange of a collectible that is a capital asset.

Collectibles include works of art, rugs, antiques, metals (such as gold, silver, and platinum bullion), gems, stamps, coins, alcoholic beverages, and certain other tangible property.

Also include gain from the sale of an interest in a partnership, S corporation, or trust attributable to unrealized appreciation of collectibles.

Lines 1 and 8

Enter all sales and exchanges of capital assets, including stocks, bonds, etc., and real estate (if not reported on Form 4684, 4797, 6252, 6781, or 8824). Include these transactions even if you did not receive a Form 1099-B or 1099-S (or substitute statement) for the transaction. You can use abbreviations to describe the property as long as they are based on the descriptions of the property as shown on Form 1099-B or 1099-S (or substitute statement).

Use Schedule D-1 if you need more space to list transactions for lines 1 and 8. Use as many Schedules D-1 as you need. Enter on Schedule D, lines 2 and 9, the combined totals from all your Schedules D-1.

Caution: Add the following amounts reported to you for 1998 on Forms 1099-B and 1099-S (or substitute statements): (a) proceeds from transactions involving stocks, bonds, and other securities, and (b) gross proceeds from real estate transactions not reported on another form or schedule. If this total is more than the total of lines 3 and 10, attach an explanation of the difference.

Unrecaptured Section 1250 Gain Worksheet-Line 25 (keep for your records)

Note: For each section 1250 property in Part III of Form 4797 for which you had an entry in column (g), but not in column (h), of Part I of Form 4797, complete lines 1 through 3. If you had only one such property, complete lines 1 through 3 for each property on a separate worksheet. Enter the total of the line 3 amounts for all properties on line 3 and go to line 4. If your only unrecaptured section 1250 gain was from a partnership or an S corporation, go to line 4. If your only unrecaptured section 1250 gain was from an estate, trust, real estate investment trust, or mutual fund (or other regulated investment company), go to line 11.

1. If you had a section 1250 property in Part III of Form 4797 for which you had an entry in column (g), but not in column (h), of Part I of Form 4797, enter the smaller of line 22 or line 24 of Form 4797 for that property.
2. Enter the amount from Form 4797, line 26g, for the property for which you made an entry on line 1.
3. Subtract line 2 from line 1.
4. Enter the total of any amounts reported to you on Schedules K-1 from a partnership or an S corporation as “unrecaptured section 1250 gain.” Also include gain from the sale of an interest in a partnership attributable to unrecaptured section 1250 gain.
5. Add lines 3 and 4.
6. Enter the smaller of line 5 or the gain, if any, from Form 4797, line 7, column (g).
7. Enter the amount from Form 4797, line 8, column (g).
8. Enter the amount from Form 4797, line 8, column (h).
9. Subtract line 8 from line 7.
10. Subtract line 9 from line 6.
11. Enter the total of any amounts reported to you on Schedules K-1 and Forms 1099-DIV and 2439 as “unrecaptured section 1250 gain” from an estate, trust, real estate investment trust, or mutual fund (or other regulated investment company).
12. Add lines 10 and 11.
13. Enter the gain or (loss) from Schedule D, line 15.
14. Enter the (loss), if any, from Schedule D, line 7. If Schedule D, line 7, is zero or a gain, enter -0-. If Schedule D, line 7, is zero or less, enter -0-. Enter the result on Schedule D, line 25.

Note: If you did not have an entry on Form 4797, line 8, enter the amount from line 6 above on line 10 below and go to line 11 below.

15. Subtract line 15 from line 12. If zero or less, enter -0-.

● If the result is zero or a gain, enter -0-.
● If the result is a (loss), enter it as a positive amount.