

# STATISTICS OF INCOME . . . 1959

## Supplemental Report

### *Sales of Capital Assets*

reported on

### *Individual*

INCOME TAX  
RETURNS

for 1959

U. S. TREASURY DEPARTMENT • INTERNAL REVENUE SERVICE



# Statistics of Income

1959

Supplemental Report

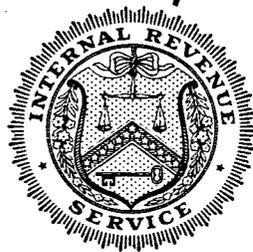
## *Sales of Capital Assets*

reported on

*Individual*

INCOME TAX  
RETURNS

*for 1959*



*Prepared under the direction of the  
Commissioner of Internal Revenue  
by the Statistics Division*

U. S. TREASURY DEPARTMENT

*Internal Revenue Service • Publication No. 458 (7-62)*

## INTERNAL REVENUE SERVICE

MORTIMER M. CAPLIN, *Commissioner*  
BERTRAND M. HARDING, *Deputy Commissioner*  
WILLIAM H. SMITH, *Assistant Commissioner (Planning and Research)*

### Statistics Division:

ERNEST J. ENGQUIST, JR., *Director*  
JAMES M. JARRETT, *Assistant Director*  
THOMAS F. MCHUGH, *Chief, Income, Finance, and Wealth Branch*  
WILLIAM J. SMITH, JR., *Statistician*

UNITED STATES

GOVERNMENT PRINTING OFFICE

WASHINGTON - 1962

## LETTER OF TRANSMITTAL

TREASURY DEPARTMENT,  
OFFICE OF COMMISSIONER OF INTERNAL REVENUE,  
Washington, D. C., July 5, 1962.

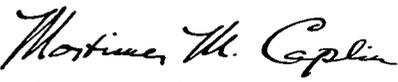
DEAR MR. SECRETARY:

I am transmitting *Statistics of Income—1959, Supplemental Report on Sales of Capital Assets Reported on Individual Income Tax Returns*, prepared in partial fulfillment of the requirements of section 6108 of the Internal Revenue Code of 1954, which specifies that statistics be published with respect to the operation of the income tax laws, including classifications of income, and other facts deemed pertinent and valuable.

This supplemental report contains the results of a pilot project designed to determine the feasibility of obtaining detailed information on capital gains and losses from income tax returns. The data were derived from separate Schedule D (Form 1040), Gains or Losses from Sales or Exchanges of Property, 1959, or equivalent schedule supplied by the taxpayer, which accompanied individual income tax returns, Form 1040, 1959.

The pilot project presents new information on the number of returns with transactions in capital assets, classified into 40 types; the number of returns with long-term capital assets, classified into 10 broad groups, and associated amounts of gross sales and realized capital gain and loss; and the number of returns with transactions in corporate stocks by length of period held prior to sale.

The results are being made available in published form to analysts generally as valuable research tools, which add to the existing knowledge about this field, and which provide reference points for consideration of the shape and direction which further statistical inquiry might take.

  
Commissioner of Internal Revenue

HONORABLE DOUGLAS DILLON,  
*Secretary of the Treasury.*

## CONTENTS

	Page
Capital gains and losses, 1959.....	1
Sources of data and description of sample.....	2
Sources of data.....	2
Sample selection.....	2
Method of estimation.....	2
Sampling variability.....	2
Response and other nonsampling errors.....	2
Comparison with Statistics of Income, 1959.....	3
Explanation of classifications and terms.....	4
Adjusted gross income classes.....	4
Capital asset classifications.....	4
Gross sales.....	4
Long-term capital gain (or loss).....	5
Net long-term gain (or loss).....	5
Periods held for corporation stocks.....	5
Types of capital assets.....	5
Types of long-term capital assets.....	6
Basic tables:	
1. Number of individual income tax returns with sales of short-term capital assets only, long-term capital assets only, and both, by types of capital assets, 1959.....	9
2. Individual income tax returns with sales of long-term capital assets—number of returns, gross sales, gains, and losses, by types of long-term capital assets, 1959..	10
3. Individual income tax returns with sales of long-term capital assets—number of returns, gross sales, gains, and losses, by types of long-term capital assets, and by adjusted gross income classes, 1959.....	11
4. Number of individual income tax returns with sales of corporation stocks, including rights, by periods held, 1959.....	12
Facsimiles of 1959 capital gains study data sources:	
Capital gains study abstract.....	14
Capital gains study worksheet.....	15
Form 1040, 1959.....	16
Schedule D (Form 1040).....	20

## SALES OF CAPITAL ASSETS REPORTED ON INDIVIDUAL INCOME TAX RETURNS, 1959

This study on capital gains and losses was undertaken primarily as a pilot project to determine the feasibility of obtaining detailed information concerning the impact of capital asset transactions on income reported by taxpayers. In view of the primary purpose of the study, it was designed to cover only some of the more important measures of the extent to which the sale of various types of capital assets was reflected in the income reported by individuals on their Federal income tax returns for 1959. For example, data for the length of time for which capital assets were held prior to their sale are shown only for the most frequently reported capital asset type, corporate stock. Although the study is limited in scope, it was felt that the information contained was of general interest and value to analysts interested in the subject and is therefore being made available as a supplemental report in the *Statistics of Income* series.

The findings of the pilot project are presented in four tables on pages 9 to 12. In table 1 a tabulation of the number of returns with sales in 1959 of short-term capital assets, long-term capital assets, and both, is given for 40 types of assets. Table 2 shows gross sales, and total realized gains and losses for 10 groupings of long-term assets. Table 3 presents information on sales, gains, and losses for these 10 groups by size of adjusted gross income. Table 4 presents the number of returns with short- and long-term sales of corporate stocks by periods held, which range from less than 3 months to 20 years or more.

### CAPITAL GAINS AND LOSSES, 1959

Gain or loss from the sale of capital assets in 1959, was reported on nearly 5,000,000 of the 60,000,000 individual income tax returns filed for that year. Long-term gains or losses were reported on 4,600,000 returns, of which 700,000 also had short-term gains and losses. About 300,000 returns had only short-term capital gains or losses.

As shown in table 1, of 40 asset types, corporate stocks and rights appeared on the greatest number of returns, 1,700,000. Two-thirds of this number had only long-term sales of stock, while one-quarter had both long- and short-term sales.

Distributions from regulated investment companies were reported second most frequently, appearing on 1,000,000 returns. Sales of livestock were third in order of frequency. Livestock sales were reported as long-term on practically all of the returns with this asset type.

Table 2 shows that the total amount of long-term capital gain realized in full in 1959 by taxpayers was \$14,200,000,000 compared with fully realized long-term capital loss \$1,800,000,000. The average gain per return was about \$3,100 and the average loss nearly \$400. Of the ten groups of long-term assets, only sales of U. S. Government securities resulted in an overall loss.

Somewhat over 40 percent of the total net gain realized and 60 percent of the net loss realized were attributable to sales of corporate stock. The gross proceeds from stock sales amounted to

\$17,500,000,000. Net long-term gain from stock averaged about \$3,200 per return with this asset type.

On the basis of the data presented in table 3, it is estimated that 97 percent of the returns with sales of long-term capital assets had adjusted gross income less than \$50,000. On the other hand, 25 percent of the sales volume and 36 percent of the net gain was reported on returns with higher incomes. Long-term capital asset returns with adjusted gross income \$10,000 or less numbered 3,127,000 and had \$3,337,000,000 net capital gain, an average of about \$1,000 per return. There were 266 returns with adjusted gross income \$1,000,000 or more, which had \$542,000,000 net long-term gain, an average of about \$2,000,000 per return. In general, as the level of income increased, the average net gain per return was larger.

Table 4 shows that short-term sales of corporate stock were reported on about 600,000 returns. Sales of stock held less than 3 months were associated with 400,000 returns. About 200,000 returns contained at least one transaction of stock held 3 months prior to sale. The average length of time for which corporate stocks were held prior to their sale as short-term assets was about 3.2 months.

In the long-term category nearly 200,000 of the 1,600,000 returns showed stock held slightly more than 6 months. Holding periods of 20 years or more were reported on 77,000 returns. The average period held, prior to sale, of stocks which were long-term capital assets was slightly over 4 years.

## SOURCES OF DATA AND DESCRIPTION OF SAMPLE

## Sources of data

The statistical information in the tables of this report was estimated from a sample of unaudited individual income tax returns, Forms 1040, with capital gains and losses, filed by citizens and residents during the calendar year 1960 in the district offices of the Internal Revenue Service and with the Director of International Operations in the National Office. The sample represents all 1959 returns with capital gains and losses regardless of when filed. The majority of the returns covered income for the calendar year 1959; a relatively small number of returns showed accounting periods on a noncalendar year basis. Tentative returns and returns with no information regarding income and tax were eliminated from the tables, and amended returns were included only when the original returns were excluded.

The information on capital gains and losses was taken from separate Schedule D (Form 1040), "Gains and Losses From Sales or Exchanges of Property" or from the taxpayer's own schedule. The data were coded and manually transcribed by clerks onto abstract sheets. The abstracted information was then transferred to punch cards for processing by conventional electric accounting machines. Sample weights were applied manually to the machine product to yield estimates for all returns with capital gains and losses.

## Sample selection

The sample of individual income tax returns used to derive the tables in this pilot study was a systematic subsample of the regular, *Statistics of Income* sample.<sup>1</sup> The sampling plan, including the number of returns in the sample, is given in table A.

Table A.—INDIVIDUAL INCOME TAX RETURNS 1959 SAMPLING RATES AND SAMPLE COUNTS

Type of return <sup>1</sup>	Prescribed sampling rate		Total sample count	
	Statistics of Income	Pilot Study	Statistics of Income	Pilot Study
	(1)	(2)	(3)	(4)
Under \$10,000 nonbusiness.....	.003	.001	84,427	28,380
Under \$10,000 Schedules C and F.....	.008	.002	69,744	16,828
\$10,000 under \$50,000 nonbusiness.....	.03	.002	95,300	6,853
\$10,000 under \$50,000 Schedules C and F.....	.03	.002	38,672	2,930
\$50,000 under \$150,000 nonbusiness.....	.30	.03	14,714	2,411
\$50,000 under \$150,000 Schedules C and F.....	.50	.03	28,028	2,626
\$150,000 and over nonbusiness.....	1.00	1.00	5,031	5,031
\$150,000 and over Schedules C and F.....	1.00	1.00	5,319	5,319
Prior year delinquent under \$50,000.....	.008	.002	3,183	368
Prior year delinquent \$50,000 and over.....	1.00	1.00	186	186

<sup>1</sup>Excludes 1040A returns which are normally sampled for Statistics of Income, but which were not represented in this study because they do not provide for the reporting of capital assets information.

## Method of estimation

Each return was given a weight in accordance with its sample class. The national estimate for any item was then obtained by weighting the item in each return and then adding together the weighted

<sup>1</sup>For a more complete description of the *Statistics of Income* sample, see *Statistics of Income--1959, Individual Income Tax Returns for 1959*, pp. 12-14.

figures for all returns. The weight for a sample class is the ratio of estimated total number of returns in the sample class to the number of sample returns in the sample class. The population (estimated total number of returns) for each sample class was the final 1959 *Statistics of Income* population.

Subsequent to the conversion of the capital assets transcript data to punch cards, it was determined by a comparison of counts from the punch cards with separate counts available from the *Statistics of Income* electronic tape file, that not all capital asset returns in the subsample were represented in the punch card file. Since at that point there was no feasible way of obtaining the data for the missing returns, it was decided to eliminate the downward bias by replacing the missing returns with duplicates of returns selected at random from the classes with missing returns. The total number of returns with capital assets from which the data for the study were derived and the number of these which were duplicated are given in table B.

Table B.—SAMPLE FREQUENCIES OF INDIVIDUAL INCOME TAX RETURNS WITH SALES OF CAPITAL ASSETS IN CAPITAL ASSETS STUDY, 1959

Type of return	Number of returns in sample with capital assets	
	Total	Duplicated returns included in total
Under \$10,000 nonbusiness.....	1,739	80
Under \$10,000 Schedules C and F.....	3,236	137
\$10,000 under \$50,000 nonbusiness.....	1,660	62
\$10,000 under \$50,000 Schedules C and F.....	1,278	26
\$50,000 under \$150,000 nonbusiness.....	1,875	48
\$50,000 under \$150,000 Schedules C and F.....	2,150	33
\$150,000 and over nonbusiness.....	4,122	0
\$150,000 and over Schedules C and F.....	4,461	0
Prior year delinquent under \$50,000.....	21	3
Prior year delinquent \$50,000 and over.....	84	8

## Sampling variability

The *relative* sampling variabilities at the 95 percent level for selected frequencies are given in table C, and for selected money amounts in table D. The relative sampling variability of an estimate of a characteristic measures the precision of the estimate. More specifically, it is expected that 95 percent, or 19 out of 20 of the samples selected similarly to the one actually selected, would yield estimates of a given characteristic that would differ percentagewise from the "true" value, which would be obtained by a complete enumeration, by less than the relative sampling variability.

## Response and other nonsampling errors

In processing returns for collection purposes in the district offices and, later, in processing the sample of such returns for statistical purposes, several steps were taken to reduce taxpayer-reporting errors and other errors introduced in data processing operations. Over 90 percent of all individual returns filed during 1960 were mathematically verified before they were made available for sample selection. Any corrections resulting from mathematical verification of the taxpayer's entries are reflected in the data tabulated.

CAPITAL ASSETS ON INDIVIDUAL INCOME TAX RETURNS, 1959

Table C.—RELATIVE SAMPLING VARIABILITY AT THE 95 PERCENT LEVEL OF THE NUMBER OF INDIVIDUAL INCOME TAX RETURNS WITH VARIOUS TYPES OF CAPITAL ASSETS, 1959

Type of capital assets	Returns with—							
	Capital assets		Short term capital assets only		Long-term capital assets only		Both short-term and long-term capital assets	
	Number	Relative sampling variability (Percent)	Number	Relative sampling variability (Percent)	Number	Relative sampling variability (Percent)	Number	Relative sampling variability (Percent)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Returns with capital assets <sup>1</sup> .....	4,901,694	2.15	285,250	10.02	3,883,419	2.48	733,025	5.51
Returns with:								
Corporation stocks, including rights.....	1,749,240	3.73	174,364	12.97	1,151,871	4.72	423,005	7.35
U. S. obligations.....	41,393	22.99	3,713	86.10	35,556	24.44	( <sup>2</sup> )	( <sup>2</sup> )
State and local securities.....	120,799	15.32	11,870	42.01	99,101	14.89	9,828	42.36
Other bonds, notes, and debentures.....	107,691	14.22	19,662	32.69	80,984	16.62	7,045	50.66
Mortgages.....	26,354	31.85	( <sup>2</sup> )	( <sup>2</sup> )	25,276	32.70	( <sup>2</sup> )	( <sup>2</sup> )
Distributions from regulated investment companies.....	1,030,615	5.11	3,461	75.35	1,027,027	5.12	( <sup>2</sup> )	( <sup>2</sup> )
Share of gain or loss from partnerships and fiduciaries.....	345,066	7.94	12,081	42.78	299,864	8.57	33,121	25.00
Livestock.....	712,500	5.28	7,292	53.09	686,706	5.36	18,502	39.18
Timber and timber royalties.....	55,393	21.04	( <sup>2</sup> )	( <sup>2</sup> )	54,856	20.85	-	-
Coal royalties.....	4,576	71.35	-	-	4,576	71.35	-	-
Oil and mineral rights and leases.....	19,958	39.67	( <sup>2</sup> )	( <sup>2</sup> )	16,846	43.07	( <sup>2</sup> )	( <sup>2</sup> )
Oil well ventures.....	6,067	59.50	3,462	83.71	2,127	90.83	( <sup>2</sup> )	( <sup>2</sup> )
Production payments in oil and minerals.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	-	-
Plant and equipment, real estate, automobiles and assets other than leases used in trade or business.....	391,521	7.45	17,161	38.86	370,079	7.65	4,281	69.00
Franchises and other rights and leases.....	3,647	89.31	( <sup>2</sup> )	( <sup>2</sup> )	3,583	90.87	( <sup>2</sup> )	( <sup>2</sup> )
Certified "emergency facilities".....	( <sup>2</sup> )	( <sup>2</sup> )	-	-	( <sup>2</sup> )	( <sup>2</sup> )	-	-
Farm land with unharvested crop.....	8,864	51.31	( <sup>2</sup> )	( <sup>2</sup> )	7,913	55.15	-	-
Other farm land.....	102,088	16.01	4,064	91.95	97,480	16.29	( <sup>2</sup> )	( <sup>2</sup> )
Real estate subdivided.....	183,465	12.21	3,529	92.60	178,457	12.39	( <sup>2</sup> )	( <sup>2</sup> )
Residence.....	210,663	12.18	7,502	60.89	202,161	12.47	( <sup>2</sup> )	( <sup>2</sup> )
Rights of way on property and release.....	8,026	60.23	( <sup>2</sup> )	( <sup>2</sup> )	8,021	60.27	( <sup>2</sup> )	( <sup>2</sup> )
Other real estate not used in trade and business.....	327,833	9.24	22,095	35.94	297,246	9.72	8,492	53.09
Automobiles, furniture, objects of art, and other personal property not used in trade or business.....	54,096	21.76	7,104	62.75	44,961	23.42	( <sup>2</sup> )	( <sup>2</sup> )
Options to buy or sell.....	14,510	44.26	8,567	61.90	5,871	61.69	72	98.61
Commodities including futures contracts.....	17,590	35.08	12,802	41.05	3,596	81.01	( <sup>2</sup> )	( <sup>2</sup> )
Lump-sum distributions from qualified retirement plans.....	45,205	27.40	( <sup>2</sup> )	( <sup>2</sup> )	45,204	27.40	-	-
Life insurance and annuities.....	8,582	57.29	( <sup>2</sup> )	( <sup>2</sup> )	8,014	59.95	-	-
Distributions from small business corporations.....	82,739	17.60	( <sup>2</sup> )	( <sup>2</sup> )	78,622	18.01	( <sup>2</sup> )	( <sup>2</sup> )
Liquidation distributions.....	32,126	26.69	( <sup>2</sup> )	( <sup>2</sup> )	30,607	27.52	( <sup>2</sup> )	( <sup>2</sup> )
Foreign currency conversion.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Nonbusiness bad debts.....	67,507	20.07	65,468	20.36	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Pension fund dissolved.....	1,954	97.34	-	-	1,954	97.34	-	-
Sale of partnership interest.....	68,398	18.20	( <sup>2</sup> )	( <sup>2</sup> )	65,751	18.63	( <sup>2</sup> )	( <sup>2</sup> )
Life interest in an estate.....	7,628	61.60	( <sup>2</sup> )	( <sup>2</sup> )	7,625	61.63	( <sup>2</sup> )	( <sup>2</sup> )
Patents including patent royalties.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	-	-
Other royalties.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Cancellation of lease or distributor's agreement.....	( <sup>2</sup> )	( <sup>2</sup> )	-	-	( <sup>2</sup> )	( <sup>2</sup> )	-	-
Termination payments to employees.....	4,474	85.11	-	-	4,474	85.11	-	-
Installment sales from prior years.....	307,315	9.15	5,122	61.19	296,181	9.74	6,012	60.65
Sales of other type assets.....	76,744	18.69	15,480	45.48	57,564	21.13	3,700	63.92

<sup>1</sup>The number of returns on line 1 in each column will not equal the sum of the number of returns for each type of capital asset since there are individual returns with more than one type of capital asset. Included here are 207,528 returns with unused capital loss carryover with relative sampling variability of 10.6 percent.  
<sup>2</sup>Sampling variability is too large to warrant showing separately. However, the grand total reflects data deleted for this reason.

Table D.—RELATIVE SAMPLING VARIABILITY OF MONEY AMOUNTS AT THE 95 PERCENT LEVEL FOR INDIVIDUAL INCOME TAX RETURNS WITH SELECTED TYPES OF LONG-TERM ASSETS, 1959

Amounts	Returns with long-term sales of—	
	Corporation stocks	Real estate not used in business
Gross sales:		
Amount..... thousand dollars..	17,469,622	9,994,768
Relative sampling variability.....percent..	5.86	9.29
Long-term gains:		
Amount..... thousand dollars..	6,197,721	2,360,881
Relative sampling variability.....percent..	5.07	10.20
Long-term losses:		
Amount..... thousand dollars..	1,089,460	143,443
Relative sampling variability.....percent..	9.37	24.08

However, as indicated previously, the information in the study was obtained from unaudited returns. In the statistical processing of the returns, no attempt was made to apply audit techniques to correct taxpayer errors of the nonmathematical variety. Examples of such errors are misclassification of a transaction as a capital assets transaction or misclassification of a capital assets transaction as to whether it is short-term or long-term.

In transcribing and tabulating the information from the sampled returns, additional checks were imposed to improve the quality of the resulting

estimates. An intensive system of sample management and control was used to insure the selection of the prescribed sample and prevent any serious under-coverage. Sample controls were maintained on a district basis by the most detailed sampling strata. In addition, a name control file for internal use only, containing a historical record of tax return information for certain taxpayers who annually report large incomes, provided a further check on the completeness of the sample.

However, the controls maintained over the selection of the sample and the processing of the source data in the field offices did not completely eliminate the possibility of error. Also, practical operating considerations necessitated allowance of reasonable tolerance in controlling the processing of these data within the Statistics Division.

Comparison with *Statistics of Income, 1959*

As mentioned earlier, the returns for the pilot study were contained in a subsample of the *Statistics of Income* sample for 1959. Subsequent phases in the statistical processing were done separately from the regular *Statistics of Income* processing. The separate treatment tended to make for certain lack of comparability between the study results and *Statistics of Income*.

## CAPITAL ASSETS ON INDIVIDUAL INCOME TAX RETURNS, 1959

Table E.—ESTIMATES OF NUMBER OF INDIVIDUAL INCOME TAX RETURNS WITH CAPITAL GAINS AND LOSSES, 1959

Adjusted gross income classes	Pilot study	Statistics of Income 1959 <sup>1</sup>
Total.....	4,901,694	4,907,129
No adjusted gross income.....	111,259	111,414
Under \$10,000.....	3,325,088	3,299,116
\$10,000 under \$50,000.....	1,346,747	1,379,930
\$50,000 under \$100,000.....	94,627	91,504
\$100,000 under \$200,000.....	18,538	19,681
\$200,000 under \$500,000.....	4,475	4,517
\$500,000 under \$1,000,000.....	693	700
\$1,000,000 or more.....	267	267

<sup>1</sup>Statistics of Income—1959, Individual Income Tax Returns for 1959, p. 65, table 15, column 1.

Table F.—ESTIMATES OF AMOUNT OF NET LONG-TERM CAPITAL GAIN ON INDIVIDUAL INCOME TAX RETURNS, 1959

Adjusted gross income classes	Amount (Thousand dollars)		Distributions (Percent)	
	Pilot study	Statistics of Income 1959 <sup>1</sup>	Pilot study	Statistics of Income 1959
	(1)	(2)	(3)	(4)
Total.....	12,331,867	12,237,897	100	100
No adjusted gross income.....	216,030	220,139	2	2
Under \$10,000.....	3,336,946	3,151,476	27	26
\$10,000 under \$50,000.....	4,350,166	4,255,490	35	35
\$50,000 under \$100,000.....	1,454,337	1,548,448	12	13
\$100,000 under \$200,000.....	1,074,587	1,160,087	9	9
\$200,000 under \$500,000.....	916,771	918,170	7	7
\$500,000 under \$1,000,000.....	440,809	441,848	4	4
\$1,000,000 or more.....	542,221	542,239	4	4

<sup>1</sup>Statistics of Income—1959, Individual Income Tax Returns for 1959, p. 65, table 15, columns 7 plus 14, minus column 8 and column 15.

Table E shows the number of returns with capital gains and losses by adjusted gross income classes as estimated by the pilot study and by *Statistics of Income*. The differences here are basically due to the larger overall sample used for *Statistics of Income*.

Table F contains estimates of net long-term capital gain by adjusted gross income classes from the pilot study and from *Statistics of Income*. The study relative to *Statistics of Income* overestimates the amount of net long-term gain for all returns by 0.8 percent. On the other hand, the percentage distributions of gain by adjusted gross income classes compare favorably.

As already indicated, part of the differences in results can be explained in terms of different sample design and differing degrees of sampling variability. The remainder of the discrepancies no doubt may be ascribed to nonsampling factors such as clerical or processing errors which were non-compensating, as between the study and other results. However, analysis making use of other available information does not reasonably justify the conclusion that the study results are subject to any serious bias.

## EXPLANATION OF CLASSIFICATIONS AND TERMS

These explanations include definitions and limitations based on income tax law and descriptions and limitations of classifications used.

## Adjusted gross income classes

The basis used for classifying data by size of income was the amount of adjusted gross income reported by the taxpayer on Form 1040. Adjusted

gross income represents the sum of wages, salaries, bonuses, commissions, tips, and other compensation, less excludable sick pay; business and farm profit (or loss); and income from dividends after exclusions, taxable interest, rents, pensions, sales of property, etc. Capital gains and losses are included, subject to the exclusions and limitations provided by law. That is, 50 percent of the excess of net long-term capital gains over any net short-term losses is includible in adjusted gross income, whereas 100 percent of any net short-term gain is includible. Net short- or long-term loss or combination of both is deductible from adjusted gross income up to \$1,000 of taxable income.

The income class "No adjusted gross income" includes breakeven in adjusted gross income and adjusted gross deficit.

## Capital asset classifications

Two major capital asset classifications were used in this pilot study. Returns were classified according to 40 classes of capital assets, which were further identified as short-term, long-term, or both. Returns with long-term capital assets were then classified according to ten broad classes of assets. Descriptions of each asset class are given further on under **Types of capital assets** and **Types of long-term capital assets**.

The term, capital assets, as used in this study refers to all assets with realized gain or loss subject to specialized capital gain or loss treatment. As used in this sense, the term does not strictly agree with that defined in the Internal Revenue Code of 1954. That is, certain types of property, for example, depreciable business property, are specifically excluded in the Code definition of a capital asset. However, since such property under other provisions of the Code is made eligible for specialized capital gain treatment, it has been grouped under the heading of "capital assets" for purposes of this study.

Short-term capital assets are assets held for 6 months or less prior to their sale or exchange. Long-term capital assets are assets held for more than 6 months prior to their disposition.

## Gross sales

The gross sales price at which each long-term capital asset type was sold or exchanged during 1959 was tabulated for all returns. Amounts realized represent cash and the fair market value of other property, including mortgages, notes, and other evidences of indebtedness received. However, for certain asset types with capital gains, the concept of gross sales is inappropriate and therefore is statistically recorded as zero. These special cases include the following: distributions from regulated investment companies; share of gain or loss from partnerships and fiduciaries; lump-sum distributions from qualified retirement plans; liquidation distributions; distributions from dissolved pension funds; termination payments to employees; installment sales from prior years.

**Long-term capital gain (or loss)**

Amounts reported by individual taxpayers from the sale or exchange of each long-term asset type before the allowable 50 percent exclusion (or limitation in the case of loss) from adjusted gross income were tabulated for all returns. Except for the particular transactions indicated in **Gross sales** above, the figures so tabulated represent the difference between the reported figures on gross sales price and the sum, reduced by depreciation allowed or allowable since acquisition, of cost or other basis and subsequent improvements and expenses of sale.

**Net long-term gain (or loss)**

This represents the difference for all returns between total long-term gains and long-term losses for each asset type (before exclusions and limitations).

**Periods held for corporation stocks**

Each return with sales of corporation stocks and rights was classified on the basis of information on the return on dates of acquisition and sale for each stock transaction into 1 or more of 5 holding periods in the case of short-term sales and 13 holding periods in the case of long-term sales. In some instances, where only partial information on dates of acquisition and sale was available, period held was estimated. In other instances of partial information or no information, period held was considered as "not available."

**Types of capital assets**

The following is an enumeration of the items comprising each asset type. Each asset type is listed here in the order of its appearance in table 1. Certain of the long-term asset types appearing in tables 2 and 3 are combinations of certain of the types shown here. Their composition is enumerated under **Types of long-term capital assets**.

**Corporation stocks, including rights.**—Preferred stock, common stock, stock rights, warrants, or stock warrants. Includes stock used in short sales and arbitrage operations, worthless stock, stock ownership in a cooperative housing development or apartment provided the development or apartment is not identified as a "residence." Excludes stock retired on liquidation of a corporation; all other types of corporate indebtedness, such as bonds, notes, debentures, etc.; stock options, or "privileges," "calls," "puts," "spreads," "straddles;" and liquidation distributions.

**U. S. obligations.**—U. S. Government bonds, certificates of indebtedness, and debentures; certificates of indebtedness of U. S. Government agencies.

**State and local securities.**—Bonds, bonds retired or distributed, notes and debentures, worthless bonds, notes, and debentures issued by State or local governments. Includes those involving short sales and arbitrage operations, and rights. Excludes options or privileges, including "calls," "puts," "straddles," and "spreads."

**Other bonds, notes, and debentures.**—Corporation evidences of indebtedness other than stocks and

rights, such as corporate bonds, income bonds, bond retirements or distributions, redemptions, notes, discounted notes, bond forfeitures and forfeiture declarations.

**Mortgages.**—Evidences of indebtedness specifically described as secured by a mortgage, and mortgages foreclosed.

**Distributions from regulated investment companies.**—Capital gains of corporations registered under the Investment Company Act of 1940, both distributed as dividends and undistributed as reported by shareholders; investment company stock acquired after 1957, sold at a loss by shareholders; and mutual funds or mutual investment funds.

**Share of gain or loss from partnerships and fiduciaries.**—Distributed and undistributed capital gains and losses of partnerships, including syndicates and joint ventures, accruing to the taxpayer. Excludes capital gain or loss from the sale of partnership interest (separately classified elsewhere). Fiduciary income includes income from trust funds, but excludes income from mutual funds and trust plans.

**Livestock.**—Animals held as work animals or for breeding (cattle, hogs, horses, including race horses, mules, donkeys, sheep, goats, and other mammals), or for dairy purposes, and fur bearing animals such as chinchillas, mink or foxes.

**Timber and timber royalties.**—Cut or standing timber, tree stumps, and timber royalties.

**Coal royalties.**—Mined coal, lignite, mined lignite, etc. Excludes royalties and all other mineral rights and royalties.

**Oil and mineral rights and leases.**—Rights, royalties and leases in oil and minerals, other than coal or lignite, such as gravel, sulfur, gas, stone, lime, etc. Includes exploration rights. Excludes production payments in oil and minerals.

**Oil well ventures.**—Oil well ventures, sold at a loss.

**Production payments in oil and minerals.**—Oil payments or mineral payments.

**Plant and equipment, real estate, automobiles, and assets other than leases used in trade or business.**—Depreciable and nondepreciable assets used in trade or business sold or involuntarily converted. Includes seats on stock exchange, trade names, good will, covenants not to compete and other nondepreciable property used in trade or business. Excludes franchises, leases, rights, certified "emergency facilities," canceled leases or distributor's agreements. (Note: This category is not necessarily coextensive with the "assets used in business" of Section 1231 of the Code. Thus the effect of that section that only net long-term gain be shown by the taxpayer for all such assets combined does not operate here.)

**Franchises and other rights and leases.**—All business rights and leases such as water rights which are not elsewhere classified.

**Certified "emergency facilities."**—Those relating to national defense projects subject to 60-month amortization.

**Farm land with unharvested crop.**—Crops include groves and fruit and nut trees.

**Other farm land.**—Farm land without unharvested crops. Includes rental property, and farm land abandoned for nonpayment of taxes.

## CAPITAL ASSETS ON INDIVIDUAL INCOME TAX RETURNS, 1959

**Real estate subdivided.**--Real estate not used in trade or business subdivided into lots, parcels or tracts for sale purposes. Includes any necessary improvements made on lots such as installation of water, sewer or drainage facilities, also curbs, roads and gutters; abandonment of subdivided real estate for nonpayment of taxes; and rental property.

**Residence.**--Includes residence abandoned for nonpayment of taxes and stock ownership and worthless stock in cooperative housing developments and apartments but only if development or apartment is taxpayer's residence. Excludes mortgage on residence.

**Rights of way on property and release.**--Property rights and releases transacted.

**Other real estate not used in trade or business.**--Real estate not elsewhere classified. Includes other rental property and real estate not subdivided.

**Automobiles, furniture, objects of art, and other personal property not used in trade or business.**--Personal property other than residence. Includes personal agreements, contracts, or covenants such as restrictive covenants, which do not relate to trade or business. Objects of art include literary, musical, or artistic works, but not "rights" to any of these.

**Options to buy or sell.**--"Privileges," "calls," "hedges," "puts," "straddles," and "spreads;" includes failures to exercise options relating to buy or sell. Excludes stock rights to any type of property, including securities, real estate, patents, commodities, or personal property.

**Commodities including futures contracts.**--Commodities include mostly crops or staples such as grains, cotton, vegetable oils, etc., and also minerals, livestock, hides, wool, rubber, cocoa, etc. Includes those involved in short sales and arbitrage operations and rights.

**Lump-sum distributions from qualified retirement plans.**--Qualified retirement plans such as profit sharing plans, pension plans, annuity plans, stock bonus plans, or employees' trusts or annuities.

**Life insurance and annuities.**--Transactions such as exchange of an endowment contract for a life insurance contract, or exchange of an annuity for a life insurance policy or endowment contract.

**Distributions from small business corporations.**--Capital gain distributions by small business corporations. Excludes capital gain distributions of regulated investment company distributions.

**Liquidation distributions.**--Distributions from liquidations of stock and other assets.

**Foreign currency conversion.**--Exchange of dollars for foreign currency.

**Nonbusiness bad debts.**--Nonbusiness bad debts written-off. Excludes personal notes or discounted notes sold or exchanged, business bad debts, and worthless stock.

**Pension fund dissolved.**--Pension fund dissolutions.

**Sale of partnership interest.**--Partnerships include syndicates and joint ventures.

**Life interest in an estate.**--Life interest or tenancy in an estate or trust. The estate may be in any form of property, such as real estate, including farms, natural resources, etc.

**Patents including patent royalties.**--Inventions, designs, rights, or interests in patents, inventions, designs, or rights, transferred by license, assignment, or sale. Includes patent payments for infringements and inventions by employees giving rise to payments by employers. Excludes copyrights or royalties on literary, musical, or artistic works.

**Other royalties.**--Royalties not elsewhere defined or described. Includes royalties and copyrights on literary, musical, or artistic works. Excludes artistic works, oil, coal and other mineral royalties, timber royalties, and patent royalties.

**Cancellation of lease or distributor's agreement.**--Cancellation of tenants' leases on real estate or mineral rights, and of distributor's agreements relating distributions of goods.

**Termination payments to employees.**--Payments for release by employees of rights, claims, or contract entered into before 1954, to any future receipts or profits of the employer.

**Installment sales from prior years.**--Installment payments received in the current year resulting from prior year sales, usually, of real estate, businesses, or stock. Excludes current year installment sales which are classified by the type of asset sold.

**Sales of other type assets.**--Assets not elsewhere classified.

### Types of long-term capital assets

The following is a description only of those long-term capital asset types occurring in tables 2 and 3 which represent groupings of the more detailed types appearing in table 1.

**Other bonds and certificates of indebtedness.**--Includes State and local securities; other bonds, notes, and debentures; and mortgages.

**Natural resources.**--Includes timber and timber royalties; oil and mineral rights and leases, coal royalties; oil well ventures, and production payments in oil and minerals.

**Assets including real estate used in trade or business.**--Includes plant and equipment, real estate, automobiles, and assets other than leases used in trade or business; franchises and other rights and leases; and certified "emergency facilities."

**Real estate not used in trade or business and farm land.**--Includes farm land with unharvested crop, other farm land, real estate subdivided, residence; rights of way on property and release, and other real estate.

**Sales of other type assets.**--Includes all other types of assets not otherwise classified in tables 2 and 3.

## ***Basic Tables***

CAPITAL ASSETS ON INDIVIDUAL INCOME TAX RETURNS, 1959

Table 1.—NUMBER OF INDIVIDUAL INCOME TAX RETURNS WITH SALES OF SHORT-TERM CAPITAL ASSETS ONLY, LONG-TERM CAPITAL ASSETS ONLY, AND BOTH, BY TYPES OF CAPITAL ASSETS, 1959

[Taxable and nontaxable returns]

Types of capital assets	Number of returns with sales of—			
	Capital assets (1)	Short-term capital assets only (2)	Long-term capital assets only (3)	Both short-term and long-term capital assets (4)
Returns with sales of capital assets <sup>1</sup> .....	4,901,694	285,250	3,883,419	733,025
Returns with sales of:				
Corporation stocks, including rights.....	1,749,240	174,364	1,151,871	423,005
U. S. obligations.....	41,393	3,713	35,556	( <sup>2</sup> )
State and local securities.....	120,799	11,870	99,101	9,828
Other bonds, notes, and debentures.....	107,691	19,662	80,984	7,045
Mortgages.....	26,354	( <sup>2</sup> )	25,276	( <sup>2</sup> )
Distributions from regulated investment companies.....	1,030,615	3,461	1,027,027	( <sup>2</sup> )
Share of gain or loss from partnerships and fiduciaries.....	345,066	12,081	299,864	33,121
Livestock.....	712,500	7,292	686,706	18,502
Timber and timber royalties.....	55,393	( <sup>2</sup> )	54,856	-
Coal royalties.....	4,576	-	4,576	-
Oil and mineral rights and leases.....	19,958	( <sup>2</sup> )	16,846	( <sup>2</sup> )
Oil well ventures.....	6,067	3,462	2,127	( <sup>2</sup> )
Production payments in oil and minerals.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	-
Plant and equipment, real estate, automobiles and assets other than leases used in trade or business.....	391,521	17,161	370,079	4,281
Franchises and other rights and leases.....	3,647	( <sup>2</sup> )	3,583	( <sup>2</sup> )
Certified "emergency facilities".....	( <sup>2</sup> )	-	( <sup>2</sup> )	-
Farm land with unharvested crop.....	8,864	( <sup>2</sup> )	7,913	-
Other farm land.....	102,088	4,064	97,480	( <sup>2</sup> )
Real estate subdivided.....	183,465	3,529	178,457	( <sup>2</sup> )
Residence.....	210,663	7,502	202,161	( <sup>2</sup> )
Rights of way on property and release.....	8,026	( <sup>2</sup> )	8,021	( <sup>2</sup> )
Other real estate not used in trade and business.....	327,833	22,095	297,246	8,492
Automobiles, furniture, objects of art, and other personal property not used in trade or business.....	54,096	7,104	44,961	( <sup>2</sup> )
Options to buy or sell.....	14,510	8,567	5,871	72
Commodities including futures contracts.....	17,550	12,802	3,596	( <sup>2</sup> )
Lump-sum distributions from qualified retirement plans.....	45,205	( <sup>2</sup> )	45,204	-
Life insurance and annuities.....	8,582	( <sup>2</sup> )	8,014	-
Distributions from small business corporations.....	82,739	( <sup>2</sup> )	78,662	( <sup>2</sup> )
Liquidation distributions.....	32,126	( <sup>2</sup> )	30,607	( <sup>2</sup> )
Foreign currency conversion.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Nonbusiness bad debts.....	67,507	65,468	( <sup>2</sup> )	( <sup>2</sup> )
Pension fund dissolved.....	1,954	-	1,954	-
Sale of partnership interest.....	68,398	( <sup>2</sup> )	65,751	( <sup>2</sup> )
Life interest in an estate.....	7,628	( <sup>2</sup> )	7,625	( <sup>2</sup> )
Patents including patent royalties.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	-
Other royalties.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Cancellation of lease or distributor's agreement.....	( <sup>2</sup> )	-	( <sup>2</sup> )	-
Termination payments to employees.....	4,474	-	4,474	-
Installment sales from prior years.....	307,315	5,122	296,181	6,012
Sales of other type assets.....	76,744	15,480	57,564	3,700

<sup>1</sup>The data on line 1 in each column will not equal sum of the data for each type of capital asset below, since there are individual returns with more than one type of capital asset. Included here are 207,528 returns with unused capital loss carryover.

<sup>2</sup>Sampling variability is too large to warrant showing separately. However, the grand total reflects data deleted for this reason.

## CAPITAL ASSETS ON INDIVIDUAL INCOME TAX RETURNS, 1959

Table 2.—INDIVIDUAL INCOME TAX RETURNS WITH SALES OF LONG-TERM CAPITAL ASSETS—NUMBER OF RETURNS, GROSS SALES, GAINS, AND LOSSES, BY TYPES OF LONG-TERM CAPITAL ASSETS, 1959

[Taxable and nontaxable returns]

Types of long-term capital assets	Total number of returns <sup>1</sup>	Gross sales	Long-term capital gains	Long-term capital losses	Net long-term capital gain (or loss) <sup>2</sup>
	(1)	(Thousand dollars) (2)	(Thousand dollars) (3)	(Thousand dollars) (4)	(Thousand dollars) (5)
Returns with sales of long-term capital assets.....	4,616,444	36,184,244	14,156,758	1,824,891	12,331,86
Returns with sales of:					
Corporation stocks, including rights.....	1,574,876	17,469,622	6,197,721	1,081,460	5,116,26
U. S. obligations.....	37,680	604,467	10,431	32,646	<sup>3</sup> 22,21
Other bonds and certificates of indebtedness (Includes state and local securities; other bonds, notes, and debentures; and mortgages).....	207,730	2,670,709	419,687	207,992	211,69
Distributions from regulated investment companies.....	1,027,154	-	366,238	5,867	360,37
Share of gain or loss from partnerships and fiduciaries.....	332,985	-	1,062,797	52,595	1,010,20
Livestock.....	705,208	980,145	731,494	30,378	701,11
Natural resources (Includes timber and timber royalties; oil and mineral rights and leases; coal royalties; oil well ventures; and production payments in oil and minerals).....	81,515	381,991	275,524	12,931	262,59
Assets including real estate used in trade or business (Includes plant and equipment, real estate, automobiles, and assets other than leases used in trade and business; franchises and other rights and leases; and certified "emergency facilities").....	377,461	2,407,005	665,945	128,314	537,631
Real estate not used in trade or business and farm land (Includes farm land with unharvested crop; other farm land; real estate subdivided; residence; rights of way on property and release; and other real estate).....	774,660	9,994,768	2,360,881	143,443	2,217,438
Sales of other type assets (Includes all other types of capital assets).....	659,082	1,675,537	2,066,040	129,265	1,936,775

<sup>1</sup>Figure on line 1 will not equal sum of figures below, since there are individual returns with more than one type of capital asset.<sup>2</sup>Column (3) minus Column (4).<sup>3</sup>Net long-term loss.

Table 3.—INDIVIDUAL INCOME TAX RETURNS WITH SALES OF LONG-TERM CAPITAL ASSETS—NUMBER OF RETURNS, GROSS SALES, GAINS, AND LOSSES, BY TYPES OF LONG-TERM CAPITAL ASSETS, AND BY ADJUSTED GROSS INCOME CLASSES, 1959

[Taxable and nontaxable returns]

Adjusted gross income classes	Number of returns with long-term capital assets	Gross sales	Long-term capital gain	Long-term capital loss	Net long-term capital gain (or loss) <sup>1</sup>	Number of returns with long-term capital assets	Gross sales	Long-term capital gain	Long-term capital loss	Net long-term capital gain (or loss) <sup>1</sup>	Number of returns with long-term capital assets	Gross sales	Long-term capital gain	Long-term capital loss	Net long-term capital gain (or loss) <sup>1</sup>
	(1)	(Thousand dollars) (2)	(Thousand dollars) (3)	(Thousand dollars) (4)	(Thousand dollars) (5)	(1)	(Thousand dollars) (2)	(Thousand dollars) (3)	(Thousand dollars) (4)	(Thousand dollars) (5)	(1)	(Thousand dollars) (2)	(Thousand dollars) (3)	(Thousand dollars) (4)	(Thousand dollars) (5)
	Total <sup>2</sup>					Corporation stocks, including rights					U. S. obligations				
Total.....	4,616,444	36,184,244	14,156,758	1,824,891	12,331,867	1,574,876	17,469,622	6,197,721	1,081,460	5,116,261	37,680	604,467	10,431	32,646	322,215
No adjusted gross income.....	104,627	848,299	273,112	57,082	216,030	16,214	92,836	26,581	13,451	13,130	(4)	(4)	(4)	(4)	(4)
Under \$10,000.....	3,126,630	12,612,933	3,988,762	651,816	3,336,946	784,341	3,632,605	915,328	286,602	628,726	13,572	78,368	4,038	8,559	34,521
\$10,000 under \$50,000.....	1,268,876	13,820,399	5,131,688	781,522	4,350,166	694,429	8,074,327	2,411,711	596,196	1,815,515	17,867	133,211	1,417	10,386	38,969
\$50,000 under \$100,000.....	92,556	3,787,152	1,630,658	176,321	1,454,337	63,140	2,192,420	878,376	102,438	775,938	3,934	248,432	1,824	6,667	34,843
\$100,000 under \$200,000.....	18,359	2,325,503	1,152,867	78,280	1,074,587	12,326	1,507,555	639,784	44,177	595,607	917	44,919	804	2,085	31,281
\$200,000 under \$500,000.....	4,440	1,530,386	965,004	48,233	916,771	3,642	1,038,782	619,259	24,464	594,795	333	62,480	1,502	2,130	3,628
\$500,000 under \$1,000,000.....	690	603,533	454,582	13,773	440,809	576	434,784	316,569	5,929	310,640	49	30,548	838	2,364	31,526
\$1,000,000 or more.....	266	656,039	560,085	17,864	542,221	208	496,313	390,113	8,203	381,910	17	6,083	8	386	3,778
	Other bonds and certificates of indebtedness (Includes state and local bonds; other bonds, notes, and debentures; and mortgages)					Distributions from regulated investment corporations					Share of gain or loss from partnerships and fiduciaries				
Total.....	207,730	2,670,709	419,687	207,992	211,695	1,027,154	-	366,238	5,867	360,371	332,985	-	1,062,797	52,595	1,010,202
No adjusted gross income.....	(4)	(4)	(4)	(4)	(4)	9,161	-	1,382	-	1,382	(4)	-	(4)	(4)	(4)
Under \$10,000.....	77,040	337,099	78,326	25,696	52,630	622,657	-	135,806	2,067	133,739	160,073	-	294,003	37,237	256,766
\$10,000 under \$50,000.....	102,021	1,021,035	148,512	80,115	68,397	362,841	-	177,222	2,741	174,481	144,473	-	395,221	11,675	383,546
\$50,000 under \$100,000.....	19,074	534,566	79,186	47,998	31,188	27,037	-	33,379	702	32,677	16,198	-	145,363	1,610	143,753
\$100,000 under \$200,000.....	4,838	352,365	50,765	23,571	27,194	4,285	-	7,011	76	6,935	4,358	-	81,857	532	81,325
\$200,000 under \$500,000.....	1,759	242,592	28,129	17,212	10,917	963	-	6,627	107	6,520	1,417	-	84,477	1,109	83,368
\$500,000 under \$1,000,000.....	309	70,209	13,973	3,811	10,162	161	-	1,695	174	1,521	226	-	33,375	180	33,195
\$1,000,000 or more.....	130	83,280	15,504	4,501	11,003	49	-	3,116	-	3,116	86	-	22,034	80	21,954
	Livestock					Natural resources (Includes timber and timber royalties; oil and mineral rights and leases; coal royalties; oil well ventures; and production payments in oil and minerals)					Assets including real estate used in trade or business (Includes plant and equipment, real estate, automobiles, and assets other than leases used in trade and business; franchises and other rights and leases; and certified "emergency facilities")				
Total.....	705,208	980,145	731,494	30,378	701,116	81,515	381,991	275,524	12,931	262,593	377,461	2,407,005	665,945	128,314	537,631
No adjusted gross income.....	35,541	64,695	47,225	2,670	44,555	(4)	(4)	(4)	-	(4)	27,905	232,824	53,152	16,774	36,378
Under \$10,000.....	632,738	692,695	552,008	16,921	535,087	60,425	157,403	126,902	929	125,973	280,157	1,164,805	272,895	98,659	174,236
\$10,000 under \$50,000.....	32,893	180,432	104,447	9,886	94,561	14,749	102,088	59,976	7,314	52,662	63,185	844,914	264,386	9,686	254,700
\$50,000 under \$100,000.....	3,010	25,482	15,309	446	14,863	1,649	38,022	16,082	3,706	12,376	4,758	88,330	33,591	1,077	32,514
\$100,000 under \$200,000.....	728	8,319	5,569	162	5,407	683	25,163	20,189	548	19,641	1,078	37,792	19,954	1,108	18,846
\$200,000 under \$500,000.....	219	6,164	5,273	203	5,070	281	19,683	14,391	373	14,018	278	22,894	11,793	601	11,192
\$500,000 under \$1,000,000.....	49	1,266	879	50	829	62	6,766	3,813	44	3,769	64	7,000	4,719	36	4,683
\$1,000,000 or more.....	30	1,092	784	40	744	32	14,847	22,039	17	22,022	36	8,446	5,455	373	5,082
	Real estate not used in trade or business and farm land (Includes farm land; real estate subdivided; residence; rights of way on property and release; and other real estate)					Sales of other type assets (Includes all other types of capital assets)									
Total.....	774,660	9,994,768	2,360,881	143,443	2,217,438	659,082	1,675,537	2,066,040	129,265	1,936,775					
No adjusted gross income.....	17,108	295,651	49,970	16,484	33,486	13,928	114,285	70,911	2,374	68,537					
Under \$10,000.....	589,284	5,969,200	1,105,396	96,053	1,009,343	433,710	580,758	504,060	79,093	424,967					
\$10,000 under \$50,000.....	153,190	2,924,874	820,067	27,491	792,606	184,094	539,518	748,699	26,032	722,667					
\$50,000 under \$100,000.....	11,839	461,036	166,662	2,217	164,445	20,904	198,864	260,886	9,460	251,426					
\$100,000 under \$200,000.....	2,519	241,638	161,111	752	160,359	4,726	107,752	165,823	5,269	160,554					
\$200,000 under \$500,000.....	591	79,605	42,722	377	42,345	1,363	58,186	150,831	1,657	149,174					
\$500,000 under \$1,000,000.....	93	15,507	9,991	38	9,953	249	37,453	68,730	1,147	67,583					
\$1,000,000 or more.....	36	7,257	4,932	31	4,901	108	38,721	96,100	4,233	91,867					

<sup>1</sup>Column (3) minus column (4).  
<sup>3</sup>Net long-term loss.

<sup>2</sup>Total number of returns will not equal sum of returns for each type of capital asset since there are individual returns with more than one type of capital asset.  
<sup>4</sup>Sampling variability is too large to warrant showing separately. However, the grand total reflects data deleted for this reason.

## CAPITAL ASSETS ON INDIVIDUAL INCOME TAX RETURNS, 1959

Table 4.—NUMBER OF INDIVIDUAL INCOME TAX RETURNS WITH SALES OF CORPORATION STOCKS, INCLUDING RIGHTS, BY PERIODS HELD, 1959

[Taxable and nontaxable returns]

Periods held	Number of returns
Returns with sales of corporation stocks, including rights <sup>1</sup> .....	1,749,240
Returns with short-term sales of stock:	
Number of returns <sup>2</sup> .....	597,369
Period held:	
Under 3 months.....	404,852
3 months under 4 months.....	199,561
4 months under 5 months.....	176,355
5 months to 6 months.....	171,686
Not available:	
Total returns <sup>3</sup> .....	45,332
Returns with installment sales from prior years.....	1,025
Other returns.....	44,308
Returns with long-term sales of stock:	
Number of returns <sup>2</sup> .....	1,574,876
Period held:	
Over 6 months under 7 months.....	198,170
7 months under 8 months.....	175,722
8 months under 9 months.....	152,759
9 months under 10 months.....	122,287
10 months under 12 months.....	173,268
1 year under 2 years.....	521,192
2 years under 3 years.....	416,023
3 years under 5 years.....	526,001
5 years under 10 years.....	342,570
10 years under 15 years.....	141,719
15 years under 20 years.....	51,021
20 years or more.....	77,427
Not available:	
Total returns <sup>3</sup> .....	199,226
Returns with installment sale from prior year.....	8,660
Other returns.....	191,166

<sup>1</sup>Total returns will not equal the sum of returns with short-term sales of stock and returns with long-term sales of stock because some returns have both long-term and short-term entries.

<sup>2</sup>"Number of returns" will not equal the sum of the various holding periods because some returns contain stocks and rights with a variety of holding periods.

<sup>3</sup>Total returns will not equal the sum of returns with installment sales from prior years and other returns because some returns will have installment sales and other not available dates.

**Facsimiles of  
Forms Used**





FORM 1040

U. S. INDIVIDUAL INCOME TAX RETURN—1959

U.S. Treasury Department Internal Revenue Service

or Other Taxable Year Beginning ... 1959, Ending ... 19... (PLEASE TYPE OR PRINT)

ATTACH CHECK OR MONEY ORDER HERE

Name (If this is a joint return of husband and wife, use first names and middle initials of both) Home address (Number and street or rural route) (City, town, or post office) (Postal zone number) (State)

Your Social Security Number Occupation Wife's Social Security Number Occupation

ATTACH COPY B OF FORMS W-2 HERE

- Exemptions 1. Check blocks which apply. (a) Regular \$600 exemption... (b) Additional \$600 exemption if 65 or over... (c) Additional \$600 exemption if blind... 2. List first names of your children who qualify as dependents... 3. Enter number of exemptions claimed for other persons... 4. Enter the total number of exemptions claimed on lines 1, 2, and 3.

Income Table with columns: Employer's Name, Where Employed (City and State), (a) Wages, etc., (b) Income Tax Withheld. Rows include wages, sick pay, profit from business, profit from farming, and adjusted gross income.

- Tax due or refund 12. TAX on income on line 11. 13. (a) Dividends received credit... (b) Retirement income credit... 14. Balance (line 12 less line 13)... 15. Enter your self-employment tax... 16. Sum of lines 14 and 15... 17. (a) Tax withheld... (b) Payments and credits on 1959 Declaration of Estimated Tax... 18. If your tax (line 12 or 16) is larger than your payments (line 17), enter the BALANCE DUE here... 19. If your payments (line 17) are larger than your tax (line 12 or 16), enter the OVERPAYMENT here... 20. Amount of line 19 to be: (a) Credited on 1960 estimated tax... (b) Refunded...

Did you receive an expense allowance or reimbursement, or charge expenses to your employer? Yes No (See page 6, instructions.) If "Yes," did you submit an itemized accounting of expenses to your employer? Yes No

County in which you live. Is your wife (husband) filing a separate return for 1959? Yes No. If "yes," enter her (his) name and do not claim the exemption on this return. If you owe any Federal tax for years before 1959, enter here the Internal Revenue District where the account is outstanding.

I declare under the penalties of perjury that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return. If the return is prepared by a person other than the taxpayer, his declaration is based on all the information relating to the matters required to be reported in the return of which he has any knowledge.

Sign here (Taxpayer's signature and date) (If this is a joint return, BOTH HUSBAND AND WIFE MUST SIGN) (Wife's signature and date)

(Signature of preparer other than taxpayer) (Address) (Date) 70-16-75313-1

Form 1040-1959 EXEMPTIONS FOR PERSONS OTHER THAN YOUR WIFE AND CHILDREN

Table with 6 columns: Name, Relationship, Months lived in your home, Did dependent have gross income of \$600 or more?, Amount YOU furnished for dependent's support, Amount furnished by OTHERS including dependent.

Enter on line 3, page 1, the number of exemptions claimed above.

-> If an exemption is based on a multiple-support agreement of a group of persons, attach the declarations described on page 5 of instructions.

ITEMIZED DEDUCTIONS-IF YOU DO NOT USE TAX TABLE OR STANDARD DEDUCTION
If Husband and Wife (Not Legally Separated) File Separate Returns and One Itemizes Deductions, the Other Must Also Itemize
State to whom paid. If necessary write more than one item on a line or attach additional sheets.
Please put your name and address on any attachments.

Form sections for Contributions, Interest, Taxes, Medical and dental expense, and Other Deductions, including a Total DEDUCTIONS line.

TAX COMPUTATION-IF YOU DO NOT USE THE TAX TABLE

Form sections for Tax Computation steps 1 through 9, including calculations for Adjusted Gross Income, deductions, taxable income, and tax credits.

Form 1040—1959

Page

**IF INCOME WAS ALL FROM SALARIES AND WAGES, TEAR OFF THIS PAGE AND FILE ONLY PAGES 1 AND**

**Schedule A.—INCOME FROM DIVIDENDS** (Income from Savings (Building) and Loan Associations and Credit Unions should be entered as interest in Schedule B)

1. Name of qualifying corporation declaring dividend (See instructions, page 11): (Indicate by (H), (W), (J) whether stock is held by husband, wife, or jointly)	Amount
.....	\$ .....
.....	.....
.....	.....
2. Total .....	\$ .....
3. Exclusion of \$50 (If both husband and wife received dividends, each is entitled to exclude not more than \$50 of his (her) own dividends) .....	.....
4. Excess, if any, of line 2 over line 3. Enter here and on line 1, Schedule J .....	\$ .....
5. Name of nonqualifying corporation declaring dividend: .....	.....
6. Enter total of lines 4 and 5 .....	\$ .....

**Schedule B.—INCOME FROM INTEREST** (This includes interest credited to your account)

Name of payer	Amount	Name of payer	Amount
.....	\$ .....	.....	\$ .....
.....	.....	.....	.....
.....	.....	.....	.....
Enter total here→			

**Schedule D Summary.—GAINS AND LOSSES FROM SALES OR EXCHANGES OF PROPERTY**

- From sale or exchange of capital assets (from separate Schedule D) .....
- From sale or exchange of property other than capital assets (from separate Schedule D) .....

**Schedule E.—INCOME FROM PENSIONS AND ANNUITIES** (See instructions, page 12)

**Part I.—General Rule**

1. Investment in contract .....	\$ .....	4. Amount received this year .....	\$ .....
2. Expected return .....	\$ .....	5. Amount excludable (line 4 multiplied by line 3) .....	.....
3. Percentage of income to be excluded (line 1 divided by line 2) .....	..... %	6. Taxable portion (excess of line 4 over line 5) .....	.....

**Part II.—Where your employer has contributed all or part of the cost and your contribution will be recovered tax-free within three years.**  
If your cost was fully recovered in prior years or if you did not contribute to the cost, enter the total amount received in line 5 omitting lines 1 through 4.

1. Cost of annuity (amounts you paid) ..	\$ .....	4. Amount received this year .....	\$ .....
2. Cost received tax-free in past years ..	.....	5. Taxable portion (excess, if any, of line 4 over line 3) ..	.....
3. Remainder of cost (line 1 less line 2) ..	\$ .....		

**Schedule G.—INCOME FROM RENTS AND ROYALTIES**

1. Kind and location of property	2. Amount of rent or royalty	3. Depreciation (explain in Sch. I) or depletion	4. Repairs (attach itemized list)	5. Other expenses (attach itemized list)
.....	\$ .....	\$ .....	\$ .....	\$ .....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
1. Totals .....	\$ .....	\$ .....	\$ .....	\$ .....
2. Net income (or loss) from rents and royalties (column 2 less sum of columns 3, 4, and 5) .....				

**Schedule H.—OTHER INCOME**

- Partnerships (name and address) .....
- Estates or trusts (name and address) .....
- Other sources (state nature) .....

**Total income (or loss) from above sources** (Enter here and on line 10, page 1) .....

Form 1040-1959

Page 4

IF INCOME WAS ALL FROM SALARIES AND WAGES, TEAR OFF THIS PAGE AND FILE ONLY PAGES 1 AND 2

Schedule I.—EXPLANATION OF DEDUCTION FOR DEPRECIATION CLAIMED IN SCHEDULE G

Table with 7 columns: 1. Kind of property, 2. Date acquired, 3. Cost or other basis, 4. Depreciation allowed, 5. Method of computing depreciation, 6. Rate (% or life (years)), 7. Depreciation for this year.

Schedule J.—DIVIDENDS RECEIVED CREDIT (See instructions, page 14)

Form for Schedule J with lines 1-5 and a table for limitations. Line 1: Amount of dividends. Line 2: Tentative credit. Line 3: Tax shown. Line 4: 4 percent of taxable income. Line 5: Dividends received credit.

Schedule K.—RETIREMENT INCOME CREDIT (See instructions, page 14)

This credit does not apply 1. If you received pensions or annuities of \$1,200 or more from Social Security or Railroad Retirement; 2. If you are under 65 years of age and had "earned income" of \$2,100 or more; OR 3. If you are 65 or over and under 72, and had "earned income" of \$2,400 or more.

Form for Schedule K with columns A and B. Includes questions about earned income and retirement income for taxable year, with a table for limitations on retirement income.

<b>SCHEDULE D</b> <b>(Form 1040)</b>	<b>U. S. Treasury Department—Internal Revenue Service</b> <b>GAINS AND LOSSES FROM SALES OR EXCHANGES OF PROPERTY</b> Attach this schedule to your Income Tax Return, Form 1040	<b>1959</b>
---	---	-------------

For Calendar Year 1959, or other taxable year beginning \_\_\_\_\_, 1959, and ending \_\_\_\_\_, 19  
 Name and Address as shown on page 1 of Form 1040 \_\_\_\_\_

(I) CAPITAL ASSETS

Short-Term Capital Gains and Losses—Assets Held Not More Than 6 Months

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 (contract price)	e. Depreciation allowed (or allowable) since acquisition or March 1, 1913 (attach schedule)	f. Cost or other basis and cost of subsequent improvements (if not purchased, attach explanation)	g. Expense of sale	h. Gain or loss (column d plus column e less sum of columns f and g)
1. _____							\$ _____
_____							\$ _____
_____							\$ _____
_____							\$ _____
2. Enter your share of net short-term gain (or loss) from partnerships and fiduciaries. . . . .							\$ _____
3. Enter unused capital loss carryover from 5 preceding taxable years (Attach statement). . . . .							\$ _____
4. Net short-term gain (or loss) from lines 1, 2, and 3. . . . .							\$ _____

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

5. _____							\$ _____
_____							\$ _____
_____							\$ _____
_____							\$ _____
6. Enter the full amount of your share of net long-term gain (or loss) from partnerships and fiduciaries. . . . .							\$ _____
7. Net long-term gain (or loss) from lines 5 and 6. . . . .							\$ _____
8. Combine the amounts shown on lines 4 and 7, and enter the net gain (or loss) here. . . . .							\$ _____
9. If line 8 shows a GAIN—Enter 50 percent of line 7 or 50 percent of line 8, whichever is smaller. (Enter zero if there is a loss or no entry on line 7). . . . .							\$ _____
10. Deduct line 9 from line 8. Enter balance here and on line 1, Schedule D Summary on page 3 of Form 1040. . . . .							\$ _____
11. If line 8 shows a LOSS—Enter here and on line 1, Schedule D Summary, Form 1040, the smallest of the following: (a) the amount on line 8; (b) taxable income computed without regard to capital gains and losses and the deduction for exemptions; or (c) \$1,000. . . . .							\$ _____

**COMPUTATION OF ALTERNATIVE TAX.**—Use only if the net long-term capital gain exceeds the net short-term capital loss, or if there is a net long-term capital gain only, and you are filing (a) a separate return with taxable income exceeding \$18,000, or (b) a joint return, or as a surviving husband or wife, with taxable income exceeding \$36,000, or (c) as a head of household with taxable income exceeding \$24,000.

12. Enter the amount from line 5, page 2, of Form 1040. . . . .	\$ _____
13. Enter amount from line 9 above. . . . .	\$ _____
14. Balance (line 12 less line 13). . . . .	\$ _____
15. Enter tax on amount on line 14 (Use applicable tax rate schedule on page 15 of Form 1040 Instructions). . . . .	\$ _____
16. Enter 50 percent of line 13. . . . .	\$ _____
17. Alternative tax (line 15 plus line 16). If smaller than amount on line 6, page 2, Form 1040, enter this alternative tax on line 7, page 2, Form 1040. . . . .	\$ _____

(II) PROPERTY OTHER THAN CAPITAL ASSETS

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 (contract price)	e. Depreciation allowed (or allowable) since acquisition or March 1, 1913 (attach schedule)	f. Cost or other basis and cost of subsequent improvements (if not purchased, attach explanation)	g. Expense of sale	h. Gain or loss (column d plus column e less sum of columns f and g)
1. _____							\$ _____
_____							\$ _____
_____							\$ _____
2. Enter your share of non-capital gain (or loss) from partnerships and fiduciaries. . . . .							\$ _____
3. Net gain (or loss) from lines 1 and 2. Enter here and on line 2, Schedule D Summary on page 3 of Form 1040. . . . .							\$ _____

**INSTRUCTIONS—(References are to the Internal Revenue Code of 1954)****GAINS AND LOSSES FROM SALES OR EXCHANGES OF PROPERTY.**—Report details in schedule on other side.

**"Capital assets" defined.**—The term "capital assets" means property held by the taxpayer (whether or not connected with his trade or business) but does NOT include—

- (a) stock in trade or other property of a kind properly includible in his 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 his trade or business;
- (c) property used in the trade or business of a character which is subject to the allowance for depreciation provided in section 167;
- (d) real property used in the trade or business of the taxpayer;
- (e) certain government obligations issued on or after March 1, 1941, at a discount, payable without interest and maturing at a fixed date not exceeding one year from date of issue;
- (f) certain copyrights, literary, musical, or artistic compositions, etc.; or
- (g) accounts and notes receivable acquired in the ordinary course of trade or business for services rendered or from the sale of property referred to in (a) or (b) above.

Special rules apply to dealers in securities for determining capital gain or ordinary loss on the sale or exchange of securities. Certain real property subdivided for sale may be treated as capital assets. Sections 1236 and 1237.

If the total distributions to which an employee is entitled under an employees' pension, bonus, or profit-sharing trust plan, which is exempt from tax under section 501(a), are paid to the employee in one taxable year, on account of the employee's separation from the service, the aggregate amount of such distribution, to the extent it exceeds the amounts contributed by the employee, shall be treated as a long-term capital gain.

Gain on sale of depreciable property between husband and wife or between a shareholder and a "controlled corporation" shall be treated as ordinary gain.

Gains and losses from transactions described in section 1231 (see below) shall be treated as gains and losses from the sale or exchange of capital assets held for more than 6 months if the total of these gains exceeds the total of these losses. If the total of these gains does not exceed the total of these losses, such gains and losses shall not be treated as gains and losses from the sale or exchange of capital assets. Thus, in the event of a net gain, all these transactions should be entered in the "long-term capital gains and losses" portion of Schedule D. In the event of a net loss, all these transactions should be entered in the "property other than capital assets" portion of Schedule D, or in other applicable schedules on Form 1040.

Section 1231 deals with gains and losses arising from—

- (a) sale, exchange, or involuntary conversion, of land (including in certain cases unharvested crops sold with the land) and depreciable property if they are used in the trade or business and held for more than 6 months,
- (b) sale, exchange, or involuntary conversion of livestock held for draft, breeding, or dairy purposes (but not including poultry) and held for 1 year or more,
- (c) the cutting of timber or the disposal of timber or coal to which section 631 applies, and
- (d) the involuntary conversion of capital assets held more than 6 months.

See sections 1231 and 631 for specific conditions applicable.

**Description of property listed.**—State following facts: (a) For real estate (including owner-occupied residences), location and description of land and improvements; (b) for bonds or other evidences of indebtedness, name of issuing corporation, particular issue, denomination, and amount; and (c) for stocks, name of corporation, class of stock, number of shares, and capital changes affecting basis (including nontaxable distributions).

**Basis.**—In determining gain or loss in case of property acquired after February 28, 1913, use cost, except as specially provided. The basis of property acquired by gift after December 31, 1920, is the cost or other basis to the donor in the event of gain, but, in the event of loss, it is the lower of either such donor's basis or the fair market value on date of gift. If a gift tax was paid with respect to property received by gift, see section 1015(d). Generally, the basis of property acquired by inheritance is the fair market value at time of acquisition which usually is the date of death. For special cases involving property acquired from a decedent, see section 1014. In the case of sales and exchanges of automobiles and other property not used in your trade or business, or not used for the production of income, the basis for determining gain is the original cost plus the cost of permanent improvements thereto. No losses are recognized for income tax purposes on the sale and exchange of such properties. In determining GAIN in case of property acquired before March 1, 1913, use the cost or the fair market value as of March 1, 1913, as adjusted, whichever is greater, but in determining LOSS use cost as adjusted.

**Sale of a personal residence.**—See Form 1040 instructions for special rules applicable to sale or exchange of your residence.

**Losses on securities becoming worthless.**—If (a) shares of stock become worthless during the year or (b) corporate securities with interest coupons or in registered form become worthless during the year, and are capital assets, the loss therefrom shall be considered as from the sale or exchange of capital assets as of the last day of such taxable year.

**Losses on small business stock.**—In the case of an individual a loss on section 1244 stock which would (but for that section) be treated as a loss from the sale or exchange of a capital asset shall, to the extent provided in that section, be treated as a loss from the sale or exchange of an asset which is not a capital asset.

**Nonbusiness debts.**—If a debt, such as a personal loan, becomes totally worthless within the taxable year, the loss resulting therefrom shall be considered a loss from the sale or exchange, during the taxable year, of a capital asset held for not more than 6 months. Enter such loss in column (h) and describe in column (a) in the schedule of short-term capital gains and losses on other side. This does not apply to: (a) a debt evidenced by a corporate security with interest coupons or in registered form and (b) a debt acquired in your trade or business.

**Classification of capital gains and losses.**—The phrase "short-term" applies to gains and losses from the sale or exchange of capital assets held for 6 months or less; the phrase "long-term" applies to capital assets held for more than 6 months.

**Treatment of capital gains and losses.**—Short-term capital gains and losses will be merged to obtain the net short-term capital gain or loss. Long-term capital gains and losses (taken into account at 100 percent) will be merged to obtain the net long-term capital gain or loss. If the net short-term capital gain exceeds the net long-term capital loss, 100 percent of such excess shall be included in income. If the net long-term capital gain exceeds the net short-term capital loss, 50 percent of the amount of such excess is allowable as a deduction from gross income. This deduction is given effect on line 9 of Schedule D.

**Limitation on allowable capital losses.**—If the sum of all the capital losses exceeds the sum of all the capital gains (all such gains and losses to be taken into account at 100 percent), then such capital losses shall be allowed as a deduction only to the extent of (1) current year capital gains plus (2) the smaller of either the taxable income of the current year (or adjusted gross income if tax table is used) or \$1,000. For this purpose taxable income is computed without regard to capital gains or losses or the deduction for exemptions. The excess of such allowable losses over the sum of items (1) and (2) above is called "capital loss carryover." It may be carried forward and treated as a short-term capital loss in succeeding years. However, the capital loss carryover of each year should be kept separate, since the law limits the use of such carryover to the five succeeding years. In offsetting your capital gain and income of 1959 by prior year loss carryovers, use any capital loss carryover from 1954 before using any such carryover from 1955 or subsequent years. Any 1954 carryover which cannot be used in 1959 must be excluded in determining total loss carryover to 1960 and subsequent years.

**Collapsible corporations.**—Gain from the sale or exchange of stock in a collapsible corporation is not a capital gain. Section 341.

**"Wash sales" losses.**—Losses from the sale or other disposition of stocks or securities are not deductible (unless sustained in connection with the taxpayer's trade or business) if, within 30 days before or after the date of sale or other disposition, the taxpayer has acquired (by purchase or by an exchange upon which the entire amount of gain or loss was recognized by law), or has entered into a contract or option to acquire, substantially identical stock or securities.

**Losses in transactions between certain persons.**—No deduction is allowable for losses from sales or exchanges of property directly or indirectly between (a) members of a family, (b) a corporation and an individual (or a fiduciary) owning more than 50 percent of the corporation's stock (liquidations excepted), (c) a grantor and fiduciary of any trust, (d) a fiduciary and a beneficiary of the same trust, (e) a fiduciary and a fiduciary or beneficiary of another trust created by the same grantor, or (f) an individual and a tax-exempt organization controlled by the individual or his family. Partners and partnerships see Section 707(b).

**Long-term capital gains from regulated investment companies.**—Include in income as a long-term capital gain the amount you are notified on Form 2439 which constitutes your share of the undistributed capital gains of a regulated investment company. You are entitled to a credit of 25 percent of this amount which should be claimed on line 5, column (b), page 1, Form 1040. Enter such amount in column (b) and write "Credit from regulated investment company" in the "Where Employed" column. The remaining 75 percent should be added to the basis of your stock. Also include in income as a long-term capital gain any capital gain dividend which is paid to you by such company.

# STATISTICS OF INCOME

## Publications in Preparation

### **Corporation** *Income Tax Returns with accounting periods ended July 1959-June 1960*

Income statement and balance sheet information, net income, income subject to tax, income tax liability, and distributions to stockholders. Classifications by industry, size of total assets, business receipts, and net income, year of incorporation, type of tax, month accounting period ended, Internal Revenue districts and regions in which returns were filed, and selected ratios. Separate data for returns with net income, returns of small business corporations taxed through shareholders, consolidated returns, returns with foreign tax credit, and Western Hemisphere trade corporation returns. Historical Summary, 1950-51 through 1959-60. (Summer 1962)

### **U. S. Business** *Tax Returns with accounting periods ended July 1959-June 1960*

#### SOLE PROPRIETORSHIPS, PARTNERSHIPS, AND CORPORATIONS

Business receipts, profits, inventory reporting patterns, income statement and related balance sheet data for partnerships. Classification by industry, size of profit, and business receipts, and for partnerships and corporations, size of total assets. Depreciation methods-sole proprietorships and partnerships. Historical data for selected years. (Summer 1962)

### **Individual** *Income Tax Returns for 1960*

Sources of income, adjusted gross income, exemptions, itemized deductions, income tax, self employment tax, and tax credits, by adjusted gross income classes. Selected sources of income, itemized deductions and total deductions by their respective size. Data on sick pay excluded from salaries, total dividends, and dividend exclusion. Income and taxes reported on Forms 1040A and 1040W. Information from returns of taxpayers age 65 and over. Sources of income by States. Adjusted gross income, exemptions, and income tax by size of adjusted gross income for each State. Historical data 1951 through 1960. (October 1962)

### **Fiduciary, Gift, and Estate** *Tax Returns filed during 1961*

FIDUCIARY INCOME TAX RETURNS FOR 1960: Sources of income, deductions, exemptions, income tax liability, tax credits, tax payments. Classifications by trusts (bank-administered and nonbank-administered), and estate, size of total income and taxable income, tax status, types of tax, and States. Historical summary 1951 through 1960. (December 1962)

GIFT TAX RETURNS: Total gifts, exclusions, deductions, specific exemption, and tax liability. Classifications by type of gifts, size of taxable gift and total gift, tax status, recurrent donors, consent status, and States. (December 1962)

ESTATE TAX RETURNS: Gross estate, deductions, specific exemption, tax liability, tax credits, out-of-state real estate, stocks and bonds of unlisted out-of-state corporations, life insurance, and annuities. Classifications by type of property, tax status, size of gross estate and net estate before exemption, method of estate valuation, and States. Historical summary 1951 through 1960. (December 1962)

## Recent Publications

*Corporation Income Tax Returns with accounting periods ended July 1959-June 1960, Preliminary* (32 pp., 30¢)

*U. S. Business Tax Returns with accounting periods ended July 1959-June 1960, Preliminary* (39 pp., 30¢)

*Individual Income Tax Returns for 1960, Preliminary* (22 pp., 20¢)

*Fiduciary, Gift and Estate Tax Returns filed during 1959* (116 pp., 70¢)

*Farmers' Cooperative Income Tax Returns for 1953* (42 pp., 40¢)