

**Volunteer Tax Alert 2013- 01 February 1, 2013**  
**Form 8949, Sales and Other Dispositions of Capital Assets**  
**Capital Gains and Losses**

For 2013, all capital gains and losses are reported by category on [Form 8949](#), *Sales and Other Dispositions of Capital Assets*, and are summarized on [Schedule D](#) (Form 1040).

**General rule:** The purpose of Form 8949 is to report all capital gain and loss transactions by category. The IRS requires a separate Form 8949 for each of the three different types of short-term and three different types of long-term transactions, which could result in as many as six Forms 8949 on a single tax return. The totals from these forms are summarized on the Schedule D.

**How to Report Capital Gains and Losses:** On TaxWise, all capital transactions are entered on the Capital Gain or Loss Transactions Worksheet. The worksheet has lines for 50 transactions. If there are more than 50, you can duplicate the worksheet.

**Capital Gain/Loss Transactions Worksheet:** Look for the worksheet in the forms tree. Enter all Schedule D transactions on this worksheet, both short term and long term. **DO NOT make any of the entries directly on either Schedule D or Form 8949.**

US Schedule D		Capital Gain or Loss Transactions Worksheet								2012	
1099 column: Enter "A" for transactions reported on Form 1099-B with the basis reported to the IRS, enter "B" for transactions reported on Form 1099-B but the basis is not reported to the IRS, enter "C" for transactions for which you cannot enter A or B.											
* Check if 28% rate gain or (loss).											
(a) Description of property	1 0 9 9	T S J	*	(b) Date acquired	(c) Date sold	(d) Sales price	(e) Cost or other basis	(f) Code	(g) Adjustments to gain or loss	(h) Gain or loss	S / L

**Columns:**

- **(a) Property Description:** List the property for each transaction
- **Column "1099":** Enter one of the following transaction codes:
  - A = Form 1099-B, box 3, with the basis reported to the IRS
  - B = Form 1099-B, box 3, but basis is not reported to the IRS
  - C = Form 1099-B was not received
- **Column "T S J" = Taxpayer, Spouse, Joint**
- \* Generally, no entry. This is checked if the item sold was collectable art or certain qualified business stock.
- **(b) Date acquired:** Enter the date acquired with no slashes, for example, 01011999 for January 1, 1999.
- **(c) Date sold:** Use the trade date for stocks and bonds traded on an exchange or over-the-counter market.
- **(d) Sales price:** See instructions for Form 8949 on how to list the sales price.
- **(e) Cost or other basis:** See instructions for Form 8949 on how to list cost or other basis. Assisting taxpayers in determining the cost basis of some stock sales may be out of scope of the VITA/TCE program. Contact site coordinator for more information.
- **(f) Code:** This is used if there is any adjustment to a gain or loss, such as an exclusion of gain on main home or a non-deductible loss on a main home. This column is only required if an adjustment is

needed in column **(g)**. These codes can be found in the Instructions for Form 8949 and will be included in Publication 4491-X.

- **(g) Adjustments:** Indicates the amount of the adjustment to gain or loss, if any.
- **(h) Gain or (loss):** Automatically calculated

Enter all capital transactions on one Capital Gain or Loss Transactions Worksheet. If there are multiple transaction codes (A, B, or C) entered on the worksheet for short-term and/or long-term, TaxWise will automatically complete all appropriate copies of Form 8949, as well as the Schedule D. Keep in mind there could be up to six copies for Form 8949 in the forms tree.

Use 1099 code A for transactions reported on Form 1099-B (or substitute statement) with an amount shown for cost or other basis **unless** the statement indicates that amount was not reported to the IRS. If box 6b of Form 1099-B is not checked, which means basis was not reported to the IRS (or if your substitute statement shows cost or other basis for the transaction but indicates it was **not** reported to the IRS), report that transaction using code B, not code A.

**For example:** If a taxpayer received a Form 1099-B for 100 shares of ABC stock with basis shown in box 3, 200 shares of ZYZ stock without basis in box 3, and 10 shares of MNOP stock with basis in box 3, and also sold a home at a loss; the worksheet would be completed as follows:

US Schedule D		Capital Gain or Loss Transactions Worksheet							2012	
1099 column: Enter "A" for transactions reported on Form 1099-B with the basis reported to the IRS, enter "B" for transactions reported on Form 1099-B but the basis is not reported to the IRS, enter "C" for transactions for which you cannot enter A or B.										
* Check if 28% rate gain or (loss).										
(a) Description of property	1 0 9 9	T S J 9	(b) Date acquired	(c) Date sold	(d) Sales price	(e) Cost or other basis	(f) Code	(g) Adjustments to gain or loss	(h) Gain or loss	S / L
100 SHRS ABC	A	<input type="checkbox"/>	01/01/2005	10/10/2012	2500	35		0	2465	L
200 SHRS ZYZ	B	<input type="checkbox"/>	12/10/2011	03/15/2012	2000	1500		0	500	S
10 SHRS MNOP	A	<input type="checkbox"/>	10/01/2011	03/01/2012	3500	4500		0	-1000	S
SALE OF HOME	C	<input type="checkbox"/>	01/15/1990	02/15/2012	175000	200000	L	25000	0	L
		<input type="checkbox"/>			0	0		0	0	
		<input type="checkbox"/>			0	0		0	0	
		<input type="checkbox"/>			0	0		0	0	
		<input type="checkbox"/>			0	0		0	0	
		<input type="checkbox"/>			0	0		0	0	

Because the Form 1099-B for the ABC stock shows the basis in box 3, and box 6b indicates that the basis was reported to the IRS, the code for the **1099** column is **"A"**. Similarly, since the Form 1099-B for the ZYZ stock does not reflect the basis, code **"B"** is entered in the 1099 column. Code A is entered for the MNOP stock because the Form 1099-B shows basis in box 3 and indicates that the basis was reported to the IRS.

There is no Form 1099-B for the sale of the home, so code C is entered in the 1099 column. Because the loss on the sale of a home is not deductible, the loss adjustment is entered in column **(g)**.

**In this example there would be four Forms 8949 in the TaxWise tree.**

If the Form 8949 includes *itemized* brokerage transactions, copies of brokerage statements are not required to be associated with the efile or submitted using Form 8453. If the F8949 summarizes all or part of the brokerage transactions then the preparer either needs to associate **all** brokerage statements with the efile (TaxWise allows association of PDF files), or attach **all** brokerage statements to Form 8453 and send to IRS.

**For more information, review the following 2012 resources:**

- 2012 Instructions for [Schedule D](#), *Capital Gains and Losses*
- 2012 Instructions for [Form 8949](#), *Sales and Other Dispositions of Capital Assets*
- [Publication 4012](#), *VITA/TCE Volunteer Resource Guide*
- [Publication 4491X](#), *VITA/TCE Training Supplement*
- [Publication 17](#), *Your Federal Income Tax*, or
- The VITA hotline at 1-800-829-8482

If you have any questions, please discuss them with your site coordinator, contact your local IRS SPEC relationship manager, or e-mail [partner@irs.gov](mailto:partner@irs.gov).

**Thank you for volunteering to serve your community and for your dedication to providing top QUALITY service!**