




Capital Gains & Losses



What are Capital Gains & Losses?

- Amount made or lost on the sale of:
 - Stocks
 - Bonds
 - Mutual Funds
 - Homes
 - Other Assets
- 

Capital Gains and Losses

- Capital gains in the form of stocks, bonds and mutual fund sales are reported on 1099-B
- Capital gain distributions can also be reported on a 1099-DIV
- The stocks, bonds, and mutual fund sales will be entered on Schedule D and forms 8949
- Capital gain distribution are entered on Schedule D only
- If there are not many transactions from 1099-B enter each of them individually
- If there are many you can enter the totals by category and attach the 1099-B to the return
 - Short term transactions with basis reported to the IRS
 - Short term transactions with basis not reported to the IRS
 - Long term transactions with basis reported to the IRS
 - Long term transactions with basis not reported to the IRS

Schedule D Capital Gains

Capital Gains and Loss Items

BEGIN

Additional Capital Gains Distributions

BEGIN

Other Capital Gains Data (including Capital Loss Carryover)

BEGIN

Sale of Main Home Worksheet

BEGIN

PDF Attachments

BEGIN

Enter all capital transactions, such as sale of stock and loss carryover here. Information regarding sale of stock is found on Form 1099-B, Proceeds From Broker and Barter Exchange Transactions, or similar statement, such as a broker's list of consolidated transactions. See the capital loss carryover worksheet from the taxpayer's prior year return for the capital loss carryover amount(s). The software will carry the transactions to the appropriate Form 8949, Sales and Other Dispositions of Capital Assets. The totals for each Form 8949 will automatically carry to the correct line of Schedule D, Capital Gains and Losses.

If you check the box for Alternate Option for Date Acquired or Date Sold, a pick list will appear. Choose the correct option for the transaction.

Date Acquired

* Alternate Option: If Date Acquired is not known, leave the date blank and select an option here

Note: If a block of stock (or similar property) was acquired through several different purchases, the sale may be reported on one row.

Check the Alternate Option box and select one of three options: Various - Short Term, Various - Long Term or Inherited - Long Term.

Short term = 1 year or less
Long term = more than 1 year

Date Sold

* Alternate Option:

Check here if a short sale.

- Select if Applicable -

- Select if Applicable -

Various - Short Term

Various - Long Term

Inherited - Long Term

- Select if Applicable -

Worthless - Short Term

Worthless - Long Term

Bankrupt - Short Term

Bankrupt - Long Term

Capital Gains Transaction

Form belongs to *

Taxpayer Sample
 Spouse Sample
 Both

Description of Property *

Date Acquired

* Alternate Option: If Date Acquired is not known, leave the date blank and select an option here

MM DD YYYY ← Form 1099-B Box 1b

Date Sold

* Alternate Option:

Check here if a short sale.

MM DD YYYY ← Form 1099-B Box 1c

Sales Price

* Alternate Option: If Sale Price is Expired, leave the sales price blank and select an option here

\$ ← Form 1099-B Box 1d

Select cost basis type *

- Please Select -

Choose the cost basis type that applies to this transaction.

- Please Select -

1099-B, Box 3 Cost Basis Reported to the IRS

1099-B, Box 3 Cost Basis NOT Reported to the IRS

Did not receive Form 1099-B

Note: If various (short or long-term) is selected as an Alternate Option for Date Acquired, do not enter Date Sold. Select M- Reporting Multiple Transactions on a Single Row under Adjustments.

If investment property is inherited, the capital gain or loss is treated as long-term. This is true regardless of how long the property is held.

Check the box for Alternate Option for Date Acquired and select Inherited - Long Term.

Entering Capital Gains and Losses (continued)

Cost

* **Alternate Option:** If Cost is Expired, leave the cost blank and select an option here

\$

Adjustments

Enter any necessary adjustments to Gain or Loss

NOTE: If this entry is to be shown as a loss, please enter a negative sign before the number.

\$

If you entered an adjustment amount above, please select all adjustment explanations that apply.

- B - Form 1099-B with Basis shown in Box 3 is Incorrect
- C - Disposed of Collectibles
- D - Form 1099-B showing accrued market discount in box 1f
- E - Form 1099-B or 1099-S with Selling Expenses or Options not Reflected on Form
- H - Exclude Some/All of the Gain from the Sale of Your Main Home
- L - Nondeductible Loss other than a Wash Sale
- M - Reporting Multiple Transactions on a Single Row
- N - Received 1099-B/1099-S as a Nominee for the Actual Owner of the Property
- O - Other Adjustment Not Explained Above
- Q - Exclude Part of the Gain from the Sale of Qualified Small Business Stock
- R - Rollover of Gain from QSB Stock, Empowerment Zone, Publicly Traded Securities
- S - Loss from the Sale of Small Business Stock more than Allowable Ordinary Loss
- T - Form 1099-B & Type of Gain/Loss shown in Box 1c is Incorrect
- W - Nondeductible Loss from a Wash Sale
- X - Exclude Gain from DC Zone Assets or Qualified Community Assets
- Y - Reporting Gain from QOF Investment in Prior Tax Year
- Z - Postpone Gain for Investments in QOFs

Form 1099-B Box 1e or provided by taxpayer. If the statement or taxpayer does not provide cost basis, historical data can be used. See Publication 551, Basis of Assets, for details. If basis can't be determined, use zero. Special rules apply to property inherited from a decedent who died in 2010. If the taxpayer cannot provide the basis for the property, refer the taxpayer to a professional tax preparer. For more information, search Historical: Publication 4895, Tax Treatment of a Property Acquired from a Decedent Dying in 2010 (Rev. October 2011) under Prior Year Forms and Instructions on IRS.gov.

For most transactions, no adjustment to gain or loss is needed. If an adjustment to basis or net capital gain is required, enter the adjustment amount and mark the reason(s) from the list. You may need to enter an adjustment if the basis provided is incorrect, another situation applies that requires a change to the basis, or if the taxpayer is able to exclude some or all of the capital gain.

If summarizing transactions, check the box for Reporting Multiple Transactions on a Single Row.

Wash sales are in scope only if reported on Form 1099-B or on a brokerage or mutual fund statement.

Capital Gains & Losses

- To determine the gain or loss take the sales proceeds minus the basis
- Basis=cost of purchasing the stock plus commissions plus adjustment for stock splits and dividends
 - This is generally reported on the 1099-B
 - If not the client needs to calculate this or have them ask their broker
 - If the basis is not know it is assumed to be zero
- Losses cannot exceed \$3,000
- If the losses are greater than that they will be carried over to the following years
- Need to ask the client if they had capital gain losses in the prior year if to see if we need to input the carryover

Sale of Homes

- Reported on 1099-S
- Need to report the gain on the Sale of the Home unless they meet the exclusion
- The gain is the Sale price minus the original cost of the home plus cost of improvements
- Can exclude from reporting the gain on the sale if the gain is less than:
 - \$250,000 Single, Married Filing Separate, Head of Household
 - \$500,000 Married Filing Joint, Surviving Spouse
 - And if owned home more than two years
 - And if did not claim the exclusion on the sale of another home in the past two years

Sale of Home

Info about your home

How many days in the last 5 years was the home your main home?

1

How many days in the last 5 years did you own your home?

2

How many days in the last 5 years was the home your spouse's main home?

How many days in the last 5 years did your spouse own your home?

3 Check here if you received the First-time Homebuyers Credit AND you received the credit in 2008 OR you did NOT meet the minimum ownership requirements to exclude repayment of the credit.

4 Check here if you qualify for the Maximum Exclusion or the Reduced Maximum Exclusion.

Sale of Home

CANCEL

CONTINUE

Basic Info about the Sale

Date of purchase *

MM ▼ DD ▼ YYYY ▼

Purchase price *

\$

Date of sale *

MM ▼ DD ▼ YYYY ▼

Sale price *

\$

Allowable Depreciation related to the business use or rental of the home

\$

Depreciation taken after 05/06/1997

\$

Sale of Home

Adjustments

CANCEL

CONTINUE

Fees you may have paid when you bought your home

Legal fees

\$

Surveys

\$

Title Insurance

\$

Fees that the seller owed that you agreed to pay

\$

Other fees

\$

- The closing disclosure or HUD-1 Settlement Statement will give details about closing costs.
- If the sale must be reported and results in a gain, it will be listed on the appropriate Form 8949 (basis type C or F). The gain will be included with the other capital gains and losses on Schedule D.
- Enter the fees from the purchase of the home that weren't included in the purchase price already entered.

General Adjustments

Selling expenses

\$

Cost of additions and improvements that you made to your home

\$

Tax assessments that you paid for sidewalks, streets, and other local improvements

\$

Other increases to your basis

\$



Decreases to your basis

\$

- Enter the selling expenses, cost of improvements and other increases or decreases to the basis of the home. See Publication 523, Selling Your Home, for more information about basis.- Additions or Improvements to a home having a useful life of more than one year increase the basis. Repairs that maintain the home in good condition are not considered improvements and do not increase the basis.
- This will calculate the adjusted basis of the home, which will be shown on Form 8949.
- The information will carry to Form 8949 and Schedule D.
- If you've checked the box to exclude the entire gain, Form 8949 will show the adjustment as a negative number in the amount of the net gain, with adjustment code H and basis type F and no net gain/loss.



Out of Scope

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- Sale of assets other than stocks, bonds, mutual funds and homes
 - Sale of cryptocurrency not on a 1099
 - Sale of stock options, commodities and futures
 - Like kind exchanges
 - If there are basis issues that the taxpayer can't figure out
 - Sale of homes used a rentals
- 

Resources

- Schedule D
 - <https://www.irs.gov/pub/irs-pdf/f1040sd.pdf>
 - <https://www.irs.gov/pub/irs-pdf/i1040sd.pdf>
- Form 8949
 - <https://www.irs.gov/pub/irs-pdf/f8949.pdf>
 - <https://www.irs.gov/pub/irs-dft/i8949--dft.pdf>
- Pub 4491
 - <https://www.irs.gov/pub/irs-pdf/p4491.pdf>
- Pub 523 – Selling your Home
 - <https://www.irs.gov/pub/irs-dft/p523--dft.pdf>
- Pub 544 – Sales and Other Dispositions of Assets
 - <https://www.irs.gov/pub/irs-pdf/p544.pdf>
- Pub 550 – Investment Income and Expenses (including Capital Gains and Losses)
 - <https://www.irs.gov/pub/irs-pdf/p550.pdf>
- Pub 551 Basis of Assets
 - <https://www.irs.gov/pub/irs-pdf/p551.pdf>

The background features a complex geometric pattern of overlapping shapes. A large, light blue diamond shape is centered, with its corners extending towards the edges of the frame. This diamond is overlaid by several other shapes: a smaller, darker blue diamond in the top-left and bottom-right corners, and several yellow and gold-colored shapes, including a large yellow diamond in the top-left and bottom-right corners, and various rectangular and trapezoidal shapes in shades of yellow and gold. The overall effect is a layered, abstract composition with a clean, modern aesthetic.

Questions?