SCHEDULE D
(Form 1120 L)
U.S. Treasury Department
Internal Revenue Service

U.S. Life Insurance Company Schedule of Gains and Losses From Sales or Exchanges of Property

FOR CALENDAR YEAR
1967

Name | Employer Identification Number

PART I—GAIN FROM DISPOSITION OF DEPRECIABLE PROPERTY UNDER SECTIONS 1245 AND 1250 (Investment Assets—see instructions)

Assets Held More Than 6 Months—Where double headings appear, use the first heading for section 1245 and the second heading for section 1250

a. Kind of Property (if necessary, attach statement of descriptive details not shown below—write 1245 or 1250 to indicate type of asset)	b. Date Acquired Mo. Day Yr.	c. Date Sold Mo. Day Yr.	d. Gross Sales Price	e. Cost or Other Basis, Cost of Subsequent Improvements (if not purchased, attach explanation) and Expense of Sale	f. Depreciation Allowed (or Allowable) Since Acquisition: f–1. Prior to Jan. 1, 1962 — OR — Prior to Jan. 1, 1964	f–2. After Dec. 31, 1961 — OR — After Dec. 31, 1963	g. Adjusted Basis (e less sum of f–1 and f–2)	h. Total Gain (d less g)	i. Ordinary Gain (lesser of f–2 or h) — OR — (See Instructions)	j. Other Gain (h less i)
1										

2 Total ordinary gain. Enter here and on line 3, Part IV, and identify as gain from Part I

3 Total other gain. Enter here and on line 4, Part II, and identify as gain from Part I

PART II—SALE OR EXCHANGE OF PROPERTY UNDER SECTION 1231

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	e. Depreciation Allowed (or allowable) Since Acquisition	f. Cost or Other Basis, Cost of Subsequent Improvements (if not purchased, attach explanation) and Expense of Sale	g. Gain or Loss (d plus e less f)	h. F.M.V. as of December 31, 1958	i. Adjusted Basis as of December 31, 1958	j. Excess of column h over column i, if any	k. Gain (Excess of column g over column j, but not less than zero)
4										

5 Total of column g (See instruction D)

PART III—CAPITAL ASSETS—Short-Term Capital Gains and Losses—Assets Held Not More Than 6 Months

6										

7 Net short-term capital gain or loss (Total of column g). Enter here and on line 13

Long-Term Capital Gains—Assets Held on December 31, 1958, Where the F.M.V. Exceeded the Adjusted Basis on That Date

8										

9 Total

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

10										

11 Total of column g

12 Net long-term capital gain or loss (Total of lines 9 and 11). Enter here and on line 14

Summary of Capital Gains and Losses

	a. Loss	b. Gain
13 Net short-term capital gain or loss from line 7		
14 Net long-term capital gain or loss from line 12		
15 Net short-term capital gain (line 13, column b) reduced by any net long-term capital loss (line 14, column a). Enter here and on line 6, Schedule A, Form 1120 L		
16 Net long-term capital gain (line 14, column b) reduced by any net short-term capital loss (line 13, column a). Enter here and on line 7, Schedule C, and on line 8, Schedule E, Form 1120 L		

Alternative Tax Computation

17 (a) Taxable investment income (line 1(a), page 1, Form 1120 L)			
(b) Less net long-term capital gain reduced by any net short-term capital loss (line 16 above)			
18 (a) Gain from operations (line 1(b), page 1, Form 1120 L)			
(b) Less net long-term capital gain reduced by any net short-term capital loss (line 16 above)			
19 The smaller of line 17 or line 18, but not less than zero			
20 50 percent of the excess, if any, of line 18 over line 17			
21 Amount subtracted from policyholders' surplus account (line 3, page 1, Form 1120 L)			
22 Total of lines 19, 20, and 21			
23 Surtax exemption (line 22, $25,000, or amount apportioned under section 1561, whichever is lesser)			
24 Line 22 less line 23			
25 25 percent of line 16			
26 22 percent of line 22			
27 26 percent of line 24			
28 If multiple surtax exemption is elected under section 1562, enter 6 percent of line 23			
29 Alternative tax—Add lines 25 through 28. If applicable, enter here and on line 8, page 1, Form 1120 L and write "Alt" on the line to the left of the entry			

PART IV—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	e. Depreciation Allowed (or allowable) Since Acquisition	f. Cost or Other Basis, Cost of Subsequent Improvements (if not purchased, attach explanation) and Expense of Sale	g. Gain or Loss (d plus e less f)	h. F.M.V. as of December 31, 1958	i. Adjusted Basis as of December 31, 1958	j. Excess of column h over column i, if any	k. Gain (Excess of column g over column j, but not less than zero)
Assets Held on December 31, 1958, Where the F.M.V. Exceeded the Adjusted Basis on That Date										
1										
2 Total gain										
OTHER ASSETS										
3										
4 Total gain or loss in column g										
5 Total net gain or loss (Total of lines 2 and 4). Enter here and include in total of line 11, Schedule E										

Detach before filing

INSTRUCTIONS

(References are to the Internal Revenue Code)

A. General.—Sales or exchanges of capital assets and sales or exchanges of property other than capital assets must be reported in detail even though no gain or loss may be indicated.

B. Definition of capital assets.—The term "capital assets" means property held by the taxpayer (whether or not connected with its trade or business), but does not include: (1) stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business; (2) property used in the trade or business, of a character which is subject to the allowance for depreciation provided in section 167, or real property used in the trade or business of the taxpayer (see below); (3) certain copyrights, literary, musical, or artistic compositions, or similar properties; (4) accounts or notes receivable acquired in the ordinary course of trade or business for services rendered or from the sale of property described in (1) above; or (5) an obligation of the United States or any of its possessions, or of a State or any political subdivision thereof, or of the District of Columbia, issued on or after March 1, 1941, on a discount basis and payable without interest at a fixed maturity date not exceeding 1 year from the date of issue. (Sec. 1221.)

The above definition is modified in the case of life insurance companies in that the exclusion of item 2 (property used in a trade or business, etc.) relates only to property used in carrying on an insurance business. (Sec. 817(a)(2).)

The term "property used in carrying on an insurance business" means those assets used in the operation of the insurance trade or business. These assets include such items as the home office building, branch offices, office equipment, and furniture and fixtures. These assets do not include the investment assets from which interest, rents, dividends, and royalties are derived. Thus, the gains or losses from the sale or exchange of depreciable assets attributable to any trade or business (other than an insurance business) carried on by the life insurance company, such as renting various pieces of real estate, or operating a radio station, a housing development, or a farm, will be treated as gains or losses from the sale or exchange of capital assets.

C. Gains from disposition of depreciable property under sections 1245 and 1250—assets held more than 6 months (Part I).—***(Report any gain from such property held for 6 months or less in Part IV.)*** Except as provided below, section 1245 property means depreciable (a) personal property (other than livestock) including intangible personal property, (b) tangible real property (except for buildings and their structural components) if used as an integral part of manufacturing, production, or extraction, or of furnishing transportation, communications, electrical energy, gas, water, or sewage disposal services, or used as a research or storage facility in connection with these activities, and (c) elevators and escalators.

Except as provided below section 1250 property means depreciable real property (other than section 1245 property).

See sections 1245(b) and 1250(d) for exceptions and limitations involving: (a) disposition by gift; (b) certain tax-free transactions; (c) like kind exchanges, involuntary conversions; and (d) sales or exchanges to effectuate FCC policies and exchanges to comply with SEC orders.

Column f of Part I.—In computing depreciation allowed or allowable for elevators or escalators enter in column f–1 depreciation prior to July 1, 1963, and in column f–2 depreciation after June 30, 1963.

Column i of Part I, section 1250 property only.—If held for more than 6 months, but not more than 1 year, enter the smaller of

(1) column h, or
(2) column f–2.

If held for more than 1 year, enter the result of multiplying the smaller of

(1) column h, or
(2) column f–2 less the amount of depreciation computed for the same period using the straight-line method,

by the percentage obtained by subtracting from 100 percent, one percentage point for each full month the property was held in excess of 20 months.

Where substantial improvements have been made within the preceding 10 years, see section 1250(f).

For provisions relating to recapture of exploration expenditures on the sale or other disposition of mining property, see section 617.

Investment Assets.—Gains or losses from the sale or exchange of investment assets are treated as gains or losses from the sale or exchange of capital assets. See instruction B. All sales of investment assets subject to sections 1245 or 1250 should be reported in Part I regardless of length of time held. If held not more than six months, the other gain reported in column j of Part I should be entered on line 6, Part III, and identified as gain from Part I. If held more than six months, the other gain reported in column j of Part I should be entered on line 8 or 10, whichever is applicable, Part III, and identified as gain from Part I.

Gain on sales by a "controlled" corporation.—In the case of a sale or exchange, directly or indirectly, of property between an individual and a corporation more than 80 percent in value of the outstanding stock of which is owned by such individual, his spouse, and his minor children and minor grandchildren, any gain recognized to the transferor from such sale or exchange shall be treated as gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231, if such property in the hands of the transferee is depreciable under section 167. Section 1239.

D. Gains and losses from involuntary conversion and from the sale or exchange of certain property used in the trade or business.—Section 1231 of the Code provides in part that where the gains from the sale or exchange of property used in the trade or business and held more than 6 months exceed the losses, each gain and loss is treated as though it was from the sale or exchange of a long-term capital asset. Where the losses exceed the gains, then each gain or loss is considered as not being from the sale or exchange of a capital asset, with the result that ordinary gain or loss is realized.

Section 817(a) provides that in applying section 1231(a), the term "property used in the trade or business" shall be treated as including only (1) property used in carrying on an insurance business, of a character which is subject to the allowance for depreciation provided in section 167, held for more than 6 months, and real property used in carrying on an insurance business, held for more than 6 months, which is not described in section 1231(b)(1)(A) (relating to property includible in inventory), section 1231(b)(1)(B) (relating to property held for sale to customers), or section 1231(b)(1)(C) (relating to a copyright, a literary, musical, or artistic composition, etc.); and (2) to timber, coal, and domestic iron ore to which section 631 applies. See instruction B.

The total shown on line 5, page 1, determines whether the items reflected therein represent a long-term capital gain or an ordinary loss. In either case, after the initial determination the items must be segregated into (1) assets held on December 31, 1958, where the F.M.V. exceeded the adjusted basis on that date, and (2) other, and the totals entered into the appropriate schedules of Part III or Part IV.

E. Basis.—The "basis" for certain property is not subject to the same rule for reporting gains as for losses.

(a). Gain on property held on December 31, 1958.—Section 817(b)(1), in effect, limits the amount of gain that is to be recognized on the sale or other disposition of certain property held by the company on December 31, 1958. This is accomplished by treating the gain on the sale or other disposition of such property as an amount (but not less than zero) equal to the amount by which the gain (determined without regard to 817(b)(1)) exceeds the difference between the fair market value on December 31, 1958, and the adjusted basis (as provided in sec. 1016(a) of the Code) for determining gain as of such date. This limitation on the amount of gain recognized applies only if (1) the property was held by a life insurance company on December 31, 1958, (2) the fair market value of the property on December 31, 1958, is greater than the adjusted basis for determining gain as of that date, and (3) the taxpayer has been a life insurance company at all times on and after December 31, 1958, until the date of sale or other disposition of the property.

(b). Certain substituted property acquired after December 31, 1958.—Section 817(b)(2) provides certain rules for property acquired after December 31, 1958, and having a substituted basis within the meaning of section 1016(b). Subparagraph (A) of section 817(b)(2) provides, for purposes of section 817(b)(1), that such property shall be deemed as having been held continuously by the taxpayer since the beginning of the holding period of the property, determined in accord with section 1223. Subparagraph (B) provides, for purposes of section 817(b)(1), that the fair market value and the adjusted basis shall be that of that property for which the holding period taken into account includes December 31, 1958. Subparagraph (C) provides that section 817(b)(1) shall apply only if the property or properties the holding period of which are taken into account were held only by life insurance companies after December 31, 1958, during the holding periods so taken into account. Subparagraph (D) provides that the difference between the fair market value and the adjusted basis referred to in section 817(b)(1) shall be reduced (but not below zero) by the excess of (i) the gain that would have been recognized but for section 817(b) on all prior sales or dispositions after December 31, 1958, of properties referred to in section 817(b)(2)(C), over (ii) the gain that was recognized on such sales or other dispositions. Subparagraph (E) provides that the basis of such property shall be determined as if the gain, which would have been recognized but for section 817(b), were recognized gain.

Section 817(b)(3) provides that the term "property" (for purposes of (a) and (b), above) does not include insurance and annuity contracts (and contracts supplementary thereto) and property described in paragraph (1) of section 1221 (relating to stock in trade or inventory-type property).

(c). Property held on December 31, 1958, and certain substituted property acquired after December 31, 1958.—In determining loss for such property (described in (a) and (b), above) the basis is cost, adjusted as provided by section 1016.

(d). Other property acquired after December 31, 1958.—Where property, other than property described in (b) above, was purchased after December 31, 1958, the basis is cost, adjusted as provided in section 1016. Where property was acquired by bequest, gift, involuntary conversion, or wash sale of stock; see sections 1014, 1015, 1033, and 1091, respectively.

F. Losses.—Losses from sales or exchanges of capital assets shall be allowed only to the extent of gains from such sales or exchanges. However, the amount of a net capital loss may be carried over to each of the 5 succeeding taxable years (or to the extent such loss is attributable to a foreign expropriation loss to each of the 10 succeeding taxable years). A net capital loss shall be treated in each such succeeding taxable year as a short-term capital loss to the extent not allowed as a deduction against any net capital gains of any taxable year intervening between the taxable year in which the net capital loss was sustained and the taxable year to which carried.

1(a). Losses on securities becoming worthless.—If any securities (as defined below) become worthless within the taxable year and are capital assets, the loss resulting therefrom shall be considered as a loss from the sale or exchange, on the last day of such taxable year, of capital assets. Section 165(g)(1).

(b). Definition of security.—For the purpose of determining capital losses under section 165, the term "security" means a share of stock in a corporation; a right to subscribe for, or to receive, a share of stock in a corporation; or a bond, debenture, note or certificate, or other evidence of indebtedness, issued by a corporation or by a government or political subdivision thereof, with interest coupons or in registered form. However, securities issued by certain affiliated corporations shall not be deemed capital assets. Section 165(g)(3).

2. Losses not allowable.—No loss shall be recognized in any sale or other disposition of shares of stock or securities where there has been acquired substantially identical stock or securities, or there has been entered into a contract or option to acquire substantially identical stock or securities, within 30 days before or after the date of such sale or disposition, except in cases of dealers in stocks and securities which have sustained the loss in a transaction made in the ordinary course of business. Section 1091.

Except in the case of distributions in liquidation, no deduction shall be allowed in respect of losses from sales or exchanges of property, directly or indirectly, between an individual and a corporation in which such individual owns, directly or indirectly, more than 50 percent in value of the outstanding stock; or (except in the case of distributions in liquidation) between two corporations more than 50 percent in value of the outstanding stock of each of which is owned, directly or indirectly, by or for the same individual, if either one of such corporations, with respect to the taxable year of the corporation preceding the date of the sale or exchange was, under the law applicable to such taxable year, (1) a personal holding company, as defined in section 542, or (2) a foreign personal holding company, as defined in section 552. (For the purpose of determining the ownership of stock, in applying this paragraph, see section 267.)

G. Gain on transactions occurring prior to January 1, 1959.—Section 817(d) provides that any gain from the sale or exchange of a capital asset, and any gain considered as gain from the sale or exchange of a capital asset which results from sales or other dispositions of property prior to January 1, 1959, shall not be included.

H. Emergency facilities.—If emergency facilities are sold or exchanged, see section 1238.

I. Long-term capital gains from regulated investment companies.—Include in income as a long-term capital gain the amount the corporation has been notified constitutes its share of the undistributed capital gains of a regulated investment company.

J. Short sales of capital assets.—For rules regarding tax consequences of certain short sales of stock or other securities (including those dealt with on a "when issued" basis), and transactions in commodity futures, see section 1233.

Specific Instructions for Parts II Through IV

Column (a) description.—Enter full description of each item of property sold or exchanged, even though no gain or loss may be indicated. Such description should include the following facts: (a) For real estate, location and description of land, description of improvements, details explaining depreciation; (b) for bonds or other evidences of indebtedness, name of issuing corporation, description of the particular issue, denomination, and amount; (c) for stocks, name of issuing corporation, class of stock, number of shares, and capital changes affecting basis (nontaxable stock dividends, other nontaxable distributions, stock rights, etc.).

Column (e) depreciation.—Enter in column "e" the amount of depreciation, obsolescence, amortization, and depletion in respect of the property. This amount shall be the sum of the following:

(a) The amount of depreciation, obsolescence, amortization, and depletion which has been allowed (but not less than the amount allowable) in respect of such property since date of acquisition. For any period after December 31, 1951, the amount of depreciation, etc., allowed (and which is in excess of the amount allowable) shall be disregarded to the extent that such excess does not result in a reduction for any taxable year of the taxpayer's income tax; and

(b) The amount of depreciation, obsolescence, amortization, and depletion actually sustained:

(1) Prior to March 1, 1913, if the property was acquired before that date; or

(2) Since February 28, 1913, and before January 1, 1958, with respect to property to which section 1016(a)(2) was inapplicable during such period.

Column (f) basis.—If the amount shown as the basis is other than actual cash cost of the property sold or exchanged, full details must be furnished regarding the acquisition of the property. Subsequent improvements to be entered in column "f" include expenditures for additions, improvements, renewals, and replacements made to restore the property or prolong its useful life. Do not include ordinary repairs, interest, or taxes in column "f" or elsewhere in computing gain or loss. Also, see General Instruction E.

Column (g) gain (loss).—Except where section 817 is applicable, the gain or loss is the result of column "d" plus column "e," less column "f." Where section 817 is applicable, complete columns "a" through "f" and attach a schedule showing the method of computing the gain reported in column "g." See General Instruction E.

Columns (h)–(k).—These columns are to be used only in those cases where the fair market value of such property held or deemed held on December 31, 1958, exceeds the adjusted basis for determining gain as of such date.

Line 4.—Enter each section 1231 item not carried over from line 3.

Line 5.—Enter the total of the section 1231 items described in line 4. See instruction D.

Line 6.—Enter each short-term capital gain (loss). The term "short-term" applies to the category of gains and losses arising from the sale or exchange of capital assets held 6 months or less.

Line 7.—Enter your net short-term capital gain or loss. The term "net short-term capital gain" means the excess of the total of all of the short-term capital gains over the total of the short-term capital losses. The term "net short-term capital loss" means the excess of the total of the short-term capital losses over the total of all of the short-term capital gains. This total should also be entered on line 13.

Line 8.—Enter the total of the applicable items from Part II and each long-term capital gain from assets held on December 31, 1958, where the fair market value exceeded the adjusted basis on that date. The term "long-term" applies to the category of gains and losses arising from the sale or exchange of capital assets held more than 6 months.

Line 9.—Enter the total of the long-term capital gains described in line 8.

Line 10.—Enter each long-term capital gain (loss) that does not qualify under line 8.

Line 11.—Enter the total of the gains and losses that are shown in line 10, column g.

Line 12.—Enter your net long-term capital gain or loss. The term "net long-term capital gain" means the excess of the total of all of the long-term capital gains over the total of the long-term capital losses. The term "net long-term capital loss" means the excess of the total of the long-term capital losses over the total of all of the long-term capital gains. This total should also be entered on line 14.

Alternative tax.—If the net long-term capital gain exceeds the net short-term capital loss, then, in lieu of the normal tax and surtax imposed upon taxable income, there is imposed an alternative tax (if such tax is less than the normal tax and surtax). The alternative tax is the sum of (1) a partial tax, computed at the normal tax and surtax rates on the taxable income determined by reducing the taxable investment income, and the gain from operations, by the amount of the excess of the net long-term capital gain over the net short-term capital loss, and (2) 25 percent of such excess.

Controlled corporations.—Controlled corporations see Tax Computation Instructions of Form 1120 L.

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