SCHEDULE D (Form 1120)

U.S. Treasury Department—Internal Revenue Service

GAINS AND LOSSES FROM SALES OR EXCHANGES OF PROPERTY

1963

Name and address

PART I—GAIN FROM DISPOSITION OF DEPRECIABLE PROPERTY UNDER SECTION 1245

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. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale
1.				

f. Depreciation allowed (or allowable) since acquisition or March 1, 1913 (attach schedule)		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)	j. Other Gain (h less i)
f-1. Prior to January 1, 1962	f-2. After December 31, 1961				

2. Total ordinary gain. Enter here and on line 11 and identify as gain from Part I.......
3. Total other gain. Enter here and on line 4 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 or March 1, 1913 (attach schedule)	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)
4.						
5. Total (If gain, enter on line 9; if loss, enter on line 11. Identify as gain or loss from Part II.)						

PART III.—CAPITAL ASSETS

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

6.						
7. Unused capital loss carryover from five preceding taxable years (attach statement)						
8. Total of short-term capital gains or losses or difference between short-term capital gains and losses						

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

9.						
10. Total of long-term capital gains or losses or difference between long-term capital gains and losses						

PART IV.—PROPERTY OTHER THAN CAPITAL ASSETS

11.						
12. Total net gain (or loss). Enter here and on line 15.						

PART V.—TOTAL SCHEDULE D GAINS AND LOSSES

13. Enter the excess of net short-term capital gain (line 8) over net long-term capital loss (line 10)	
14. Enter the excess of net long-term capital gain (line 10) over net short-term capital loss (line 8)	
15. Net gain (loss) from property other than capital assets (line 12)	
16. Total lines 13, 14 and 15, enter here and on Form 1120, page 1, line 9	

Alternative Tax Computation

17. Taxable income (line 30, page 1, Form 1120)		
18. Net long-term capital gain reduced by any net short-term capital loss (line 14)		
19. Line 17 minus line 18		
20. If amount of line 19 is:		
(a) **Not over $25,000**—Enter 30 percent of line 19 (32 percent if a consolidated return)		
(b) **Over $25,000**—Enter 52 percent of line 19 (54 percent if a consolidated return)		
Subtract $5,500 and enter difference	5,500.00	
21. 25 percent of line 18		
22. Alternative tax (line 20 plus line 21). If applicable, enter on line 3, Tax Computation, page 3, Form 1120		

INSTRUCTIONS

(References are to the Internal Revenue Code)

Gains and losses from sales or exchanges of capital assets and other property.—Report sales or exchanges of capital assets and sales or exchanges of property other than capital assets in Schedule D. Every sale or exchange of property, even though no gain or loss may be indicated, must be reported in detail.

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 sustained in any taxable year may be carried over to each of the five succeeding taxable years and 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.

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; or (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; or (3) certain copyrights, literary, musical, or artistic compositions, or similar properties; or (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.

Enter full description of each item of property sold or exchanged, even though no gain or loss may be indicated.

Basis.—Property acquired before March 1, 1913. For GAIN use cost or fair market value as of March 1, 1913, adjusted as provided in section 1016, whichever is greater. For LOSS, use cost so adjusted. After February 28, 1913, use cost for both gain or loss except where property was acquired by bequest, gift, tax-free exchange, involuntary conversion, or wash sale of stock; see sections 1014, 1015, 1031, 1033, and 1091, respectively. 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.

The cost or other basis of property which qualifies for the investment credit must be reduced by 7 percent of the qualified investment whether the credit is taken or not.

Losses on securities becoming worthless.—If any securities become worthless within the taxable year and are capital assets, the loss resulting therefrom shall, in the case of a taxpayer other than a bank, as defined in section 581, 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).

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.)

Gains from section 1245 property (Part I).—Use this part to report any gain from the disposition of depreciable (a) personal property (other than livestock) including intangible personal property; and (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.

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

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.

Installment sales.—If you sold personal property for more than $1,000 or real property regardless of amount, you may be eligible to report any gain under the installment plan if (1) there is no payment in the year of sale, or (2) the payments in the year of sale do not exceed 30% of the selling price. Section 453.

(Instructions continued on reverse of duplicate)

SCHEDULE D (Form 1120)

U.S. Treasury Department—Internal Revenue Service

GAINS AND LOSSES FROM SALES OR EXCHANGES OF PROPERTY

1963

Name and address

PART I—GAIN FROM DISPOSITION OF DEPRECIABLE PROPERTY UNDER SECTION 1245

	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. Cost or other basis, cost of subsequent improvements (if not purchased, attach explanation) and expense of sale
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f. Depreciation allowed (or allowable) since acquisition or March 1, 1913 (attach schedule)		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)	j. Other Gain (h less i)
f–1. Prior to January 1, 1962	f–2. After December 31, 1961				

2. Total ordinary gain. Enter here and on line 11 and identify as gain from Part I.......

3. Total other gain. Enter here and on line 4 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 or March 1, 1913 (attach schedule)	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)
4.							

5. Total (If gain, enter on line 9; if loss, enter on line 11. Identify as gain or loss from Part II.)...................

PART III.—CAPITAL ASSETS

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

6.							

7. Unused capital loss carryover from five preceding taxable years (attach statement)........................

8. Total of short-term capital gains or losses or difference between short-term capital gains and losses..................

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

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10. Total of long-term capital gains or losses or difference between long-term capital gains and losses.................

PART IV.—PROPERTY OTHER THAN CAPITAL ASSETS

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12. Total net gain (or loss). Enter here and on line 15..

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Alternative Tax Computation

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20. If amount of line 19 is:		
(a) **Not over $25,000**—Enter 30 percent of line 19 (32 percent if a consolidated return)		
(b) **Over $25,000**—Enter 52 percent of line 19 (54 percent if a consolidated return)		
Subtract $5,500 and enter difference	5,500.00	
21. 25 percent of line 18		
22. Alternative tax (line 20 plus line 21). If applicable, enter on line 3, Tax Computation, page 3, Form 1120		

INSTRUCTIONS (Continued from reverse side of original)

Gains and losses from involuntary conversion and from the sale or exchange of certain property used in the trade or business.—The term "property used in the trade or business," as used in section 1231, means property which has been held more than 6 months, which is used in the trade or business, and which is either real property or property subject to depreciation under section 167, and which is not (a) property of a kind which would properly be includible in the inventory of the taxpayer 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 its trade or business, or (c) certain copyrights or similar properties. Such term also includes timber and coal with respect to which section 631 applies as well as unharvested crops to which section 1231(b)(4) applies. Such term also includes livestock (but not poultry) held for draft, breeding, or dairy purposes and held for 12 months or more from the date of acquisition.

Section 1231 provides special treatment for the gains and losses upon the sale or exchange of "property used in the trade or business" and upon the compulsory or involuntary conversion of (1) such property and (2) capital assets held for more than 6 months. Such gains and losses during the taxable year are treated as gains and losses from the sale or exchange of capital assets held for more than 6 months, if the aggregate of such gains exceeds the aggregate of such losses. If, however, such gains do not exceed such losses, such gains and losses shall not be treated as gains and losses from the sale or exchange of capital assets.

In determining whether gains do or do not exceed losses, it is necessary to include the gains and losses to the extent that they would be included if they were all ordinary gains and losses. The limitation of section 1211 on the deductibility of capital losses does not operate to exclude any such losses from the computation as to the excess of gains over losses, but all such losses are included in full. The total shown on line 5 determines whether the items reflected therein represent a long-term capital gain or an ordinary loss. The total must be entered on the first line of the appropriate Schedules of Part III or Part IV.

For special treatment of gain or loss upon the cutting of timber, or upon the disposal of timber or coal under a contract by which the owner retains an economic interest in such timber or coal, see section 631.

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.

Alternative tax.—If for any taxable year the net long-term capital gain exceeds the net short-term capital loss, or if there is only a net long-term capital gain, section 1201 imposes an alternative tax in lieu of the normal tax and surtax imposed upon taxable income, if any, only if such tax is less than the tax imposed by section 11 (relating to normal tax and surtax on corporations), sections 821 and 831 (relating to normal tax and surtax on insurance companies, other than life insurance companies), or section 511(a)(1) (relating to taxation of business income of certain organizations described in section 511(a)(2)). The alternative tax is the sum of (1) a partial tax, computed at the normal tax and surtax rates on the taxable income decreased 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.

If the corporation computes an alternative tax under section 1201 and is entitled to special deductions for dividends received (sections 243, 244, 245), the special deduction for dividends paid (section 247), the special deduction for a Western Hemisphere trade corporation (section 922), or the special deduction for a China Trade Act corporation (section 941), such special deductions are to be based upon taxable income including the excess of net long-term capital gain over net short-term capital loss.

Bonds, etc., losses of banks.—In the case of a bank, as defined in section 581, if the losses in the taxable year from sales or exchanges of bonds, debentures, notes, or certificates, or other evidences of indebtedness, issued by any corporation (including one issued by a government or political subdivision thereof) exceed the gains from such sales or exchanges, such excess shall be considered as an ordinary loss and deductible in full against other income. Section 582.

Dealers in securities. Capital gains and ordinary losses.—Under the provisions of section 1236, gain by a dealer in securities from the sale or exchange of a security, as defined in section 1236, shall in no event be considered as gain from the sale or exchange of a capital asset unless (a) the security was, before the expiration of the thirtieth day after the date of its acquisition, clearly identified in the dealer's records as a security held for investment or, if acquired before October 20, 1951, was so identified before November 20, 1951; and (b) the security was not, at any time after the expiration of such thirtieth day, held by the dealer primarily for sale to customers in the ordinary course of trade or business. A loss from the sale or exchange of a security shall, if section 582(c) is not applicable, be considered a capital loss if at any time after November 19, 1951, the security was clearly identified in the dealer's records as a security held for investment.

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.

Instructions For Insurance Companies Using This Schedule

Companies taxable under section 831 and having losses from capital assets sold or exchanged in order to obtain funds to meet abnormal insurance losses, etc., shall attach a schedule corresponding to Schedule A–3, Form 1120M. For companies taxable under section 821, all references to "line" numbers, Form 1120, shall be considered as references to the appropriate "line" in Form 1120M.

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