



Tax Credit Alliance

OF NEBRASKA


Capital Gains & Losses



**CENTER ON CHILDREN,
FAMILIES, AND THE LAW**



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
- Sale of a home is reported on a 1099-S
- 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
- Sale of a home will be entered on Schedule D and forms 8949

Capital Gains and Losses

VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.			Applicable checkbox on Form 8949	OMB No. 1545-0715 2023 Form 1099-B	Proceeds From Broker and Barter Exchange Transactions	
			1a Description of property (Example: 100 sh. XYZ Co.)			
			1b Date acquired		1c Date sold or disposed	
PAYER'S TIN		RECIPIENT'S TIN		Copy 1 For State Tax Department		
\$		\$				
1d Proceeds		1e Cost or other basis				
\$		\$				
1f Accrued market discount		1g Wash sale loss disallowed				
\$		\$				
RECIPIENT'S name			2 Short-term gain or loss <input type="checkbox"/>		3 If checked, proceeds from:	
Street address (including apt. no.)			Long-term gain or loss <input type="checkbox"/>		Collectibles <input type="checkbox"/>	
			Ordinary <input type="checkbox"/>		QOF <input type="checkbox"/>	
			4 Federal income tax withheld		5 If checked, noncovered security <input type="checkbox"/>	
City or town, state or province, country, and ZIP or foreign postal code			\$			
Account number (see instructions)			6 Reported to IRS:		7 If checked, loss is not allowed based on amount in 1d <input type="checkbox"/>	
			Gross proceeds <input type="checkbox"/>			
CUSIP number			Net proceeds <input type="checkbox"/>			
			8 Profit or (loss) realized in 2023 on closed contracts		9 Unrealized profit or (loss) on open contracts – 12/31/2022	
FATCA filing requirement <input type="checkbox"/>			\$		\$	
10 Unrealized profit or (loss) on open contracts – 12/31/2023		11 Aggregate profit or (loss) on contracts				
\$		\$				
14 State name		15 State identification no.		16 State tax withheld		
				\$		
				\$		
12 If checked, basis reported to IRS <input type="checkbox"/>			13 Bartering			
			\$			

Capital Gains and Losses

VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1a Total ordinary dividends		OMB No. 1545-0110 Form 1099-DIV (Rev. January 2022) For calendar year 20 ____
		\$ _____		
		1b Qualified dividends		
		\$ _____		
		2a Total capital gain distr.	2b Unrecap. Sec. 1250 gain	Copy 1 For State Tax Department
		\$ _____	\$ _____	
PAYER'S TIN	RECIPIENT'S TIN	2c Section 1202 gain	2d Collectibles (28%) gain	
		\$ _____	\$ _____	
		2e Section 897 ordinary dividends	2f Section 897 capital gain	
		\$ _____	\$ _____	
RECIPIENT'S name		3 Nondividend distributions	4 Federal income tax withheld	
		\$ _____	\$ _____	
Street address (including apt. no.)		5 Section 199A dividends	6 Investment expenses	
		\$ _____	\$ _____	
City or town, state or province, country, and ZIP or foreign postal code		7 Foreign tax paid	8 Foreign country or U.S. possession	
		\$ _____		
		9 Cash liquidation distributions	10 Noncash liquidation distributions	
		\$ _____	\$ _____	
		11 FATCA filing requirement	12 Exempt-interest dividends	13 Specified private activity bond interest dividends
		<input type="checkbox"/>	\$ _____	\$ _____
Account number (see instructions)		14 State	15 State identification no.	16 State tax withheld
				\$ _____
				\$ _____

Capital Gains and Losses

CORRECTED (if checked)

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		1 Date of closing	OMB No. 1545-0997 Form 1099-S (Rev. January 2022) For calendar year 20 ____	Proceeds From Real Estate Transactions
		2 Gross proceeds		
		\$ _____		
FILER'S TIN	TRANSFEROR'S TIN	3 Address (including city, state, and ZIP code) or legal description		Copy B For Transferor This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.
TRANSFEROR'S name				
Street address (including apt. no.)		4 Transferor received or will receive property or services as part of the consideration (if checked) ▶ <input type="checkbox"/>		
City or town, state or province, country, and ZIP or foreign postal code		5 If checked, transferor is a foreign person (nonresident alien, foreign partnership, foreign estate, or foreign trust) ▶ <input type="checkbox"/>		
Account number (see instructions)		6 Buyer's part of real estate tax		
		\$ _____		

Capital Gains and Losses

- Items that need to be reported
 - Sale price
 - How much the asset was sold for
 - On the 1099 it will be reported as Sale Price or Proceeds
 - Cost/Basis
 - Original cost of purchasing the asset
 - Adjustments may be shown on the 1099-B for stock, bonds and mutual fund asset (most common is code W or Wash sale)
 - Adjustments for a home sale will need to be provided by the taxpayer (exp. Commissions, Improvements to the home, other sales fees, etc.)
 - Holding Period
 - Short-term-one year or less
 - Long-term-longer than one year
 - Both the purchase and sale date should be shown on the 1099-B
 - Sale date of the home will be on the 1099-S, may need to as the taxpayer for the purchasing date

Capital Gains and Losses

- 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

1

BEGIN

Additional Capital Gains Distributions

BEGIN

Other Capital Gains Data (including Capital Loss Carryover)

1

BEGIN

Sale of Main Home Worksheet

BEGIN


PDF Attachments

2

BEGIN

1. 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.
2. Select PDF Attachments to attach required documents to the return, such as a Form 8332, Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent, Power of Attorney, Court Certificate of Appointment, or Consolidated Broker Statement with transactions in which the cost basis was not reported to the IRS and using Adjustment Code M- Reporting Multiple Transactions on a Single Row.

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

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

Date Acquired

* **Alternate Option:** If Date Acquired is not known, leave the date blank and select an option here **1**

- Select if Applicable - ▾

- Select if Applicable -
- Various - Short Term
- Various - Long Term
- Inherited - Long Term

Date Sold

* **Alternate Option:** **1**


Check here if a short sale.

- Select if Applicable - ▾

- Select if Applicable -
- Worthless - Short Term
- Worthless - Long Term
- Bankrupt - Short Term
- Bankrupt - Long Term

1. 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

 If various (short or long term) is selected as an Alternate Option for Date Acquired, check Alternate Option under Date Sold but do not select an item from the drop menu or enter a date. Check M as the Adjustment Code.

2. 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**.
3. Enter the date from Form 1099-B Box 1b
4. Enter the date from Form 1099-B Box 1c
5. Enter the amount from Form 1099-B Box 1d
6. Choose the cost basis type that applies to this transaction.

Capital Gains Transaction

CANCEL SAVE & ENTER ANOTHER CONTINUE

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 **2**

MM ▾ DD ▾ YYYY ▾ **3**

Date Sold

* **Alternate Option:**

Check here if a short sale.

MM ▾ DD ▾ YYYY ▾ **4**

Sales Price

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

\$ **5**

Select cost basis type *

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

6

7. Enter the amount from 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, refer to 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.

8. 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.

9. If summarizing transactions, check the box for Reporting Multiple Transactions on a Single Row. See Note on prior page.

10. Wash sales are in scope only if reported on Form 1099-B or on a brokerage or mutual fund statement. Enter the code W amount as a positive number.

Cost

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

\$ 7

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.

\$ 8

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 9
- 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 10
- X - Exclude Gain from DC Zone Assets or Qualified Community Assets
- Y - Reporting Gain from QOF Investment in Prior Yax Year
- Z - Postpone Gain for Investments in QOFs

 For securities reported on a brokerage statement as "Worthless" use the Alternate Option and "Worthless" for the date sold. If securities have any value (even \$1), they are not worthless.

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 (\$1,500 if MFS)
- 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

\$

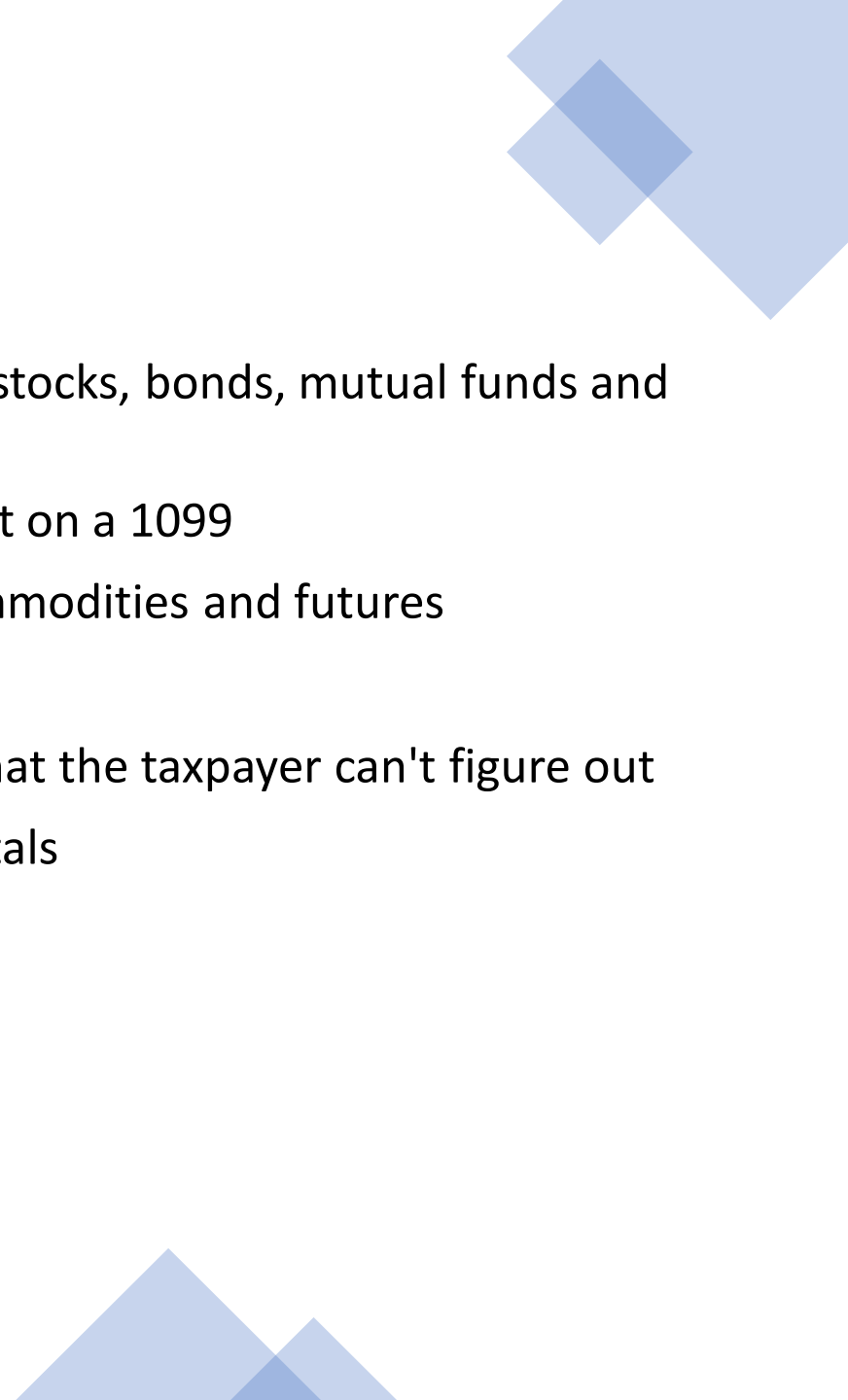
Decreases to your basis

\$

- 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

- 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-dft/f1040sd--dft.pdf>
 - <https://www.irs.gov/pub/irs-dft/i1040sd--dft.pdf>
- Form 8949
 - <https://www.irs.gov/pub/irs-dft/f8949--dft.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-dft/p544--dft.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 smaller, semi-transparent shapes in shades of blue and yellow. The overall effect is a layered, abstract composition. The text "Questions?" is centered within the white space of the large diamond.

Questions?