I'm not a robot



```
Qualified dividends and capital gain tax worksheet
These instructions explain how to complete Schedule D (Form 1040). Complete Form 8949 before you complete line 1b, 2, 3, 8b, 9, or 10 of Schedule D. Use Schedule D. To figure the overall gain or loss from transactions reported on Form 8949; To report a gain from Form 2439 or
6252 or Part I of Form 4797; To report a gain or loss from Form 4684, 6781, or 8824; To report a gain or loss from a partnership, S corporation, estate, or trust; To report a gain or loss from a partnership, S corporation, estate, or trust; To report a gain or loss from 4797; To report a gain or loss from a partnership, S corporation, estate, or trust; To report a gain or loss from 4797; To report a gain or loss from 4797;
and To report a capital loss carryover from 2023 to 2024. For the latest information about developments related to Schedule D and its instructions, such as legislation enacted after they were published, go to IRS.gov/ScheduleD. Use Form 461 to figure your excess business loss. Use Form 8949 to report the sale or exchange of a capital asset (defined
later) not reported on another form or schedule and to report the income deferral or exclusion of capital gains. See the Instructions for Form 8949. Complete line 1b, 2, 3, 8b, 9, or 10 of Schedule D. See Lines 1a and 8a, later, for more information about when Form 8949 is needed and when it
isn't. Use Form 4797 to report the following. The sale or exchange of: Real property used in your trade or business; Depreciable and amortizable tangible property with the Form 4797 instructions); Oil, gas, geothermal, or other mineral property;
and Section 126 property. The involuntary conversion (other than from casualty or theft) of property used in a trade or business and capital assets other than 1 year for business or profit. But see Disposition of Depreciable Property Not Used in Trade or Business in the Form 4797 instructions. The disposition of noncapital assets other than
inventory or property held primarily for sale to customers in the ordinary loss on the sale, exchange, or worthlessness of small business investment company (section 1242) stock. Ordinary loss on the sale, exchange, or worthlessness of small business investment company (section 1242) stock.
commodities held in connection with your trading business, if you previously made a mark-to-market election. See Traders in Securities , later. Use Form 4684 to report involuntary conversions of property due to casualty or theft. Use Form 8824 to report like-kind
exchanges. A like-kind exchange occurs when you exchange business or investment property of a like kind. Use Form 8960 to figure any net investment income tax relating to gains and losses from a securities trading activity. Use Form 8997 to report each qualified opportunity fund
(QOF) investment you held at the beginning and end of the tax year and the deferred gains associated with each investment, and use for personal purposes or
investment is a capital asset. For example, your house, furniture, car, stocks, and bonds are capital assets. A capital asset is any property included in inventory or held mainly for sale to customers in the ordinary course of your trade or business. But see the TIP about certain musical
compositions or copyrights, later. Accounts or notes receivable: For services rendered in the ordinary course of your trade or business, For services rendered as an employee, or From the sale of stock in trade or other property included in inventory or held mainly for sale to customers. Depreciable property used in your trade or business, even if it is
fully depreciated. Real estate used in your trade or business. A patent, invention, model, or design (whether or not patented); a secret formula or process; a copyright; a literary, musical, or artistic composition; a letter or memorandum; or similar property that is: Created by your personal efforts; Prepared or produced for you (in the case of a letter,
memorandum, or similar property); or Received under circumstances (such as by gift) that entitle you to the basis of the person who created the property or for whom the property or for whom the property was prepared or produced. See section 1221(a)(3). But see the TIP about certain musical compositions or copyrights below. A U.S. Government publication, including the
Congressional Record, that you received: From the U.S. Government (or any governmental agency) for an amount other than the normal sales price. Certain commodities derivative financial
instruments held by a dealer and connected to the dealer's activities as a dealer. See section 1221(a)(6) and (b)(1). Certain hedging transactions entered into in the normal course of your trade or business. You can elect to treat as capital assets certain musical
compositions or copyrights you sold or exchanged. See Pub. 550 for details. Basis is the amount of your investment in property for tax purposes. The basis of property, such as inherited property you buy is usually its cost. There are special rules for certain kinds of property for tax purposes. The basis of property you buy is usually its cost. There are special rules for certain kinds of property for tax purposes.
disposition of the property. You must keep accurate records that show the basis and, if applicable, adjusted basis of your property. Your records should show the purchase price, including commissions; increases to basis, such as depreciation, nondividend distributions on stock, and stock
splits. If you received a Schedule A to Form 8971 from an executor of an estate or other person required to file an estate tax value of the property. For more information on consistent basis reporting and basis generally, see Column (e)—Cost or Other Basis in the Instructions
for Form 8949, and the following publications. Pub. 551, Basis of Assets. Pub. 550, Investment Income and Expenses. Report short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for short-term gains or losses in Part II. The holding period for s
generally more than 1 year. However, beginning in 2018, the long-term holding period for certain gains with respect to "applicable partnership interests" is more than 3 years. See Pub. 541 for more information about holding periods, see the Instructions for Form 8949. These distributions are paid by a mutual fund (or other
regulated investment company) or real estate investment trust from its net realized long-term capital gains. Distributions of net realized short-term capital gains. Enter on Schedule D, line 13, the total capital gain distributions paid to you during the
year, regardless of how long you held your investment. This amount in box 2a of Form 1099-DIV. If there is an amount in box 2b, include that amount on line 11 of the Unrecaptured Section 1250 Gain Worksheet in these instructions if you complete line 19 of Schedule D. If there is an amount in box 2c, see Exclusion of Gain on Qualified
Small Business (QSB) Stock, later. If there is an amount in box 2d, include that amount on line 4 of the 28% Rate Gain Worksheet in these instructions as a nominee (that is, they were paid to you but actually belong to someone else), report on Schedule D, line 13, only the
amount that belongs to you. Attach a statement showing the full amount you received and the amount you received as a nominee. See the Instructions for Schedule B to learn about the requirement for you to file Forms 1099-DIV and 1096. A sale or other disposition of an interest in a partnership may result in ordinary income, collectibles gain (28%)
rate gain), or unrecaptured section 1250 gain. For details on 28% rate gain, see the instructions for line 18. For details on unrecaptured section 1250 gain, see the instructions for line 19. Generally, gain from the sale or exchange of a capital asset held for personal use is a capital gain. Report it on Form 8949 with box C checked (if the transaction is
short term) or box F checked (if the transaction is long term). However, if you converted depreciable property to personal use, all or part of the gain on the sale or exchange of that property may have to be recaptured as ordinary income. Use Part III of Form 4797 to figure the amount of ordinary income recapture. The recapture amount is included on
line 31 (and line 13) of Form 4797. Don't enter any gain from this property on line 32 of Form 4797. If you aren't completing Part II for any other properties, enter "N/A" on line 32. If the transaction is short term) or Part II of Form 8949
(if the transaction is long term), and skip columns (b) and (c). In column (d) of Form 8949, enter the excess of the total gain over the recapture amount. Leave columns (e) through (g) blank. Complete column (h). Be sure to check box C at the top of Part I or box F at the top of Part II of this Form 8949 (depending on how long you held the asset). Loss
from the sale or exchange of a capital asset held for personal use isn't deductible. But if you had a loss from the sale or exchange of personal use for which you received a Form 1099-S, you must report the transaction on Form 8949 even though the loss isn't deductible. Also, if you had a loss from the sale or exchange of personal
(g). Then enter -0- ($5,000 - $6,000 + $1,000) in column (h). Be sure to check box C at the top of Part I or box F at the top of Part II or this Form 8949 (depending on how long you owned the home).) You may be able to use capital
losses that exceed this limit in future years. For details, see the instructions for line 21. Be sure to report all of your capital gains and losses even if you can't deduct a loss from a sale or exchange between certain related parties. This includes a direct or indirect sale or exchange of property between any of the
following. Members of a family. A corporation and an individual who directly (or indirectly) owns more than 50% of the corporation). A grantor and a fiduciary of a trust. A fiduciary of the same trust. A fiduciary of a trust and a fiduciary (or
beneficiary) of another trust if both trusts were created by the same grantor. An executor of an estate and a beneficiary of that estate, unless the sale or exchange was to satisfy a pecuniary bequest (that is, a bequest of a sum of money). An individual or the in
this Form 8949 (depending on how long you owned the property). Complete all columns. Because the loss isn't deductible, enter "L" in column (f). Enter the amount of the nondeductible loss as a positive number in column (g). Enter the amount of the nondeductible, enter "L" in column (g). Enter the amount of the nondeductible, enter "L" in column (g). Enter the amount of the nondeductible loss as a positive number in column (g). Enter the amount of the nondeductible loss as a positive number in column (g). Enter the amount of the nondeductible loss as a positive number in column (g). Enter the amount of the nondeductible loss as a positive number in column (g).
investment for 5 years to your brother for $10,000. Your basis was $15,000. On Part II of Form 8949, check box F at the top. Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Check box F at the top. Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Part II, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III, column (d). Enter $10,000 on Form 8949, Part III
$5,000. Box 7 on Form 1099-B is checked, indicating that your loss of $4,000 ($1,000 - $5,000) isn't allowed. On the top of Form 8949, check box A or box B in Part I or box D or box E in Part II (whichever applies). Enter $1,000 in column (d) and $5,000 in column (e). Because the loss isn't deductible, enter "L" in column (f) and $4,000 (the difference applies).
between $1,000 and $5,000) in column (g). In column (g). In column (h), enter -0- ($1,000 - $5,000 + $4,000). Transactions by a securities dealer. See section 475 and Rev. Rul. 97-39, which begins on page 4 of Internal Revenue Bulletin 1997-39 at IRS.gov/pub/irs-irbs/irb97-39.pdf. Bonds and other debt instruments. See Pub. 550. Certain real estate subdivided for
sale that may be considered a capital asset. See section 1237. Gain on the sale of depreciable property to a more-than-50%-owned entity or to a trust of which you are a beneficiary. See Pub. 544. Gain on the disposition of stock in domestic international sales corporations. See section 995(c). Gain on the sale or exchange of stock in certain foreign
corporations. See section 1248. Transfer of property to a partnership that would be treated as an investment company if it were incorporated. See Pub. 541. Sales of stock received under a qualified public utility dividend reinvestment plan. See Pub. 541.
by a U.S. person to a foreign estate or trust. See section 684. If you give up your U.S. citizenship, you may be treated as having sold all your property for its fair market value on the day before you gave up your U.S. residents who cease to be lawful permanent residents. For details, exceptions, and rules for
reporting these deemed sales, see Pub. 519 and Form 8854. In general, no gain or loss is recognized on the transfer of property from an individual to a spouse or a former spouse if the transfer is incident to a divorce. See Pub. 504. Amounts received on the retirement of a debt instrument are generally treated as received in exchange for the debt
instrument. See Pub. 550. Any loss on the disposition of converted wetland or highly erodible cropland that is first used for farming after March 1, 1986, is reported as a long-term capital loss on Form 8949, but any gain is reported as ordinary income on Form 4797. If qualified dividends that you reported on Form 1040, 1040-SR, or 1040-NR, line 3a long-term capital loss on Form 8949, but any gain is reported as ordinary income on Form 4797. If qualified dividends that you reported on Form 1040, 1040-SR, or 1040-NR, line 3a long-term capital loss on Form 4797.
include extraordinary dividends, any loss on the sale or exchange of the stock is a long-term capital loss to the extraordinary dividends. An extraordinary dividend is a dividend that equals or exceeds 10% (5% in the case of preferred stock) of your basis in the stock. Amounts received by shareholders in corporate liquidations. See Pub.
550. Cash received in lieu of fractional shares of stock as a result of a stock split or stock dividend. See Pub. 550. Load charges to acquire stock in a regulated investment company (including a mutual fund), which may not be taken into account in determining gain or loss on certain dispositions of the stock if reinvestment rights were exercised. See
Pub. 550. The sale or exchange of S corporation stock or an interest in a partnership or trust held for more than 1 year, which may result in collectibles gain (28% rate gain). See the instructive sale of certain appreciated financial
 have to pay interest. See section 1260(b) for details, including how to figure the interest. Include the interest as an additional tax on Schedule 2 (Form 1040), line 17z. In the space provided, enter "Section 1260(b) interest" and the amount of the interest. This interest isn't deductible. Gain or loss from the disposition of stock or other securities in an
investment club. See Pub. 550. Certain virtual currencies, such as Bitcoin. See the Instructions for Form 1040 and IRS.gov/VirtualCurrencyFAQs. If you are deferring eligible gain by investing in a QOF, report the gain on the form on which you normally report the gain and report the deferral on Form 8949. See How To Report an Election to Defer Tax
Form 8949 for detailed information about how to report the disposition of a market discount bond. Any gain recognized on the sale, exchange, or retirement of a taxable contingent payment debt instrument as a
capital asset. If you sell a taxable contingent payment debt instrument subject to the noncontingent bond method at a loss, your loss is an ordinary loss to the extent of your prior original issue discount (OID) inclusions on the debt instrument.
loss. See Regulations section 1.1275-4(b) for exceptions to these rules. If you received a Form 1099-B (or substitute statement) reporting the sale of a taxable contingent payment debt instrument subject to the noncontingent bond method and the Ordinary box in box 2 is checked, an adjustment may be required. Report the transaction on Form 8949
and complete the form's Worksheet for Contingent Payment Debt Instrument Adjustment in Column (g) of Form 8949. See Pub. 550 or Pub. 1212 for more details on any special rules or adjustment to enter in column (g) to figure the adjustment to enter in column (g) and complete the form's Worksheet for Contingent Payment Debt Instrument Adjustment to enter in column (g) and complete the form's Worksheet for Contingent Payment Debt Instrument Adjustment to enter in column (g) and complete the form's Worksheet for Contingent Payment Debt Instrument Adjustment to enter in column (g) and complete the form's Worksheet for Contingent Payment Debt Instrument Adjustment to enter in column (g) and complete the form's Worksheet for Contingent Payment Debt Instrument Adjustment to enter in column (g) and complete the form's Worksheet for Contingent Payment Debt Instrument Adjustment (g) and complete the form's Worksheet for Contingent Payment Debt Instrument Adjustment (g) and complete the form's Worksheet for Contingent Payment Debt Instrument (g) and complete the form's Worksheet for Contingent Payment Debt Instrument (g) and complete the form's Worksheet for Contingent Payment Debt Instrument (g) and complete the form's Worksheet for Contingent (g) and c
contract or option to acquire or sell stock or securities, Acquire substantially identical stock or securities, Acquire substantially identical stock or securities, or Acquire
cost increased by the disallowed loss (except in the case of (4) earlier). These wash sale rules don't apply to a redemption of shares in a floating-NAV (net asset value) money market fund. If you received a Form 1099-B (or substitute statement), box 1g of that form will generally show whether there was any nondeductible wash sale loss and its amount
if: The stock or securities sold were covered securities you bought had the same CUSIP number as the stock or securities you sold. (CUSIP numbers are security
identification numbers.) However, you can't deduct a loss from a wash sale even if it isn't reported on Form 1099-B (or substitute statement). For more details on wash sales, see Pub. 550. Report a wash sale transaction in Part I or Part II (depending on how long you owned the stock or securities) of Form 8949 with the appropriate box checked
Complete all columns. Enter "W" in column (f). Enter as a positive number in column (g), the amount of the loss not allowed. See the Instructions for Form 8949, columns (f), (g), and (h). You are a trader in securities if you are engaged in the business of buying and selling securities for your own account. To be engaged in business as a trader in
securities, all of the following statements must be true. You must seek to profit from daily market movements in the prices of securities and not from dividends, interest, or capital appreciation. Your activity must be substantial. You must carry on the activity with continuity and regularity. The following facts and circumstances should be considered in
determining if your activity is a business. Typical holding periods for securities bought and sold. The amounts of your trades during the year. The extent to which you pursue the activity to produce income for a livelihood. The amount of time you devote to the activity. You are considered an investor, and not a trader, if your
activity doesn't meet the above definition of a business. It doesn't matter whether you call yourself a trader or a "day trader." Like an investor, a trader must generally report each sale of securities) on Form 8949 unless one of the exceptions described in
the Instructions for Form 8949 applies. However, if a trader previously made the mark-to-market election (explained below), each transaction is reported in Part II of Form 4797, the gain or loss from the disposition of securities isn't
taken into account when figuring net earnings from self-employment on Schedule SE. See the Instructions for Schedule SE for an exception that applies to investors doesn't apply to interest paid or incurred in a trading business. A trader reports interest expense and
other expenses (excluding commissions and other costs of acquiring or disposing of securities for investment. The rules for investment and other expenses between your trading business and your
for fair market value on the last business day of the year for which the election must be made by the due date (not including extensions) of the tax return for the year for which the election must be made by the due date of your 2023 return (not counting extensions).
Starting with the year the election becomes effective, a trader reports all gains and losses from securities held in connection with the trading business, including securities held in connection with the trading business, including securities held in connection with the trading business, including securities held in connection with the trading business, including securities held in connection with the trading business, including securities held in connection with the trading business, including securities held in connection with the trading business, including securities held in connection with the trading business, including securities held in connection with the trading business, including securities held in connection with the trading business.
that you hold for investment aren't marked to market. A short sale is a contract to sell property you borrowed for deliver to the lender or deliver property that you held but didn't want to transfer at the time of the sale. Example. You think the value of XYZ stock
will drop. You borrow 10 shares from your broker and sell them for $100. This is a short sale. You gain is $20 ($100 - $80). Report on Form 8949 gain or loss from the closing or expiration of an option that isn't a section 1256 contract but is a capital asset in young broker to close the short sale. You gain is $20 ($100 - $80). Report on Form 8949 gain or loss from the closing or expiration of an option that isn't a section 1256 contract but is a capital asset in young broker to close the short sale.
hands. If an option you purchased expired, enter the expiration date in column (b) and enter "EXPIRED" in column (c) and enter "EXPIRED" in column (d). If an option that was granted (written) expired, enter the expiration date in column (b) and enter "EXPIRED" in column (c) and enter "EXPIRED" in column (d). If an option that was granted (written) expired, enter the expiration date in column (d). If an option that was granted (written) expired, enter the expiration date in column (d).
after 2013 was exercised, the option premium you received will be reflected in the proceeds shown in box 1d of the Form 1099-B. If it isn't, enter the premium as a positive number in column (g) of
Form 8949. Enter "E" in column (f). Example. For $10 in 2013, you get shows the proceeds to be $80. Enter $80 in column (d) of Form 8949. Enter "E" in column (f) and $10 in column (g). Complete the other columns according to the
instructions. If you have a capital gain or loss determined under the net asset value (NAV) method with respect to shares in an NAV money market fund, report the capital gain or loss on Form 8949, Part I, with box C checked. Enter the name of each fund followed by "(NAV)" in column (a). Enter the net gain or loss in column (h). Leave all other
columns blank. See the Instructions for Form 8949. Include on Schedule D, line 11, the amount from box 1a of Form 2439, include that
amount on line 11 of the Unrecaptured Section 1250 Gain Worksheet if you complete line 19 of Schedule D. If there is an amount in box 1c of Form 2439, see Exclusion of Gain on Qualified Small Business (QSB) Stock, later. If there is an amount in box 1c of Form 2439, include that amount on line 4 of the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If there is an amount in box 1c of Form 2439, include that amount on line 4 of the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If there is an amount in box 1c of Form 2439, include that amount on line 4 of the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If there is an amount in box 1c of Form 2439, include that amount on line 4 of the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If there is an amount in box 1c of Form 2439, include that amount on line 4 of the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If there is an amount in box 1c of Form 2439, include that amount on line 4 of the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If there is an amount on line 4 of the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If there is an amount on line 4 of the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If there is an amount on line 4 of the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If there is an amount on line 4 of the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If the 28% Rate Gain Worksheet if you complete line 19 of Schedule D. If the 28% Rate Gain Worksheet if you complete line
line 18 of Schedule D. Include on Schedule D. Include on Schedule 3 (Form 1040), line 13a, the tax paid as shown in box 2 of Form 2439. Add to the basis of your stock the excess of the amount included in income over the amount included in income over the amount of the credit for the tax paid. See Pub. 550 for details. If you sold property (other than publicly traded stocks or securities) at a gain and you will
receive a payment in a tax year after the year of sale, you must generally report the sale on the installment method. Also, use Form 6252 to report any payment received in 2024 from a sale made in an earlier year that you reported on the installment method. To elect
out of the installment method, report the full amount of the gain on Form 8949 on a timely filed return (including extensions) for the year of the sale. If your original return was filed on time, you can make the election on an amended return filed no later than 6 months after the due date of your return (excluding extensions). Enter "Filed pursuant to
section 301.9100-2" at the top of the amended return. Demutualization of a life insurance company occurs when a mutual life insurance company occurs when a mutual life insurance company or cash in exchange for your equity interest in the
mutual company. If the demutualization transaction qualifies as a tax-free reorganization, no gain or loss is recognized on the exchange of your equity interest in the mutual company for stock. The company can advise you if the transaction is a tax-free reorganization. Your holding period for the new stock includes the period you held an equity
interest in the mutual company. If you received cash in exchange for your equity interest, you must recognize any capital gain in Part II of Form 8949. If you held the equity interest for 1 year or less, report the gain as a short-term capital gain in Part I of
interest for 1 year or less, report the gain or loss as a short-term capital gain or loss in Part I of Form 8949. Your holding period for the new stock begins on the day after you received the stock. Report an ordinary loss from the sale, exchange, or worthlessness of small business (section
1244) stock on Form 4797. However, if the total loss is more than the maximum amount that can be treated as an ordinary loss for the year ($50,000 or, on a joint return, $100,000), also report the transaction on Form 8949 as follows. In column (a), enter "Capital portion of section 1244 stock loss." Complete columns (b) and (c) as you normally
would. In column (d), enter the entire sales price of the stock sold. In column (e), enter the loss you claimed on Form 8949, columns (f), (g), and (h). In column (g), enter the loss you claimed on Form 8949, column (g), enter the entire sales price of the stock sold. Enter "S" in column (g), enter the loss you claimed on Form 8949, columns (f). See the Instructions for Form 8949, columns (f), (g), and (h). In column (g), enter the loss you claimed on Form 8949, columns (f), (g), enter the loss you claimed on Form 8949, columns (f), (g), enter the entire sales price of the stock sold. Enter "S" in column (g), enter the loss you claimed on Form 8949, columns (f), (g), enter the loss you claimed on Form 8949, columns (f), (g), enter the loss you claimed on Form 8949, columns (f), (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the loss you claimed on Form 8949, columns (g), enter the 
instructions. Report the transaction in Part I or Part II of Form 8949 (depending on how long you held the stock for $1,000. You had held the stock for 3 years. You can claim $50,000 of your loss as an ordinary loss on Form 4797. To claim the rest of the
1202 allows you to exclude a portion of the eligible gain on the sale or exchange of QSB stock. The section 1202 exclusion applies only to QSB stock held for more than 5 years. If you acquired the QSB stock on or before February 17, 2009, you can exclude up to 50% of the qualified gain. However, you can exclude up to 60% of the qualified gain on
certain empowerment zone business stock for gain attributable to periods on or before December 31, 2018. See Empowerment Zone Business Stock, later. If you acquired the QSB stock after February 17, 2009, and before September 28, 2010, you can exclude
stock was issued, the corporation was a domestic C corporation with total gross assets of $50 million or less (a) at all times after August 9, 1993, and before the stock was issued; and (b) immediately after the stock was issued. Gross assets include those of any predecessor of the corporation. All corporations that are members of the same parent-
subsidiary controlled group are treated as one corporation. You must have acquired the stock at its original issue (either directly or through an underwriter), either in exchange for money or other property (other than as an underwriter), either in exchange for money or other property (other than as an underwriter).
the stock from another person who met the test (such as by gift or inheritance) or through a conversion or exchange of QSB stock you held. During substantially all the time you held the active conduct of one or more qualified businesses
(defined next); and The corporation wasn't a foreign corporation, DISC, former DISC, regulated investment trust, REMIC, FASIT, or cooperative, or a corporation that has made (or that has a subsidiary that has made investment trust, REMIC, FASIT, or cooperative, or a corporation that has made (or that has made) a section 936 election. SSBIC. A specialized small business investment company (SSBIC) is treated as
having met test 5b. You can generally exclude up to 60% of your gain from the sale or exchange of QSB stock held for more than 5 years if you meet the following additional requirements. The stock you sold or exchanged was stock in a corporation that qualified as an empowerment zone business during substantially all of the time you held the stock.
You acquired the stock after December 21, 2000, and before February 18, 2009. The gain from the sale or exchange of the stock is attributable to periods on or before December 31, 2018. Requirement 1 will still be met if the corporation ceased to qualify after the 5-year period that began on the date you acquired the stock. However, the gain that
qualifies for the 60% exclusion can't be more than the gain you would have had if you had sold the stock on the date the corporation, common trust fund, or mutual fund or other regulated investment company) that sold QSB stock, to qualify for the exclusion
you must have held the interest on the date the pass-through entity acquired the QSB stock and at all times thereafter until the stock was sold. Report the sale or exchange of the QSB stock on Form 8949, Part II, with the appropriate box checked, as you would if you weren't taking the exclusion. Then enter "Q" in column (f) and enter the amount of
the excluded gain as a negative number in column (g). Put it in parentheses to show it is negative. See the Instructions for Form 8949, columns (f), (g), and (h). Complete all remaining columns. If you are completing line 18 of Schedule D, enter as a positive number the amount of your allowable exclusion on line 2 of the 28% Rate Gain Worksheet; if
you excluded 60% of the gain, enter 2/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, don't enter an amount. Gain from Form 1099-DIV. If you received a Form 1099-DIV with a gain in box 2c, part or all of that gain (which is also included in box 2a) may be eligible for the section 1202
18 of Schedule D, enter as a positive number the amount of your allowable exclusion; if you excluded 75% of the gain, enter 2/3 of the exclusion; if you excluded 75% of the gain, enter 1/3 of the exclusion; if you excluded 75% of the gain, enter 1/3 of the exclusion; if you excluded 75% of the gain, enter 1/3 of the exclusion; if you excluded 75% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 75% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion on line 2 of the 28% Rate Gain Worksheet; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if you excluded 100% of the gain, enter 1/3 of the exclusion; if y
2439 with a gain in box 1c, part or all of that gain (which is also included in box 1a) may be eligible for the section 1202 exclusion. Report the total gain (box 1a) on Schedule D, line 11. In column (a), enter the amount of the
excluded gain as a negative number. See the Instructions for Form 8949, columns (f), (g), and (h). If you are completing line 18 of Schedule D, enter as a positive number the amount of your allowable exclusion; if you excluded 75% of the gain, enter
Form 6252 on Schedule D, line 11. Figure the allowable section 1202 exclusion for the year by multiplying the total amount of eligible gain. In column (a) of Form 8949, Part II, enter
the name of the corporation whose stock was sold. In column (f), enter "Q," and in column (g), enter the amount of the allowable exclusion for the year as a negative number. See the Instructions for Form 8949, columns (f), (g), and (h). If you are completing line 18 of Schedule D, enter as a positive number the amount of your allowable exclusion for
the year on line 2 of the 28% Rate Gain Worksheet; if you excluded 60% of the gain, enter 1/3 of the allowable exclusion for the year; if you excluded 100% of the gain, don't enter an amount. If you sold QSB stock (defined earlier) that you held for more than 6 months,
you can elect to postpone gain if you buy other QSB stock during the 60-day period that began on the date of the entity for the entity for the entity held the QSB
stock. If a pass-through entity sold QSB stock held for more than 6 months and you held an interest in the entity for the entity held the stock, you can also elect to postpone gain if you, rather than the pass-through entity, buy the replacement QSB stock within the 60-day period. If you were a partner in a partner ship that sold or
bought QSB stock, see box 11 of the Schedule K-1 (Form 1065) sent to you by the partnership; also, see Regulations section 1.1045-1. You must recognize gain to the extent the sale proceeds are more than the cost of the replacement stock by any postponed gain. You must make the election no later than the
due date (including extensions) for filing your tax return for the tax year in which the QSB stock was sold. If your original return was filed on time, you can make the election on an amended return filed no later than 6 months after the due date of your return (excluding extensions). Enter "Filed pursuant to section 301.9100-2" at the top of the
amended return. To make the election, report the sale in Part I or Part II (depending on how long you, or the pass-through entity, if applicable, owned the stock) of Form 8949 as you would if you weren't making the election. Then enter "R" in column (f). Enter the amount of the postponed gain as a negative number in column (g). Put it in parentheses
to show it is negative. See the Instructions for Form 8949, columns (f), (g), and (h). Complete all remaining columns. If you sold or exchanged a District of Columbia Enterprise Zone (DC Zone) asset that you acquired after 1997 and before 2012 and held for more than 5 years, you may be able to exclude the amount of qualified capital gain that you
would otherwise include in income. The exclusion applies to an interest in, or property of, certain businesses operating in the District of Columbia. If you sold or exchanged a qualified community asset that you would
otherwise include in income. The exclusion applies to an interest in, or property of, certain renewal community businesses. If you have an eligible gain, you can invest that gain in a QOF and elect to defer part or all of the gain that you would otherwise include in income until you sell or exchange the investment in the QOF or December 31, 2026,
whichever is earlier. If you make the election, you only include gain to the extent, if any, the amount of realized gain is more than the aggregate amount invested in a QOF during the 180-day period beginning on the date the gain was realized. You may also be able to permanently exclude the gain from the sale or exchange of any investment in a QOF
if the investment is held for at least 10 years. If you elect to defer tax on an eligible gain by investing in a QOF, you will need to complete a Form 8997 for each year you hold the investment and for the year you dispose of the investment. If you have held that investment for more than 5 years, see the instructions for Form 8997 for additional
information regarding the basis of that investment. You can postpone all or part of any gain from the sale of qualified securities, held for at least 3 years, to an employee stock ownership plan (ESOP) or eligible worker-owned cooperative, if you buy qualified replacement property. See Pub. 550. Also, see the Instructions for Form 8949, columns (f), (g),
and (h). You can round off cents to whole dollars on your Schedule D. If you do round to whole dollars, you must round all amounts to figure the amount
to enter on a line, include cents when adding the amounts and round off only the total. You can report on line 1a (for short-term transactions) or line 8a (for long-term transactions) the aggregate totals from any transactions (except sales of collectibles) for which:
the IRS and doesn't show any adjustments in box 1 for 1g; The Ordinary box in box 2 isn't checked; You aren't electing to defer income due to an investment in a QOF; and You don't need to make any adjustments to the basis or type of gain or loss
reported on Form 1099-B (or substitute statement), or to your gain or loss. See How To Complete Form 8949, Columns (f) and (g) in the Form 8949 instructions on lines 1a and 8a, don't report them on Form 8949. You don't need to attach a statement
to explain the entries on lines 1a and 8a and, if you e-file your return, you don't need to file Form 8453. Figure gain or loss on each line. Subtract the cost or other basis in column (a). Enter the gain or loss on each line form 1099-B reporting the
sale of stock you held for 3 years. It shows proceeds (in box 1d) of $6,000 and cost or other basis (in box 1e) of $2,000. Box 3 is checked, meaning that basis was reported to the IRS. You don't need to make any adjustments to the amounts reported on Form 1099-B or enter any codes. This was your only 2024 transaction. Instead of reporting this
transaction on Form 8949, you can enter $6,000 on Schedule D, line 8a, column (d); $2,000 in column (e); and $4,000 ($6,000 - $2,000) in column (h). If you had a second transaction that was the same except that the proceeds were $5,000 and the basis was $3,000, combine the two transactions. Enter $11,000 ($6,000 + $5,000) on Schedule D, line
8a, column (d); $5,000 ($2,000 + $3,000) in column (e); and $6,000 ($11,000 - $5,000) in column (h). You received a Form 1099-B showing proceeds (in box 1d) of $6,000 and cost or other basis (in box 1e) of $2,000. Box 3 isn't checked, meaning that basis wasn't reported to the IRS. Don't report this transaction on line 1a or line 8a. Instead, report
the transaction on Form 8949. Complete all necessary pages of Form 8949 before completing line 1b, 2, 3, 8b, 9, or 10 of Schedule D. You received a Form 1099-B showing proceeds (in box 1e) is shown in box 1e is
incorrect. Don't report this transaction on line 1a or line 8a. Instead, report the transaction on Form 8949. See the Instructions for Form 8949 before completing line 1b, 2, 3, 8b, 9, or 10 of Schedule D. Figure gain or loss on each line. First, subtract the cost or other basis in column
(e) from the proceeds (sales price) in column (d). Then combine the result with any adjustments in column (e) is $6,000 and column (e) is $6,000 and column (e) is $6,000 and column (h). Example 2—loss. Column (d) is $6,000 and column (e) is $8,000. Enter
($2,000) in column (h). Example 3—adjustment. Column (e) is $2,000, and column (g) is ($1,000). Enter $3,000 ($6,000 - $2,000, and column (h). See Capital Gain Distributions, earlier. If you checked "Yes" on line 17, complete the 28% Rate Gain Worksheet in these instructions if either of the following applies for 2024.
You reported in Part II of Form 8949 a section 1202 exclusion from the eligible gain or (loss). A collectibles gain or (loss) is any long-term gain or deductible long-term loss from the sale or exchange of a
collectible that is a capital asset. Collectibles include works of art, rugs, antiques, metals (such as gold, silver, and platinum bullion), gems, stamps, coins, alcoholic beverages, and certain other tangible property. Include on the worksheet any gain (but not loss) from the sale or exchange of an interest in a partnership, S corporation, or trust held for
more than 1 year and attributable to unrealized appreciation of collectibles. For details, see Regulations section 1.1(h)-1. Also, attach the statement required under Regulations section 1.1(h)-1. Also, attach the statement reguired under Regulations section 1.1(h)-1.
sold or otherwise disposed of section 1250 property (generally, real property that you depreciated) held more than 1 year. You received installment method. You received a Schedule K-1 from an estate or trust, a partnership, or an S
corporation that shows "unrecaptured section 1250 gain." You received a Form 1099-DIV or Form 2439 from a real estate investment trust or regulated investme
owned section 1250 property. You have a capital loss carryover from 2024 to 2025 if you have a loss on line 15, would be less than zero if you could enter a negative amount on that line. To figure any capital loss carryover to 2025, you
will use the Capital Loss Carryover Worksheet in the 2025 Instructions for Schedule D. If you want to figure your carryover to 2025 now, see Pub. 550. You will need a copy of your 2024 Form 1040 or 1040-SR and Schedule D to figure your carryover to 2025 now, see Pub. 550. You will need a copy of your 2024 Form 1040 or 1040-SR and Schedule D to figure your carryover to 2025 now, see Pub. 550. You will need a copy of your 2024 Form 1040 or 1040-SR and Schedule D to figure your carryover to 2025 now, see Pub. 550. You will need a copy of your 2024 Form 1040 or 1040-SR and Schedule D to figure your carryover to 2025 now, see Pub. 550. You will need a copy of your 2024 Form 1040 or 1040-SR and Schedule D to figure your carryover to 2025 now, see Pub. 550. You will need a copy of your 2024 Form 1040-SR and Schedule D to figure your carryover to 2025 now, see Pub. 550. You will need a copy of your 2024 Form 1040-SR and Schedule D to figure your carryover to 2025 now, see Pub. 550. You will need a copy of your 2024 Form 1040-SR and Schedule D to figure your carryover to 2025 now, see Pub. 550. You will need a copy of your 2024 Form 1040-SR and Schedule D to figure your carryover to 2025 now, see Pub. 550. You will need a copy of your 2024 Form 1040-SR and Schedule D to figure your carryover to 2025 now, see Pub. 550. You will need a copy of your 2024 Form 1040-SR and Schedule D to figure your carryover to 2025 now, see Pub. 550. You will need a copy of your 2024 Form 1040-SR and Schedule D to figure your carryover to 2025 now, see Pub. 550. You will need a copy of your 2024 Form 1040-SR and Schedule D to figure your carryover to 2025 now, see Pub. 550. You will need a copy of your 2024 Form 1040-SR and Schedule D to figure your carryover to 2025 now, see Pub. 550. You will need a copy of your 2024 Form 1040-SR and Schedule D to figure your 2024 Form 1040-SR and Schedule D to figure your 2024 Form 1040-SR and Schedule D to figure your 2024 Form 1040-SR and Schedule D to figure your 2024 Form 1040-SR and Schedule D to fi
the tax code works. Unfortunately, that is a major undertaking. Today, we are going to look at a tiny part of the tax code and discuss why it matters to white coat investors. The text for our sermon can be found in an obscure worksheet in the Form 1040 Instructions, specifically the Qualified Dividends and Capital Gains Tax Worksheet — Line 16. This
isn't even a form you submit to the IRS. If you pay someone else to prepare your taxes or if you prepar
Investors are often paid dividends by their investments. Dividends are generally taxed at your ordinary income tax rates. However, some dividend tax brackets are 0%, 15%, and 20%—much lower than the ordinary income tax rates ranging from 10%-37%.
Note that most states do NOT offer a lower tax rate on qualified dividends. A qualified dividend is paid by a C Corporation whose shares you owned for at least 60 days, although that 60 days can be split in any way around the ex-dividend date. If you bought it five days before the ex-dividend date and sold it 12 days afterward, that dividend is NOT a
qualified dividend, and you will pay at ordinary income tax rates on it. (It's something to be careful about when tax-loss harvesting). Qualified dividends show up on line 3a of Form 1040. Note that the ordinary dividends line (3b) includes unqualified dividends. What Are Capital Gains? Capital gains and losses occur when you sell an
investment. If you sold it for more than you paid (the basis). If you owned it for less, you have a capital gain in the amount that the price you sold for exceeds the amount you paid (the basis). If you owned it for 365 days or less, that is a short-term capital gain or
loss. Long- and short-term capital gains and losses are totaled up on Schedule D. First, short-term capital gains and losses are zeroed out against each other (line 7), and then long-term capital gains and losses are zeroed out against each other (line 7), and then long-term capital gains and losses are zeroed out against each other (line 7), and then long-term capital gains and losses are zeroed out against each other (line 7), and then long-term capital gains and losses are zeroed out against each other (line 7), and then long-term capital gains and losses are zeroed out against each other (line 7), and then long-term capital gains and losses are zeroed out against each other (line 15).
short-term numbers together. If it is a gain, you enter that gain on line 7 of Form 1040 that we saw above and go to line 21. When You have a long-term gain AND a total (long-term plus short-term) gain. If you do, look and see if you
have a gain on collectibles (gold, Beanie Babies, etc.). You have to pay 28% on those. You also look to see if you have been depreciating. This is taxed at a maximum of 25%. If you don't have either of those, go on to the
Qualified Dividends and Capital Gains Tax Worksheet (the subject of this blog post.) If you have those, you go to a different worksheet found in the Schedule D Instructions. It's quite a complicated two-page form. Think of it as the complicated two-page form.
Beanie Babies. Just kidding. It's no big deal to complete, just a few extra lines (although if you're doing it by hand, you're a glutton for punishment). Why these two forms that do the same thing are in completely separate IRS instructions is beyond me. If you have a total gain but a long-term loss, you are now on line 22. It asks about qualified
dividends. If you have those, you'll need to fill out the Qualified Dividends and Capital Gains Tax Worksheet next. Otherwise, you're done with Schedule D, and you'll be paying ordinary income taxes on everything on line 7 because those are short-term gains. Note that your long-term losses did offset your short-term gains. When You Have a Loss
When you have a total loss, you go to line 21. You put that loss or $3,000, whichever is smaller, on Line 7 of your 1040. This is the $3,000 capital loss deduction that you can use against your ordinary income each year with the rest carried forward. Then, go to line 22. If you have dividends, you have to go on to the Qualified Dividends and Capital
Gains. If you do not, you're done with Schedule D. More information here: 13 Ways to Lower the Tax Bill on Your Income The Qualified Dividends and Capital Gain Tax Worksheet. If you don't want to work through this with me, that's fine. Just skip it. Down
below, I'll illustrate the lessons one can learn by working through it. The worksheet begins with your taxable income on the first line. On lines 2-5, you essentially subtract your capital gains and dividends from the taxable income. Lines 6-21 seem ridiculously complicated. Just follow the instructions carefully, and it's no big deal. What you are doing on
these lines is simply calculating the tax due on your qualified dividend/LTCG bracket, and line 21 tells you the amount in the 20% qualified dividend/LTCG bracket. Now, you calculate the tax
due on your income that is not qualified dividends/LTCGs on line 23. On line 24. I can't imagine that happens very often. I'm sure there's a scenario where it does (or this line wouldn't be here), but I can't think
of it. Line 23 should almost always be less than line 24, so that's what goes on line 25. That is transferred to Form 1040 Line 16 as your "Tax." You add some more taxes from Schedule 2) on 1040 lines 17 and 18, and then you add in your credits and payments to find out
```

how much total tax you owe. Compare that to what you paid and settle up with the IRS to be done with your federal income taxes. More information here: Tax Policies: Enjoy Them but Also Reform the Right Ones Lessons Learned from the Right Ones Les