

Schedule D Capital Gains and Losses



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Schedule D Capital Gains

Capital Gains and Loss Items	BEGIN
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Sale of Main Home Worksheet	BEGIN
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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.

Note: Transactions involving virtual currency, such as a disposition, sale, exchange or transfer, are Out of Scope. However, the tax return is in scope if the taxpayer's only transactions involving virtual currency during the tax year were purchases of virtual currency with real currency. For more information, go to [IRS.gov/virtualcurrencyfaqs](https://www.irs.gov/virtualcurrencyfaqs).

Other Capital Gains Data

CANCEL
CONTINUE

Adjust Section 1250 Amounts

Adjust 28% Gain

Taxpayer Sample Short Term Loss Carryover from 2019 (enter as a **positive** number)

Spouse Sample Short Term Loss Carryover from 2019 (enter as a **positive** number)

Both Short Term Loss Carryover from 2019 (enter as a **positive** number)

Capital losses that exceeded the \$3,000 limit deduction (\$1,500 if married filing separately) in prior years can be carried forward and used in future years until the capital loss is completely used up.

If the taxpayer has a short-term or long-term capital loss carryover from the prior year, enter on the appropriate line.

Note: Compare fields automatically filled with carryover amounts to the prior year return. Also, remember to print the Capital Loss Carryover Worksheet for the taxpayer to keep as part of their records.

Entering Capital Gains and Losses

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

Date Acquired

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

- Various - Short Term
- Various - Long Term
- Inherited - Long Term

Date Sold

* **Alternate Option:**

Check here if a short sale.

- Worthless - Short Term
- Worthless - Long Term
- Bankrupt - Short Term
- Bankrupt - Long Term

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

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

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

Capital Gains Transaction

Form belongs to *

Taxpayer Sample
 Spouse Sample
 Both

Description of Property *

Date Acquired

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

← Form 1099-B Box 1b

Date Sold

* **Alternate Option:**

Check here if a short sale.

← Form 1099-B Box 1c

Sales Price

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

← Form 1099-B Box 1d

Select cost basis type *

Choose the cost basis type that applies to this transaction.

- Please Select -
- 1099-B, Box 3 Cost Basis Reported to the IRS
- 1099-B, Box 3 Cost Basis NOT Reported to the IRS
- Did not receive Form 1099-B

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

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

Entering Capital Gains and Losses (continued)

Cost

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

\$

Adjustments

Enter any necessary adjustments to Gain or Loss

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

\$

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

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

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

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

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

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

Entering Capital Gains and Losses (continued)

Exception to Entering Each Transaction on a Separate Row

When a taxpayer's Form 1099-B includes so many transactions that it isn't practical to enter each one into TaxSlayer, use the following procedure.

1. Divide the transactions into four categories:
 - Short term transactions with basis reported to the IRS - categorized as "Box A."
 - Short term transactions with basis not reported to the IRS - categorized as "Box B."
 - Long term transactions with basis reported to the IRS - categorized as "Box D."
 - Long term transactions with basis not reported to the IRS - categorized as "Box E."
2. Enter the total of each category on the capital gain entry screen.
3. If any of the transactions requires an adjustment to the reported basis, select the reason from the check box that includes that transaction.
4. If there are transactions with basis not reported to the IRS, the broker's list of transactions must be submitted as an attachment to the tax return. Submit the document using either of the following two methods:
 - Electronic: Scan the pages and save as a PDF. Attach the PDF to the electronic return prior to creating the e-file.
 - Hardcopy: Make a photocopy and attach it to Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return, to be mailed to the IRS Service Center in Austin, Texas.



Common Items Found on Brokers' Statements

Look for all of the following items: (You may or may not find them all.)

1. 1099-INT (Summary-NOT detail)
2. 1099-DIV (Summary-NOT detail)
3. 1099-B (Summary and Detail) and "Cost basis" or "Transaction detail" for sale of stock: Input as capital gains or losses.
4. If there are dividends from mutual funds, look for an insert or chart that says what percentage came from federal government interest: Enter on the dividend input screen and select your state (check your state rules).
5. The chart should also show what percent came from municipal bonds from each state: Input exempt interest from states other than yours by selecting tax-exempt interest income and making the state adjustment (check your state rules).
6. Foreign taxes paid: Enter foreign taxes paid on the dividend input screen only if all foreign taxes relate to passive income and the total on all tax statements (1099, etc.) is less than \$300 (\$600 MFJ); otherwise, in scope only if certified in International.

Note: Net losses greater than \$3,000 (\$1,500 if MFS) will carry forward to future tax years.