

**Schedule D (Form 1120), Capital Gains and Losses  
(Rev. December 2006)**

**Purpose:** This is the first circulated draft of the December 2006 revision of Schedule D (Form 1120) for your review and comments. The major changes are discussed below.

**TGCC Meeting:** None, but may be arranged if requested.

**Instructions:** The instructions for Schedule D (Form 1120) will be circulated at a later date. The 2005 Schedule D (Form 1120) including its instructions are available at:

<http://www.irs.gov/pub/irs-pdf/f1120sd.pdf>

**Other Products:** Circulations of draft tax forms, instructions, notices, and publications are posted at:

[http://taxforms.web.irs.gov/draft\\_products.html](http://taxforms.web.irs.gov/draft_products.html)

**Comments:** Please email, fax, call, or mail any comments by **May 19, 2006**.

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**Major Change to Schedule D (Form 1120) (Rev. December 2006 )**

Schedule D is being changed from an annual schedule to a continuous use schedule beginning with the December 2006 revision. In addition, the Instructions for Schedule D will now be a separate product. There are no major changes to the form.

**SCHEDULE D  
(Form 1120)**

(Rev. December 2006)  
Department of the Treasury  
Internal Revenue Service

**Capital Gains and Losses**

▶ Attach to Form 1120, 1120-A, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, or certain Forms 990-T.

OMB No. 1545-0123

▶ See separate instructions.

Name

Employer identification number

**Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less**

| (a) Description of property<br>(Example: 100 shares of Z Co.) | (b) Date acquired<br>(mo., day, yr.)   | (c) Date sold<br>(mo., day, yr.) | (d) Sales price<br>(see instructions) | (e) Cost or other<br>basis (see<br>instructions) | (f) Gain or (loss)<br>(Subtract (e) from (d)) |
|---|--|----------------------------------|---------------------------------------|--|---|
| 1   |  |                                  |                                       |  |   |
|   |  |                                  |                                       |  |   |
|   |  |                                  |                                       |  |   |
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|   |  |                                  |                                       |  |   |
|   |  |                                  |                                       |  |   |
|   |  |                                  |                                       |  |   |
| 2   | Short-term capital gain from installment sales from Form 6252 (e.g. line 26 or 37 of the 2006 Form 6252) |                                  |                                       |  | 2   |
| 3   | Short-term gain or (loss) from like-kind exchanges from Form 8824 . . . . .                              |                                  |                                       |  | 3   |
| 4   | Unused capital loss carryover (attach computation) . . . . .   |                                  |                                       |  | 4 ( )   |
| 5   | Net short-term capital gain or (loss). Combine lines 1 through 4 . . . . .                               |                                  |                                       |  | 5   |

**Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year**

|    |   |  |  |  |    |
|----|---|--|--|--|----|
| 6  |   |  |  |  |    |
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|    |   |  |  |  |    |
| 7  | Enter gain from Form 4797 (e.g. line 7 or 9 of the 2006 Form 4797) . . . . .                            |  |  |  | 7  |
| 8  | Long-term capital gain from installment sales from Form 6252 (e.g. line 26 or 37 of the 2006 Form 6252) |  |  |  | 8  |
| 9  | Long-term gain or (loss) from like-kind exchanges from Form 8824 . . . . .                              |  |  |  | 9  |
| 10 | Capital gain distributions (see instructions) . . . . .   |  |  |  | 10 |
| 11 | Net long-term capital gain or (loss). Combine lines 6 through 10 . . . . .                              |  |  |  | 11 |

**Part III Summary of Parts I and II**

|    |   |  |  |  |    |
|----|---|--|--|--|----|
| 12 | Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11) . . . . .  |  |  |  | 12 |
| 13 | Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5) . . . . .                        |  |  |  | 13 |
| 14 | Add lines 12 and 13. Enter here and on the appropriate line of the corporation's tax return (e.g. line 8, page 1 of the 2006 Form 1120) . . . . . |  |  |  | 14 |

**Note.** If losses exceed gains, see **Capital losses** in the instructions.