Capital Loss Carryover Worksheet

Keep for Your Records

Use this worksheet to figure the estate's or trust's capital loss carryovers from 2009 to 2010 if Schedule D, line 16 is a loss and (a) the loss on Schedule D, line 15, col. (3) is more than $3,000 or (b) Form 1041, page 1, line 22 is a loss.

1. Enter taxable income or (loss) from Form 1041, line 22		**1.**	
2. Enter the loss from line 16 of Schedule D as a positive amount		**2.**	
3. Enter amount from Form 1041, line 20		**3.**	
4. Adjusted taxable income. Combine lines 1, 2, and 3. If zero or less, enter -0-		**4.**	
5. Enter the **smaller** of line 2 or line 4		**5.**	
Note: *If line 5 of Schedule D is a loss, go to line 6; otherwise, enter -0- on line 6 and go to line 10.*			
6. Enter loss from Schedule D, line 5 as a positive amount		**6.**	
7. Enter gain, if any, from Schedule D, line 12. If that line is blank or shows a loss, enter -0-	**7.**		
8. Add lines 5 and 7		**8.**	
9. Short-term capital loss carryover to 2010. Subtract line 8 from line 6. If zero or less, enter -0-. If this is the final return of the estate or trust, also enter on Schedule K-1 (Form 1041), box 11, using code B		**9.**	
Note: *If line 12 of Schedule D is a loss, go to line 10; otherwise, skip lines 10 through 14.*			
10. Enter loss from Schedule D, line 12, as a positive amount		**10.**	
11. Enter gain, if any, from Schedule D, line 5. If that line is blank or shows a loss, enter -0-	**11.**		
12. Subtract line 6 from line 5. If zero or less, enter -0-	**12.**		
13. Add lines 11 and 12		**13.**	
14. Long-term capital loss carryover to 2010. Subtract line 13 from line 10. If zero or less, enter -0-. If this is the final return of the estate or trust, also enter on Schedule K-1 (Form 1041), box 11, using code C		**14.**	

Step 2. Reduce the amount figured in step 1 by any section 1250 ordinary income recapture for the sale. This is the amount from line 26g of the 2009 Form 4797 (or the comparable line of Form 4797 for the year of sale) for that property. The result is the total unrecaptured section 1250 gain that must be allocated to the installment payments received from the sale.

Step 3. Generally, the amount of capital gain on each installment payment is treated as unrecaptured section 1250 gain until the total unrecaptured section 1250 gain figured in step 2 has been used in full. Figure the amount of gain treated as unrecaptured section 1250 gain for installment payments received during the tax year as the smaller of (a) the amount from line 26 or line 37 of the 2009 Form 6252, whichever applies, or (b) the amount of unrecaptured section 1250 gain remaining to be reported. This amount is generally the total unrecaptured section 1250 gain for the sale reduced by all gain reported in prior years (excluding section 1250 ordinary income recapture). However, if you chose not to treat all of the gain from payments received after May 6, 1997, and before August 24, 1999, as unrecaptured section 1250 gain, use only the amount you chose to treat as unrecaptured section 1250 gain for those payments to reduce the total unrecaptured section 1250 gain remaining to be reported for the sale. Include this amount on line 12.

Other sales or dispositions of section 1250 property. For each sale of property held more than 1 year (for which an entry was not made in Part I of Form 4797), figure the smaller of (a) the depreciation allowed or allowable or (b) the total gain for the sale. This is the smaller of line 22 or line 24 of Form 4797 for that property. Next, reduce that amount by any section 1250 ordinary income recapture for the sale. This is the amount from line 26g of Form 4797 for that property. The result is the total unrecaptured section 1250 gain for the sale. Include this amount on line 12.

Line 14c—28% Rate Gain

Complete the *28% Rate Gain Worksheet* on page 6 if lines 14a and 15 for column (3) are both greater than zero and at least one of the following apply:

- The estate or trust reports in Part II, column (f), a section 1202 exclusion from the eligible gain on QSB stock (see page 2), or
- The estate or trust reports in Part II, column (f), a collectibles 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.

Also include 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(e).

Part IV—Capital Loss Limitation

If the sum of all the capital losses is more than the sum of all the capital gains, then these capital losses are allowed as a deduction only to the extent of the smaller of the net loss or $3,000.

For any year (including the final year) in which capital losses exceed capital gains, the estate or trust may have a capital loss carryover. Use the *Capital Loss Carryover Worksheet* (above) to figure any capital loss carryover. A capital loss carryover may be carried forward indefinitely. Capital losses keep their character as either short-term or long-term when carried over to the following year.

Part V—Tax Computation Using Maximum Capital Gains Rates

Line 22

If the estate or trust received qualified dividends or capital gains that were derived from income in respect of a decedent and a section 691(c) deduction was claimed, you must reduce the amount on Form 1041, page 1, line 2b(2), or Schedule D, line 18, (line 7 of the Schedule D Tax Worksheet, if applicable) by the portion of the section 691(c) deduction claimed on Form 1041, page 1, line 19 that is attributable to the estate's or trust's portion of qualified dividends or capital gains.