



Name _____

"So you sold some property this year, eh?"

Capital Gains and Losses
(continued)

- I. Classifying transactions
 - a. make two piles
 - b. sum the two piles
 - c. consider how to combine the two results
 1. when signs are alike and
 2. when signs are different
- II. Problem 5-48

Classifying Transactions
Combine the Two Results?

NSTCG(L) **NLTCG(L)**

+G
-L **+G**
-L

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Situation 1

AGI	\$40,000
STCG	6,000
STCL	(2,000)
LTCG	3,500
LTCL	(2,500)

Situation 2

AGI	\$50,000
STCG	2,000
STCL	(5,000)
LTCG	15,000
LTCL	(4,000)

Situation 3

AGI	\$60,000
STCG	5,000
STCL	(4,000)
LTCG	10,000
LTCL	(12,000)

Situation 4

AGI	\$70,000
STCG	6,000
STCL	(15,000)
LTCG	9,000
LTCL	(4,000)

What if LTL were \$16,000?

AGI \$70,000
 STCG 6,000
 STCL (15,000)
 LTCG 9,000
 LTCL (16,000)

III. Problem 5-61

Painting		
Stock		
Land		

IV. Rates of Tax – simplified version

28%		
25%		
20%		
18%		
10%		
8%		

V. Problem 5-43

A	gain from stock held 7 months	
B	gain from antique clock held 6 years	
C	gain from stock held 3 years	

VI. Problem 5-49

2003

AGI \$40,000
 STCG 4,000
 STCL (9,000)
 LTCG 6,000
 LTCL (5,000)

	<u>2004</u>
AGI	\$50,000
STCG	5,000
STCL	(3,000)
LTCG	10,000
LTCL	(21,000)

	<u>2005</u>
AGI	\$60,000
STCG	7,000
STCL	(5,000)
LTCG	2,200
LTCL	(1,000)

	<u>2006</u>
AGI	\$70,000
STCG	10,000
STCL	(12,000)
LTCG	6,000
LTCL	(9,500)