

ST14-16 - Using Sch D Lines 1a and 8a

Only use this process if all the transactions on the return meet the requirements of this process.

You can enter directly on Sch D, 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:

- You received a Form 1099-B (or substitute statement) that shows **basis was reported to the IRS** (box 6b is checked on the 1099-B) and does not show a non-deductible wash sale loss in box 5, and
- You do not need to make any adjustments to the basis or type of gain or loss (short term or long term) reported on Form 1099-B (or substitute statement), or to your gain or loss.

In other words, these are transactions for which code “A” or “D” would ordinarily be entered in the 1099 column of the Cap Gn Wkt and for which no adjustment code(s)/value(s) need to be entered in columns (f)/(g).

If you choose to enter the aggregate totals for such transactions directly on Line 1a and/or 8a, do NOT also report them on the Cap Gn Wkt. You do not need to attach a statement to explain the entries on Line 1a and/or Line 8a and, if you e-file your return, you do not need to send copies of the brokerage statement (using transmittal Form 8453) to the IRS.

The amount included in Line 1a and/or 8a can be aggregated from multiple brokerage statements as long as the criteria above are met for each of the aggregated transactions (cost basis reported, no wash sales, and no adjustments). In this case, attach a scratch pad to the line 1a and/or 8a sales price and cost bases boxes to document the name of the brokerage firm and either the sales price or cost basis totals from that brokerage statement.

If there are transactions that do not meet the criteria for lines 1a or 8a (cost basis not reported, wash sales, or adjustments), then they must still be entered on the TaxWise Cap Gn Wkt, showing each transaction on a separate line. If consolidation is done for these transactions, you must still follow the procedures in special topics “Consolidating Capital Gains” and “Form 8453 Instructions”.

Rules for what Code to use in TY2014 TaxWise Cap Gn Wkt 1099 column:

Code	Information from TP
A or D	<ul style="list-style-type: none"> • 1099-B, Box 6b (Basis reported to IRS) is checked, and/or • Brokerage statement says something like: <ul style="list-style-type: none"> ○ Form 8949, Part I, with Box A checked, or ○ Form 8949, Part II, with Box D checked • Note: The aggregate totals for these transactions may be entered directly on Sch D (instead of entering on Cap Gn Wkt) if there are no column (f)/(g) adjustments <ul style="list-style-type: none"> ○ Use Line 1a for Short Term transactions (Type A) ○ Use Line 8a for Long Term transactions (Type D)
B or E	<ul style="list-style-type: none"> • 1099-B, Box 6a (Noncovered security) is checked, and/or • Brokerage statement says something like: <ul style="list-style-type: none"> ○ Form 8949, Part I, with Box B checked, or ○ Form 8949, Part II, with Box E checked • Note: Cost basis may be included by brokers as part of (substitute) 1099-B information, but, unless Box 6b (Basis report to IRS) is checked, Code “B” Or “E” should still be used on the Cap Gn Wkt • Note: These transactions may NOT be aggregated on Sch D, Line 1a and/or 8a
C	<ul style="list-style-type: none"> • There is no (substitute) 1099-B information available • Note: These transactions may NOT be aggregated on Sch D, Line 1a and/or 8a

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Example

You receive a Brokerage statement with a substitute 1099-B showing 12 Long Term transactions. There are no wash sales or adjustments for any of the 12 transactions. You have no other 1099-B transactions.

The first 10 transactions are grouped together under a heading saying to use Form 8949, Part II, Code D (Long Term / Box 6b checked (Basis reported to IRS) with total proceeds of \$10,000 and total cost or other basis of \$11,157. These transactions meet all the necessary criteria, so, instead of entering the details for these transactions on the Cap Gn Wkt, you choose to enter just the total proceeds and total cost basis directly on Sch D Pg 1, Line 8a. [Note: TW will not generate Form 8949 Pg 2A in the tree for these.]

(If you were to choose to enter the details for these 10 transactions on the Cap Gn Wkt (as usual), then the details would automatically flow to Form 8949, Pg 2A, and the totals would then flow to Sch D Pg 1, Line 8b.)

The remaining 2 transactions are grouped together under a heading saying to use Form 8949, Part II, Code E (Long Term / Box 6a checked (Noncovered security) with total proceeds of \$2,000 and total cost or other basis of \$702. Even though the statement shows the total proceeds and total cost basis for these transactions, the cost basis was NOT reported to the IRS, so you cannot include these transactions on Sch D Pg 1, Line 8a - you must enter the details for these 2 transactions on the Cap Gn Wkt (as usual). The details will automatically flow to TW Form 8949, Pg 2B, and the totals will then flow to Sch D Pg 1, Line 9.

Part II: Long-term Capital Gains and Losses - Assets Held More Than One Year				
Link to page 2 of Form 8949 from line 8b, 9, or 10 below or link to the Capital Gain / Loss worksheet from the long-term sales line.	(d) Sales price	(e) Cost or other basis	(g) Adjustments to gain or loss	(h) Gain or loss
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b	10000	11157		-1157
b Totals for all transactions reported on Form(s) 8949 with box D checked	0	0	0	0
9 Totals for all transactions reported on Form(s) 8949 with box E checked	2000	702	0	1298
10 Totals for all transactions reported on Form(s) 8949 with box F checked	0	0	0	0
Long-term totals	12000	11859	0	141

Entered Directly (points to 10000 and 11157)

From Cap Gn Wkt (points to 0, 0, 0, 0 in row b)