

ST13-12 Consolidating Capital Gains

If using 1040 Sch D Line 1a or 8a to report aggregate totals, do not use this process.

If there are a large number of capital gain/loss transactions on a brokerage statement, it may be more efficient to consolidate multiple transactions on the statement into a single line on the TaxWise Capital Gain or Loss Transactions Worksheet (Cap Gn Wkt). Although time may be saved by entering fewer lines, there will be more time required for Quality Review plus preparing and sending the necessary paperwork to the IRS – always consult with your Site Coordinator / ERO before using this approach.

Capital Gain or Loss Transactions Worksheet (Cap Gn Wkt)

Use a separate line on the Cap Gn Wkt for each combination of:

- Brokerage
- Short Term or Long Term
- Form 8949 code A or B (code C transactions would not apply)

Column	Heading	Entry
(a)	Description of Property	Enter the name of the brokerage
	1099	Enter A or B (A transactions cannot be combined with B transactions on a single line)
	T / S / J	As usual
	*	Still out-of-scope
(b)	Date acquired	If Long Term, then VA/RI/OUS If Short Term then 01/01/2013 [see Note 1]
(c)	Date sold	12/31/2013 (or date of latest transaction for this line)
(d)	Sales price	Total sales price for all transactions on this line
(e)	Cost or other basis	Total cost or other basis for all transactions on this line
(f)	Code	M (code signifying this line contains consolidated transactions) [See Note 2]
(g)	Adjustments to gain or loss	Leave zero and make un-red (F3 or Ctrl-Space) [See Note 2]
(h)	Gain or loss	Calculated by TW
	S / L	Calculated by TW

Note 1: Although not strictly following Form 8949 Instructions, this approach avoids having to override the S/L column

Note 2: If there are other code(s) required for the transactions included in this line, then add the appropriate code(s) in column (f) and the total of related amounts in column (g). (Note: codes in column (f) should be in alphabetical order to avoid IRS rejects.)

Form 8949 (8949 Pg xx)

If there are no other code(s) required for the transactions, you will also need to make column (g) un-red (F3 or Ctrl-Space) on the appropriate Form 8949 page.

Schedule D – Capital Gains and Losses (Sch D Pg 1)

Check the box at the top “Check here if you want to attach a substitute list to Form 8453”. This will automatically include form 8453 in the tree with the appropriate box checked.

Paperwork

- Form 8453
 - Attach copy of each applicable form 8949 page
 - Attach copy of applicable brokerage statement pages
- See: Special Topic document “Form 8453 Instructions” for more detail