

Sales of Capital Assets Reported on Individual Income Tax Returns, 1985

by Gerald Auten and Janette Wilson

The taxation of capital gains is one of the more controversial areas of the individual income tax system. Debates about capital gain taxes have generally focused on such issues as the lock-in effects on decisions to sell or hold capital assets, the revenue and distributional effects of changes in tax rates, and the effectiveness of preferential tax rates for capital gains as incentives for saving, investment, and risk-taking. As a result of these debates, the tax rules applying to capital gains have changed relatively often, and policymakers and researchers are keenly interested in information about capital gains. While information about total short- and long-term capital gains and losses is available every year, detailed data on individual transactions have not generally been collected annually. In order to provide more detailed information about individual capital gain transactions, special sales of capital assets studies have been conducted from time to time in which detailed information about capital gain transactions has been collected. This article presents information about the 1985 Sales of Capital Assets Study to update information in the previous study for 1981 and provide a benchmark for future studies that will present data for more recent years.

Highlights from the 1985 statistics include the more than doubling of capital gains as compared to 1981, with increases in gains from almost all types of assets. Corporate stock, real estate, and the combined gains from partnerships, S Corporations, and estates and trusts continued to be the largest sources of capital gains. Only about 4 percent of the capital gains from the sale of principal residences were subject to tax. About 35 percent of such gains were excluded under the one-time exclusion for taxpayers age 55 and over. Most of the remaining gains went to taxpayers who purchased or intended to purchase replacement residences. Additional tables provide information on the distribution of capital gains and losses by types of assets sold, by income class, by holding period, and by month of sale.

Overview of Capital Gain Tax Law for 1985
Under the income tax law in effect for 1985, indi-

vidual taxpayers were permitted to exclude 60 percent of net long-term capital gains (in excess of any short-term capital losses) in computing "adjusted gross income" (AGI). As a result, the maximum statutory tax rate on long-term capital gains for 1985 was 20 percent (40 percent of the maximum rate of 50 percent). For taxpayers with net capital losses, 50 percent of net long-term capital losses and 100 percent of net short-term losses were deductible against ordinary income up to the loss limit of \$3,000. Additional capital losses could be carried forward to future years to offset future capital gains or ordinary income. The holding period required to be eligible for long-term capital gain treatment was 6 months for assets acquired after June 22, 1984, and 12 months for assets acquired before that date. Thus, for sales of capital assets during 1985, the holding period requirement was 6 months for recently purchased assets and 12 months for longer held assets. Net short-term capital gains on assets with holding periods less than the requirement for long-term treatment were fully included in income.

While sales of principal residences were subject to capital gain taxes, few taxpayers actually reported a taxable capital gain when residences were sold because of two special provisions in the tax code. First, taxpayers who purchased a replacement residence with a purchase price at least as high as the sales price of the previous residence were permitted to postpone capital gain taxes by rolling over any capital gains into the new residence. Capital gains were subject to tax to the extent that the cost of a replacement residence was less than the cost of the previous residence. This provided an incentive for taxpayers to purchase a replacement residence at least as expensive as the previous residence. The taxpayer's "basis" in the previous residence carried over to the new residence, adjusted for any additional investment. Second, taxpayers age 55 and over were allowed to claim a one-time exclusion of up to \$125,000 of capital gain from the sale of a residence [1].

Capital gain tax rates were lower for most taxpayers for 1985 than for 1981, because of the lower rates enacted in the Economic Recovery Tax Act (ERTA) of 1981. For example, for a family of four with the median income for such families, the effective tax rate on long-term capital gains was reduced from 9.48 percent for 1981 to 8.80 percent for 1985

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[2]. For a family with twice the median income, the rate was reduced from 16.98 percent to 15.20 percent. The maximum statutory tax rate on long-term gains was reduced from the 28-percent rate in effect prior to 1981 to 20 percent. Long-term capital gains on assets sold prior to June 10, 1981, were taxed at rates up to 27.65 percent (40 percent of the maximum ordinary rate of 70 percent less a 1.25-percent credit allowed against 1981 taxes). Long-term capital gains on assets sold after June 9, 1981, were

allowed an alternative tax rate of 20 percent, because Congress did not want taxpayers to postpone sales of capital assets until 1982 in order to qualify for lower rates.

Capital Gain Realizations for 1985 and Comparisons with 1981

As shown in Figure A, long-term gains more than doubled from \$90.4 billion for 1981 to \$188.2 billion for 1985 [3]. The increases in reported long-term

Figure A

Short-Term and Long-Term Capital Gains and Losses, by Selected Type of Asset, 1981 and 1985

[Money amounts are in millions of dollars]

Transactions by asset type ¹	1981			1985		
	Gains	Losses	Net gains or losses	Gains	Losses	Net gains or losses
	(1)	(2)	(3)	(4)	(5)	(6)
Short-term transactions:						
Total.....	9,901	16,370	-6,469	10,077	11,285	-1,208
Corporate stock.....	4,431	6,495	-2,064	5,046	3,519	1,526
Mutual funds.....	52	52	--	227	238	-11
Other securities.....	398	1,017	-619	248	282	-35
Options and futures contracts.....	1,820	2,669	-849	2,160	2,586	-426
Partnerships, S Corporations, and estate and trust interests.....	77	668	-591	132	113	19
Pass-through gains and losses from partnerships, S Corporations, and estates and trusts.....	721	(²)	721	1,383	1,359	25
Residential rental property.....	271	90	180	182	18	164
Residences.....	275	(²)	275	(²)	1	-1
Other assets.....	1,856	5,379	-3,522	700	3,170	-2,470
Long-term transactions:						
Total.....	90,398	11,567	78,839	188,232	21,566	166,666
Corporate stock.....	30,981	5,869	25,112	71,092	11,182	59,911
Mutual funds.....	335	175	159	1,341	543	798
Capital gain distributions.....	3,648	N/A	3,648	4,108	N/A	4,108
Other securities.....	667	2,567	-1,890	2,806	1,043	1,764
Options and futures contracts.....	1,863	660	1,203	1,246	763	483
Partnerships, S Corporations, and estate and trust interests.....	1,594	720	874	6,003	490	5,513
Pass-through gains and losses from partnerships, S Corporations, and estates and trusts.....	7,093	(²)	7,093	35,459	2,960	32,499
Residential rental property.....	7,958	191	7,766	18,566	920	17,646
Depreciable business personal property.....	3,576	24	3,552	1,335	443	891
Depreciable business real property.....	3,420	N/A	3,419	14,067	739	13,328
Residences.....	2,967	2	2,965	3,620	(²)	3,620
Other assets.....	26,296	1,358	24,938	28,590	2,483	26,107

N/A - Not applicable.

¹ Certain asset categories are combined to obtain consistent definitions for 1981 and 1985. "Other securities" include U.S. Government obligations, State and local Government obligations, and other bonds, notes, and debentures. Options and futures contracts include put and call options and futures contracts. Livestock, timber, involuntary conversions, farmland, other land, and unidentifiable assets are combined under "other assets."

² Less than \$500,000.

NOTE: Detail may not add to totals because of rounding.

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capital gains reflected increases in economic activity, as well as changes in tax rates. Stock prices increased significantly, with the annual average for the S&P 500 stock price index having increased by 46 percent as compared to 1981 [4]. Real gross domestic product (GDP) increased by an average of 4.8 percent over the 3-year period from 1982 to 1985. In addition, as discussed previously, tax rates on long-term capital gains were lower for 1985 than for 1981, thereby lowering the tax cost of realizing long-term gains.

In contrast, short-term gains were virtually unchanged from 1981 to 1985 at just about \$10 billion, while short-term losses declined from \$16.4 billion to \$11.3 billion. One factor in this change may have been the reduction in the holding period during which taxpayers could take short-term capital losses, from 1 year to 6 months for assets purchased after June 22, 1984. The 86-percent increase in long-term capital losses from \$11.6 billion to \$21.6 billion is consistent with this explanation.

Sales of corporate stock (excluding those through mutual funds) were the largest single component of both capital gains and capital losses, accounting for 38 percent of total gains and 45 percent of total losses (Figure B). Other major categories of gains were those from partnerships, S Corporations, and estates and trusts combined, and from residential rental property. Gains from the sale of principal residences accounted for only 2 percent of gains subject to tax. This represented only a small percentage of gains actually realized on the sale of residences because, as noted above, most realized capital gains on principal residences were not taxed.

Long-term gains on corporate stock increased more rapidly than total long-term gains, more than doubling from \$31.0 billion for 1981 to \$71.1 billion for 1985. Net short-term gains from corporate stock sales changed from a net loss of \$2.1 billion for 1981 to a net gain of \$1.5 billion for 1985. This \$3.6-billion change was the result of a nearly \$3.0-billion decrease in short-term losses and a \$0.6-billion increase in short-term gains, and reflects the economic and holding period factors discussed above.

Mutual fund holdings generate two types of capital gains: capital gain distributions and capital gain or loss when mutual fund shares are sold. Each year, mutual funds, i.e., regulated investment companies, distribute capital gains realized on asset sales to

their shareholders, who are then taxed on those gains. Capital gain distributions increased from \$3.6 billion for 1981 to \$4.1 billion for 1985. Long-term gains from the sale of mutual fund shares increased from \$0.3 billion for 1981 to \$1.3 billion for 1985, while long-term losses increased from \$0.2 billion to \$0.5 billion.

Interests in partnerships, S Corporations, and estates and trusts combined could also lead to two types of capital gains: “pass-through” gains and gains resulting from the sale of ownership interests. Capital gains and losses on assets sold by these entities are allocated to the partners, shareholders, and beneficiaries, respectively, for taxation. For 1985, taxpayers reported \$35.5 billion in long-term pass-through gains, approximately five times the \$7.1 billion reported for 1981. Sales of ownership interests in these entities resulted in \$6.0 billion of long-term gains and \$0.5 billion of long-term losses for 1985. Both types of long-term gains from these entities increased much more rapidly than other capital gains, and, as a result, the combined share from this source increased from 9.6 percent of long-term gains for 1981 to 22.0 percent for 1985.

Detailed Tables

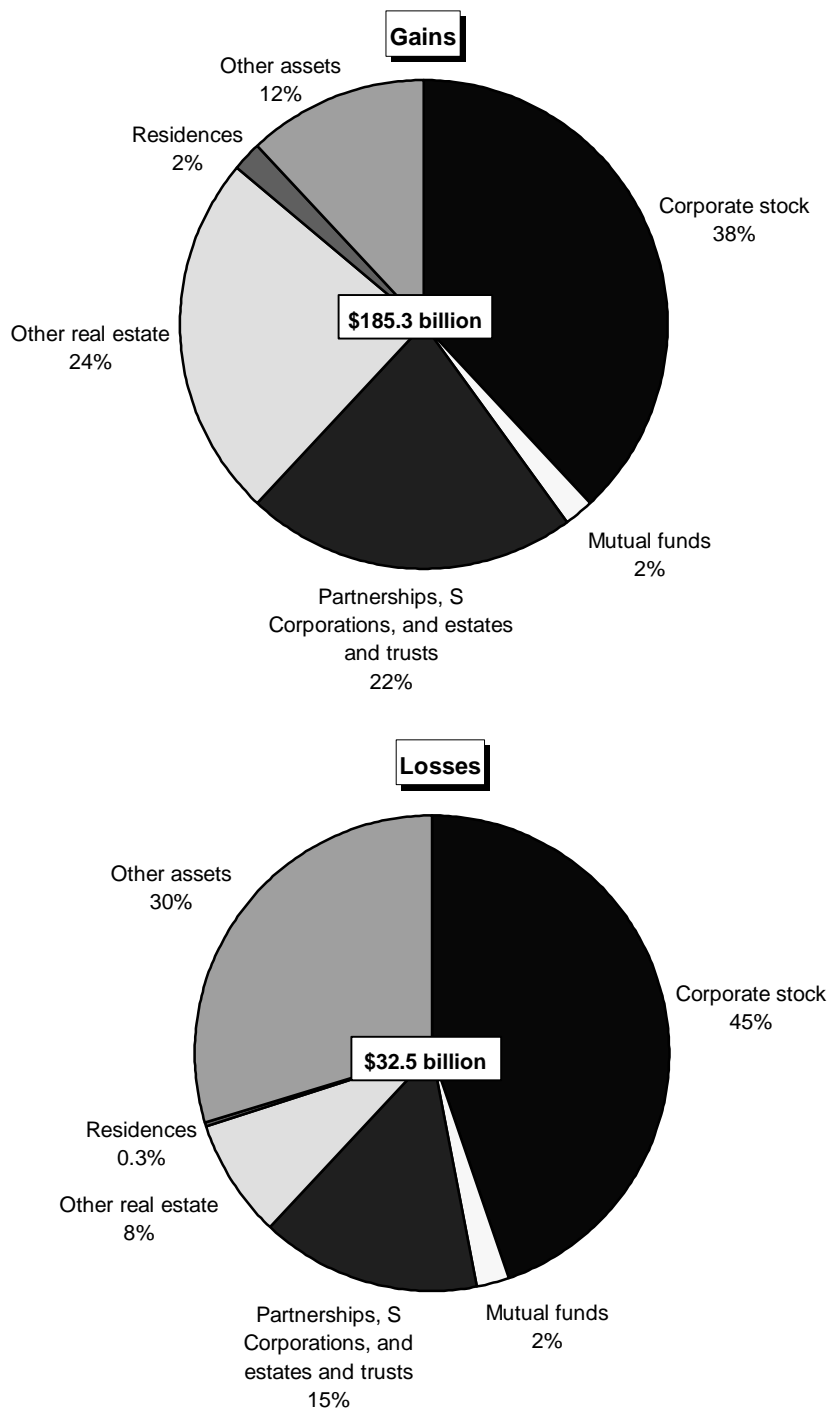
Tables 1 through 6 present detailed data on sales of capital assets for 1985. In order to account for all sources of capital gains and losses, Tables 1 and 2 present aggregated data from transactions reported on Schedule D (*Capital Gains and Losses and Reconciliation of Forms 1099-B*), Form 2119 (*Sale or Exchange of Principal Residence*), Form 4797 (*Gains and Losses From Sales or Exchanges of Assets Used in a Trade or Business and Involuntary Conversions*), Form 6252 (*Installment Sales*), capital gain distributions reported directly on the individual’s income tax return (Form 1040), and capital gains and losses reported on other forms and carried to Schedule D [5]. Tables 3 and 4 present information on holding periods and months of sale for transactions for which that information was reported on Schedule D, Form 4797, and Form 6252. Table 5 provides detailed information on sales of principal residences (Form 2119), while Table 6 shows detailed information on installment sales (Form 6252).

Table 1 shows the distribution of gain and loss transactions by asset type and by whether they were

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Figure B

Capital Gains and Losses by Selected Type of Asset, 1985



NOTES: Mutual funds include tax-exempt mutual funds and capital gain distributions. Partnerships, S Corporations, and estates and trusts include sale of ownership interests and pass-through gains and losses. Other real estate includes residential rental property, depreciable business real property, farmland, and other land.

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treated as short-term or long-term. Taxpayers reported 32 million long-term transactions and 12 million short-term transactions for 1985. Capital gain distributions reported either on Form 1040 or on Schedule D, and pass-through gains from partnerships, S Corporations, and estates and trusts, are all counted as one transaction for this purpose, even though such gains may have come from more than one entity. Over two-thirds of the long-term transactions resulted in capital gains, as compared to 55 percent of short-term transactions. Sales of corporate stock were the largest single category of both short-term and long-term transactions, whether measured by the amount of gain, loss, sales price, or basis.

Table 2 shows the distribution of short- and long-term gains and losses by AGI class for selected asset types. Approximately 2 million taxpayers reported short-term capital gains or losses on corporate stock, and 5 million reported long-term capital gains or losses on corporate stock. These taxpayers reported 6.4 million short-term gain or loss transactions and 15.8 million long-term gain or loss transactions, an average of 3.2 short-term and 3.1 long-term transactions per return. The number of transactions per return increased with income. For example, taxpayers with \$1 million and over in AGI reported an average of 14.6 short-term gain or loss corporate stock transactions per return as compared to 2.7 such transactions per return for taxpayers with AGI under \$50,000. Long-term capital gains from the sale of corporate stock were more highly concentrated than total capital gains. For example, taxpayers with an AGI of \$1 million or more accounted for 29 percent of long-term gains from the sale of corporate stock, but only 20 percent of total long-term gains.

Table 3 shows the month of sale for selected asset types for transactions for which the date of sale was reported [6]. One highlight of this table is that it illustrates the taxpayer tendency to realize capital losses in December so as to be able to deduct these losses for the tax year about to end, while realizing capital gains throughout the year. For sales of corporate stock, short-term gains were highest early in the year, while short-term losses in December were twice as high as any other month, accounting for 23 percent of all losses for the year on transactions for which a month of sale was reported. Similarly, long-term losses in December 1985 accounted for 24 percent of all long-term losses from the sale of cor-

porate stock, with gains spread more evenly throughout the year.

Table 4 shows the distribution of transactions by holding period for selected asset types. For sales of corporate stock, the volume of transactions generally declined the longer the holding period. For more than one-third of short-term corporate stock transactions with gains, the holding period was less than 1 month. In contrast, the volume of real estate transactions was greater for longer holding periods, with the largest number having a holding period between 5 and 10 years.

As shown in Table 5, only 179,000 of the nearly 1.3 million Forms 2119 filed to report sales of principal residences showed a taxable capital gain. While taxpayers reported total capital gains from the sales of such residences of \$38.2 billion, taxable gains were only about 4 percent of that amount, or \$1.5 billion [7]. As discussed earlier, most gains from the sale of principal residences were not taxed because of the one-time exclusion for taxpayers age 55 and over, and the rollover of gains into replacement residences. The one-time exclusion of up to \$125,000 for taxpayers age 55 and over was claimed by 256,000 taxpayers, who were able to exclude a total of \$13.5 billion. About 10 percent of taxpayers claiming the one-time exclusion had taxable gains because their realized gains were larger than the exclusion and they did not roll over their gains into a replacement residence. About half of taxpayers filing Form 2119 reported purchasing a replacement residence, including some taxpayers who had also claimed the one-time exclusion. By purchasing a replacement residence, taxpayers were able to roll over gains of \$16.5 billion, thereby postponing tax on those gains. About 15 percent of taxpayers purchasing replacement homes had taxable gains, generally a result of purchasing a less expensive home. Some taxpayers filed Form 2119 with the intention of purchasing a replacement home within the 2-year replacement period. These taxpayers likely accounted for most of the reported gains on sales that were not taxable and not accounted for by the one-time exclusion and rollover provision.

Information on installment transactions reported on Form 6252 for 1985 is shown in Table 6. In general, capital gains are recognized for tax purposes in the year that assets are sold or exchanged. Under rules for installment sales, however, when the seller

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receives at least one payment in a tax year after the year of sale, capital gains from the sale are prorated and recognized in the years in which the payments are received. An example of an installment sale is the sale of real estate with the seller receiving payments spread over 10 years. The capital gain in any year is calculated by multiplying the payments received in that year by the ratio of gross profits to the total sales price for the transaction. There are various restrictions on the use of the installment sale method, including denial of use for dealers or for sales of inventory. For the year of sale, the full sales price, basis, and capital gain are reported, along with the portion of the gain taxable that year. For subsequent years, only the prorated gain is reported. As shown in the upper portion of Table 6, there were 484,000 “new” installment sales made in 1985. The second part of the table shows data on the calculation of taxable capital gains from current- and prior-year installment sales.

Data Sources and Limitations

In addition to serving as the basis for the statistics presented in this article, the 1985 Sales of Capital Assets Study became the basis for a small, 12,000-return multiyear panel study of the same taxpayers over time [8]. Results from that panel study will be the subject of future *Bulletin* articles. Previous sales of capital assets studies were conducted for various tax years, including 1936, 1959, 1962, 1973, 1977, and 1981 [9].

The sample used for the 1985 study is a representative stratified random subsample of returns drawn from the full sample used for *Statistics of Income—1985, Individual Income Tax Returns*. The full sample was comprised of 121,480 returns selected before any IRS audit examinations from a population of 101,836,347 returns. The subsample consisted of 56,649 returns, of which 32,302 reported sales of capital assets. The effective sampling rates for the Sales of Capital Assets subsample ranged from 0.033 percent to 65.05 percent. For a more detailed description of the sample strata and design, see pages 4 to 6 of *Statistics of Income—1985, Individual Income Tax Returns*. Because the sales of capital assets studies are based on subsamples, the various capital gain or loss totals will not necessarily match those published in *Statistics of Income—1985, Individual Income Tax Returns*.

For the 1985 study, information on over 350,000 transactions was transcribed from the 32,302 returns, which were then weighted to produce national totals. Transactions were categorized by asset type based on the description provided by the taxpayer on the tax forms or schedules, and the requirements for using the specific form or schedule. Data were recorded on the sales price, cost or other basis, depreciation allowed (if any), gain or loss, and the dates of acquisition and sale. Schedule D (*Capital Gains and Losses and Reconciliation of Forms 1099-B*) was the source of most of the data. Capital gain or loss totals from this schedule were then carried forward into the computation of adjusted gross income on the Form 1040 individual income tax return. Transactions on certain related forms and schedules result in capital gains that are carried to Schedule D. In order to account for all sources of capital gains, information was also transcribed on transactions on Form 2119 (*Sale or Exchange of Principal Residence*), Form 4797 (*Gains and Losses From Sales or Exchanges of Assets Used in a Trade or Business and Involuntary Conversions*), and Form 6252 (*Installment Sales*). In addition, the data were supplemented by data from the full Statistics of Income sample for taxpayers whose only capital gains were from capital gain distributions. Such taxpayers could report those capital gain distributions directly on the Form 1040 individual income tax return without using a Schedule D, and, therefore, their tax returns were not included in the 1985 Sales of Capital Assets study.

In general, the statistics are based on data reported by the taxpayer. For some transactions, however, taxpayers reported only the amount of gain or loss, and not the sales price or basis. For purposes of the statistics, the sales price was set equal to the gain when only the gain was reported. When only a loss was reported, the cost or basis was made equal to the loss. In addition, for some transactions, the dates of acquisition or sale were not reported. Moreover, in certain situations, taxpayers were allowed to state “various” or “inherited” rather than actual dates of acquisition. Transactions for which dates of acquisition or sale were incomplete or missing are reflected in the statistics under “holding period not determinable” or “month of sale not determinable.”

Because the data presented in this article are estimates based on a sample of returns, they are subject to sampling error, as well as nonsampling

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Figure C

Coefficients of Variation (CV's) for Selected Frequency Estimates, Statistics of Income Compared to the Sales of Capital Assets Study, 1985

Coefficient of variation	Number of returns with--					
	Net capital gain	Net short-term capital gain	Net long-term capital gain	Net capital loss	Net short-term capital loss	Net long-term capital loss
	(1)	(2)	(3)	(4)	(5)	(6)
Statistics of Income:						
Number of returns.....	8,458,186	1,694,777	8,208,385	2,667,409	1,879,908	2,070,996
Coefficients of variation (percentage).....	1.31	2.98	1.33	2.41	2.69	2.80
Sales of Capital Assets Study:						
Number of returns.....	8,441,844	1,755,894	8,167,086	2,709,494	1,968,345	2,057,193
Coefficients of variation (percentage).....	2.12	4.71	2.15	3.95	4.33	4.61

error. To properly use the data, coefficients of variation (CV's) are used to measure the magnitude. Figure C compares estimated CV's for selected frequencies based on the full Statistics of Income sample of returns and the subsample used for the statistics in this article. For example, consider returns with net capital gains in column 1 of Figure C. The estimate for net capital gains based on the full sample as published in *Statistics of Income—1985, Individual Income Tax Returns* was 8,458,186 returns, subject to a CV of 1.31 percent. Using the subsample, the number was 8,441,844 returns with a CV of 2.12 percent. If the estimate was based on a simple subsample instead of a stratified subsample, the CV would have been higher, 2.81 percent. However, since higher income returns were selected at higher rates for the subsample actually used, the CV was reduced. In general, CV's based on the subsample used were 1.6 times larger than those based on the full Statistics of Income sample. The reliability of estimates based on samples and the use of coefficients of variation for evaluating the precision of estimates based on samples are discussed in detail in the appendix to this *Bulletin*.

Explanations of Selected Terms

Categories of Assets:

Corporate stock.--Includes shares of common and preferred stock, and stock warrants. Short sales of

corporate stock were also included. Does not include sales of shares of mutual funds and real estate investment trusts.

Mutual funds, except tax-exempt bond funds.--Includes sales of shares of mutual funds (regulated investment companies) and real estate investment trusts (REIT's), except mutual funds that invest in tax-exempt securities, which were classified separately.

Tax-exempt bond mutual funds.--Includes sales of shares of mutual funds and investment trusts that invest in bonds and other debt obligations of State and local Governments. The interest on such obligations is generally exempt from Federal income taxes.

Capital gain distributions.--Includes distributions by mutual funds to shareholders of their allocated shares of capital gains from the sale of assets by the mutual funds. Mutual funds are required to distribute all such gains to their shareholders each year.

U.S. Government obligations.--Includes bonds, notes, and bills issued by the U.S. Government or Federal agencies.

State and local Government obligations.--Includes bonds, notes, bills, and other debts issued by States, cities, or local Governments. Both private activity and Government obligation bonds are included.

Other bonds, notes, and debentures.--Includes

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bonds and other debt obligations issued by corporations and all other types of debt obligations.

Put and call options.--A call option gives the holder the right to buy the underlying asset by a certain date for a certain price. A put option gives the right to sell an asset by a certain date for a certain price. This category includes put and call options, straddles, and futures contracts on corporate stock.

Futures contracts.--Includes futures contracts on commodities, foreign currency, interest rates, stock price indexes, and other financial derivatives and instruments (other than those whose underlying asset is corporate stock).

Partnerships, S Corporations, and estates and trusts (fiduciaries).--This combined category includes sales of partnership interests and shares of stock of S Corporations. S Corporations are corporations with a limited number of shareholders and meeting certain other requirements. The earnings of S Corporations are not taxed under the corporate income tax, but are instead allocated to shareholders and taxed at the individual shareholder level.

Pass-through gains and losses.--Includes capital gains on assets sold by partnerships, S Corporations, and estates and trusts (fiduciaries), and distributed to be taxed at the individual partner, shareholder, and beneficiary levels, respectively. Transactions involving partnerships, for which no sales price and basis were reported, were assumed to be pass-through gains.

Livestock.--Includes cattle and other animals held for work, breeding, or bearing fur, and depreciable animals (see Section 1231 gains and losses, below).

Timber.--Includes cut or standing timber, and timber sales qualifying for section 1231 treatment (see Section 1231 gains and losses, below).

Involuntary conversions.--Includes involuntary exchanges such as those resulting from destruction, theft, condemnation, or eminent domain. Gain is recognized to the extent that the net proceeds from an involuntary conversion are not invested in replacement property (see Section 1231 gains and losses, below).

Residential rental property.--Includes apartments, duplexes, motels, nursing homes, and similar residential properties for rental occupancy.

Depreciable business personal property.--Includes property used in business such as equipment, machinery, and vehicles. The portion of any gain

due to previous deductions for depreciation is not included in capital gain, but was "recaptured" as ordinary income.

Depreciable business real property.--Includes office buildings, shopping malls, factory buildings, warehouses, and similar real property. The portion of any gain due to previous deductions for accelerated depreciation in excess of straight-line was not included in capital gains, but was "recaptured" as ordinary income.

Farmland.--Includes farm and ranch land, farms, and ranches. Also includes farmland with unharvested crops (see Section 1231 gains and losses, below).

Other Land.--Includes undeveloped land other than farmland.

Residences.--Includes principal residences, secondary residences, and vacation homes.

Principal Residences (Table 6).--In general, a principal residence is the home in which the taxpayer lives. A taxpayer may not have more than one principal residence at any time. For a taxpayer with more than one home, the principal residence is the one the taxpayer lives in most of the time.

Other assets.--Includes other assets not included in the above categories, such as collectibles, boats and trailers, leases, bad debts, retirement plan distributions, copyrights, and patents.

Unidentifiable.--Includes assets where the description is unreadable, unidentifiable, or not reported.

Bonds and other securities (Tables 2, 3, and 4).--This is a combination asset category that includes U.S. Government obligations, State and local Government obligations, and other bonds, notes, and debentures.

Real estate (Tables 2, 3, and 4).--This is a combination asset category that includes residential rental property, depreciable business real property, farmland, and other land, but excludes residences because the dates of acquisition and sale are not reported.

Other Terms:

Basis.--The original cost of the investment adjusted, when appropriate, by adding the costs of any improvements, expenses of sale such as broker commissions, and other capital costs such as broker and lawyer fees incurred in the purchase of the asset. In addition, where relevant, depreciation, amortiza-

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tion, and depletion deductions on the asset are subtracted in computing the basis.

Capital asset.--Property owned and used for investment and personal or pleasure uses. For example, a taxpayer's house, furniture, car, and corporate stock and bonds are capital assets. Capital assets do not include stock in trade and other property held for sale to customers, copyrights, a literary, musical, or artistic composition created by the taxpayer's personal efforts, certain property used in trade or business, and certain other property.

Contract price (for installment sales).--The total of all principal payments received by the seller on the installment sale. If the debt assumed by the buyer exceeds the seller's basis in the property, the difference is considered to be an additional principal payment and is added to the contract price.

Gain (or loss).--The gross gain (or loss) was the difference between the sales price and the cost or other basis, less any depreciation.

Gain on sale (Table 5).--This is the gain from the sale of a principal residence before subtraction of the one-time exclusion for taxpayers age 55 and over, and without accounting for the rollover of gains into a replacement residence.

Income recapture.--Certain deductions for depreciation, intangible drilling costs, and soil, water, and land-clearing expenses that reduce the basis of assets are recaptured by taxing them as ordinary income rather than as capital gains. This portion of the total gain on the sale of an asset is generally included in adjusted gross income as "other gains or losses."

Sales price.--The gross selling price of the asset, including the cash or fair market value of other property received. The sales price included at face value any of the seller's liabilities assumed by the purchaser, and any liabilities to which the property was subject, such as real estate taxes or mortgages. For installment sales (Table 6), any interest, stated or unstated, is not included in the selling price.

Section 1231 gains and losses.--Property used in a trade or business, property held for the production of rents or royalties, and property subjected to an involuntary conversion is known as section 1231 property, provided that it has been held long enough to qualify for long-term treatment. Such assets can be either capital or non-capital depending on the circumstances. Net gains on section 1231 property

are taxed as capital gains, while net losses on section 1231 property are deductible as ordinary losses. The amount of section 1231 gains eligible for capital gain treatment is reduced by the amount of any section 1231 losses deducted in the 5 most recent taxable years beginning after December 31, 1981.

Notes and References

- [1] These two provisions were repealed in 1997 and replaced with an exclusion of up to \$250,000 (\$500,000 for married taxpayers filing jointly). The new exclusion is allowed each time that the taxpayer meets the requirement that the residence has been owned and occupied for at least 2 of the 5 previous years. The exclusion cannot be claimed more than once in any 2-year period.
- [2] The tax rates are computed from information in a set of tables prepared by U.S. Department of the Treasury, Office of Tax Analysis, "Average and Marginal Federal Income, Social Security, and Medicare Tax Rates for Four Person Families and the Same Relative Positions in the Income Distribution, 1955-1999," January 15, 1998.
- [3] Positive amounts of capital gains (gross gains) are referred to simply as "gains," and gross losses as "losses." The terms net gain or net gain or loss are used when capital losses are netted against capital gains.
- [4] Standard and Poors, Statistical Service, *S&P Security Price Index Record*, 1998 Edition.
- [5] For Form 4797, only transactions reported in Part I (for property used in a trade or business and involuntary conversions other than fire and theft) and Part III (for gain from certain depreciable property) result in capital gain income and are included in statistics in this article. Transactions reported in Part II result in ordinary gains and losses and consequently are not included.
- [6] For sales of corporate stock, the month of sale was reported for 98 percent of short-term transactions and 96 percent of long-term transactions.
- [7] This is considerably less than the \$3.6 billion of gain on residences reported in Table 1. Most of the additional gains included in Table 1 are gains

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from installment sales that occurred in previous years. A small proportion reflects the sale of secondary residences and vacation homes.

- [8] In addition, the 1985 Sales of Capital Assets Study was Statistics of Income's first major project involving an on-line, real-time editing system. As a result, a relatively large number of people contributed to its development. Statistics of Income staff involved in development and implementation included Stephanie Alvord, Dan Holik, Susan Hostetter, John Labate, Barbara Longton Livingston, Laura Prizzi, Peter Sailer, and Janette Wilson. Office of Tax Analysis staff involved included Gerald Auten, Robert Gillette, James Nunns, and Gordon Wilson.
- [9] The results of some of the more recent sales of capital asset studies are reported in the following: The 1973 study was reported in detail in *Statistics of Income—1973, Sales of Capital Assets Reported on Individual Income Tax*

Returns, 1980. Results of the 1977 study were reported in Brame, Bertie and Gilmour, Keith, "Sales of Capital Assets, 1973-1980," *Statistics of Income Bulletin*, Volume 2, Number 1, Summer, 1982. Results of the 1981 study were reported in Clark, Bobby and Paris, Dave, "Sales of Capital Assets, 1981 and 1982," *Statistics of Income Bulletin*, Volume 5, Number 3, Winter 1985-86. Preliminary results of the 1985 study were reported in Holik, Dan; Hostetter, Susan; and Labate, John, "The 1985 Sales of Capital Assets Study," *Statistics of Income and Related Administrative Record Research: 1988-1989*, Internal Revenue Service, 1990. Preliminary results from the 1985 panel were reported in Longton, Barbara; Sailer, Peter; and Wilson, Janette, "How Sales of Capital Assets Were Affected by the Tax Reform Act of 1986," in *Statistics of Income, Turning Administrative Systems Into Information Systems*, 1994, March 1995.

SOURCE: IRS, *Statistics of Income Bulletin*, Spring 1999

Sales of Capital Assets Reported on Individual Income Tax Returns, 1985

Table 1.--Short-Term and Long-Term Capital Gains and Losses, by Asset Type--Continued

[All figures are estimates based on samples--transactions are in thousands, money amounts are in thousands of dollars]

Transactions by asset type	All transactions				Gain transactions					
	Number	Sales price	Basis	Net gain or loss	Number	Sales price	Basis	Gain		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
Short-term transactions										
Total.....	12,169	155,857,971	157,280,556	-1,208,285	6,647	82,237,258	74,014,511	10,076,871		
Corporate stock.....	6,391	70,931,182	69,404,896	1,526,258	3,874	47,443,448	42,397,501	5,045,517		
Mutual funds, except tax-exempt bond funds.....	347	4,057,430	4,123,615	-66,118	155	1,529,521	1,433,782	95,777		
Tax-exempt bond mutual funds.....	247	12,607,752	12,553,083	54,675	143	11,422,107	11,291,369	130,740		
U.S. Government obligations.....	107	19,476,444	19,437,986	38,460	17	5,633,480	5,549,252	84,224		
State and local Government obligations.....	253	9,288,153	9,263,933	24,218	140	4,282,311	4,184,247	98,055		
Other bonds, notes, and debentures.....	372	23,696,423	23,793,641	-97,239	93	2,714,650	2,649,242	65,365		
Put and call options.....	2,690	5,245,804	5,698,411	-452,623	1,378	3,565,575	1,972,563	1,592,796		
Futures contracts.....	211	1,686,019	1,846,009	26,736	74	511,693	413,951	567,264		
Partnership, S Corporation, and estate or trust interests..	212	521,033	502,218	19,009	113	264,397	132,662	131,731		
Pass-through gains or losses ¹	584	N/A	N/A	24,740	359	N/A	N/A	1,383,346		
Livestock.....	11	121,231	102,759	18,469	11	81,811	61,146	20,662		
Timber.....	8	122,931	128,544	-5,613	6	117,343	106,962	10,381		
Residential rental property.....	84	1,637,674	1,475,560	163,590	69	1,374,354	1,194,014	181,682		
Depreciable business personal property.....	29	67,222	52,440	14,774	21	62,677	46,841	15,828		
Depreciable business real property.....	18	558,577	536,891	22,576	12	436,778	369,890	67,057		
Farmland.....	1	49,866	15,206	34,660	1	42,067	7,173	34,894		
Other land.....	74	1,264,870	970,098	294,743	54	976,157	662,653	313,621		
Residences.....	12	352,365	344,240	7,779	7	251,496	242,577	8,572		
Other assets.....	387	2,718,196	5,474,729	-2,756,362	69	680,057	536,869	143,355		
Unidentifiable.....	133	1,454,799	1,556,297	-101,017	54	847,338	761,815	86,006		
Loss transactions										
Transactions with no gain or loss										
Transactions by asset type										
					Number	Sales price	Basis	Loss	Number	Sales price ²
					(9)	(10)	(11)	(12)	(13)	(14)
Short-term transactions										
Total.....					4,951	39,209,893	48,854,340	11,285,155	591	34,410,820
Corporate stock.....					2,384	21,659,382	25,179,059	3,519,259	133	1,828,353
Mutual funds, except tax-exempt bond funds.....					133	1,500,678	1,662,607	161,895	59	1,027,231
Tax-exempt bond mutual funds.....					86	519,935	596,003	76,065	17	665,711
U.S. Government obligations.....					41	7,554,528	7,600,298	45,764	49	6,288,436
State and local Government obligations.....					69	2,200,733	2,274,577	73,837	44	2,805,109
Other bonds, notes, and debentures.....					82	1,619,685	1,782,310	162,605	197	19,362,088
Put and call options.....					1,310	1,556,331	3,601,950	2,045,419	2	123,898
Futures contracts.....					133	1,161,784	1,419,515	540,527	4	12,543
Partnership, S Corporation, and estate or trust interests.....					98	127,683	240,405	112,722	1	128,953
Pass-through gains or losses ¹					225	N/A	N/A	1,358,605	(³)	N/A
Livestock.....					(³)	39,334	41,527	2,193	(³)	86
Timber.....					2	5,589	21,582	15,993	--	--
Residential rental property.....					8	251,891	269,984	18,092	7	11,429
Depreciable business personal property.....					2	3,548	4,602	1,054	25	997
Depreciable business real property.....					2	87,420	131,901	44,481	4	34,379
Farmland.....					(³)	1,999	2,233	234	(³)	5,800
Other land.....					7	137,197	156,075	18,878	13	151,516
Residences.....					4	100,869	101,663	793	--	--
Other assets.....					292	329,952	3,229,672	2,899,717	26	1,708,187
Unidentifiable.....					71	351,356	538,377	187,023	8	256,105

Footnotes at end of table.

Sales of Capital Assets Reported on Individual Income Tax Returns, 1985

Table 1.--Short-Term and Long-Term Capital Gains and Losses, by Asset Type--Continued

[All figures are estimates based on samples--transactions are in thousands, money amounts are in thousands of dollars]

Transactions by asset type	All transactions				Gain transactions			
	Number	Sales price	Basis	Net gain or loss	Number	Sales price	Basis	Gain
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Long-term transactions								
Total.....	32,376	366,895,344	230,901,666	166,666,417	23,069	300,113,612	147,909,183	188,232,400
Corporate stock.....	15,776	148,822,393	88,913,511	59,910,556	10,766	126,836,573	55,747,211	71,092,134
Mutual funds, except tax-exempt bond funds.....	1,032	6,572,882	5,732,955	839,941	577	4,688,844	3,513,860	1,174,945
Tax-exempt bond mutual funds.....	288	5,381,379	5,423,300	-41,910	157	1,583,469	1,417,167	166,296
Capital gain distributions.....	3,237	N/A	N/A	4,108,030	3,237	N/A	N/A	4,108,030
U.S. Government obligations.....	337	12,949,244	12,700,940	248,264	129	7,508,683	7,165,221	343,423
State and local Government obligations.....	1,120	20,266,515	19,325,418	941,067	633	9,553,128	8,070,525	1,482,523
Other bonds, notes, and debentures.....	482	6,759,138	6,184,646	574,508	246	3,864,466	2,883,996	980,470
Put and call options.....	226	1,468,946	1,288,190	180,746	131	1,016,355	682,075	334,246
Futures contracts.....	187	1,147,604	1,273,855	302,385	70	518,220	255,716	911,962
Partnership, S Corporation, and estate or trust interests..	340	9,230,850	3,689,289	5,512,752	247	8,429,808	2,421,617	6,002,588
Pass-through gains or losses ¹	2,302	N/A	N/A	32,498,956	1,716	N/A	N/A	35,459,351
Livestock.....	994	2,726,446	860,577	1,626,514	668	2,247,346	284,799	1,880,932
Timber.....	68	644,298	164,303	479,288	59	622,619	129,338	492,795
Involuntary conversions.....	19	5,446	2,103	292,532	19	2,703	958	292,766
Residential rental property.....	1,595	47,606,700	29,291,952	17,645,778	1,380	43,264,527	24,343,389	18,565,655
Depreciable business personal property.....	1,080	8,767,438	6,041,235	891,367	355	3,295,897	1,531,563	1,334,703
Depreciable business real property.....	649	28,774,873	15,052,154	13,327,605	541	25,606,217	11,266,885	14,066,560
Farmland.....	203	3,280,885	1,826,468	1,444,290	189	2,486,804	766,971	1,709,786
Other land.....	887	18,948,798	7,579,883	11,399,015	764	17,716,232	5,866,757	11,871,952
Residences.....	224	21,596,700	14,085,489	3,619,406	221	21,503,261	13,991,770	3,619,664
Other assets.....	658	12,140,338	6,265,469	6,252,225	443	10,675,862	4,093,208	7,027,077
Unidentifiable.....	672	9,804,473	5,199,931	4,613,102	519	8,692,197	3,476,158	5,314,543
Loss transactions								
Transactions with no gain or loss								
Transactions by asset type	Number	Sales price	Basis	Loss	Number	Sales price ²		
	(9)	(10)	(11)	(12)	(13)	(14)		
Long-term transactions								
Total.....	7,630	43,268,434	61,624,383	21,565,983	1,690	23,513,297		
Corporate stock.....	4,767	20,314,977	31,497,151	11,181,579	242	1,670,843		
Mutual funds, except tax-exempt bond funds.....	371	1,512,602	1,847,676	335,004	84	371,436		
Tax-exempt bond mutual funds.....	93	1,982,987	2,191,209	208,205	38	1,814,923		
Capital gain distributions.....		N/A	N/A	N/A	N/A	N/A		
U.S. Government obligations.....	156	3,456,872	3,552,030	95,159	51	1,983,689		
State and local Government obligations.....	322	4,449,090	4,990,597	541,456	165	6,264,296		
Other bonds, notes, and debentures.....	131	1,221,036	1,627,014	405,962	105	1,673,636		
Put and call options.....	94	422,783	576,308	153,499	1	29,807		
Futures contracts.....	117	626,809	1,015,964	609,577	(³)	2,176		
Partnership, S Corporation, and estate or trust interests.....	73	680,901	1,170,735	489,837	20	120,140		
Pass-through gains or losses ¹	583	N/A	N/A	2,960,395	3	N/A		
Livestock.....	222	223,640	477,091	254,418	104	255,460		
Timber.....	9	19,982	33,489	13,507	(³)	1,697		
Involuntary conversions.....	(³)	10	244	234	13	2,733		
Residential rental property.....	103	3,052,501	3,971,627	919,877	112	1,289,672		
Depreciable business personal property.....	223	785,679	1,228,647	443,336	502	4,685,862		
Depreciable business real property.....	46	1,865,542	2,599,877	738,956	62	1,303,113		
Farmland.....	7	786,692	1,052,002	265,496	7	7,389		
Other land.....	70	1,028,686	1,501,136	472,936	54	203,880		
Residences.....	(³)	1,661	1,919	258	74	91,778		
Other assets.....	147	252,677	1,009,533	774,852	69	1,211,799		
Unidentifiable.....	97	585,014	1,281,952	701,554	55	528,967		

N/A--Not applicable.

¹ Pass-through gains or losses on assets sold by partnerships, S Corporations, and estates and trusts reported by partners, shareholders, and beneficiaries, respectively.

² The basis amount for transactions with no gain or loss is the same as the amount shown for the sales price.

³ Less than 500 transactions.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal net gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and pass-through gains or losses and (b) part of the total gain or loss on certain depreciable assets is treated as ordinary rather than capital gain or loss. For installment sales, the gross profit ratio is used to compute the sales price and basis proportion to the reported gain.

Sales of Capital Assets Reported on Individual Income Tax Returns, 1985

Table 2.--Returns with Short-Term and Long-Term Capital Gains and Losses, by Size of Adjusted Gross Income and Selected Asset Type

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Selected asset type and size of adjusted gross income	Returns with short-term capital gain or loss						
	Number of returns	Returns with short-term gain transactions ¹			Returns with short-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All asset types							
All returns.....	3,385,361	2,296,819	7,238,110	10,076,871	1,946,655	4,950,729	11,285,155
Adjusted gross deficit.....	94,475	56,955	183,152	751,608	67,761	122,163	2,527,429
Under \$20,000.....	720,135	512,550	1,268,495	693,639	335,726	689,412	1,159,871
\$20,000 under \$50,000.....	1,357,394	869,075	2,215,585	1,495,459	774,845	1,592,815	2,221,396
\$50,000 under \$100,000.....	841,706	577,639	1,874,509	2,188,650	525,985	1,407,650	2,363,091
\$100,000 under \$200,000.....	245,292	180,128	976,258	1,415,111	162,402	644,570	1,093,099
\$200,000 under \$500,000.....	95,053	74,467	516,328	1,227,140	61,018	371,255	904,510
\$500,000 under \$1,000,000.....	20,542	17,134	100,410	616,745	11,097	59,320	371,471
\$1,000,000 or more.....	10,764	8,871	103,373	1,688,519	7,821	63,544	644,288
Selected asset type and size of adjusted gross income	Returns with long-term capital gain or loss						
	Number of returns	Returns with long-term gain transactions ¹			Returns with long-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
All asset types							
All returns.....	11,276,792	10,084,906	24,758,467	188,232,400	3,363,498	7,630,393	21,565,983
Adjusted gross deficit.....	285,544	265,875	678,171	12,468,013	44,700	149,047	3,874,363
Under \$20,000.....	3,248,414	2,901,118	5,732,420	11,414,748	759,728	1,447,966	1,972,801
\$20,000 under \$50,000.....	4,608,549	4,032,996	8,629,619	26,218,189	1,359,118	3,009,154	6,326,835
\$50,000 under \$100,000.....	2,319,146	2,117,264	5,989,938	33,005,753	834,204	1,869,978	3,957,658
\$100,000 under \$200,000.....	579,086	542,496	2,378,369	26,957,721	249,640	713,712	2,443,596
\$200,000 under \$500,000.....	182,918	173,134	916,340	25,794,415	87,891	305,848	1,516,920
\$500,000 under \$1,000,000.....	37,182	36,366	267,144	15,022,530	18,880	78,328	651,366
\$1,000,000 or more.....	15,953	15,657	166,466	37,351,031	9,337	56,360	822,445
Selected asset type and size of adjusted gross income	Returns with short-term capital gain or loss						
	Number of returns	Returns with short-term gain transactions ¹			Returns with short-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Corporate stock							
All returns.....	1,983,994	1,511,793	4,007,646	5,045,517	1,003,247	2,383,745	3,519,259
Adjusted gross deficit.....	31,965	22,911	84,517	213,504	28,573	51,530	197,015
Under \$20,000.....	383,281	295,954	490,524	301,607	163,012	229,678	119,226
\$20,000 under \$50,000.....	804,245	602,555	1,563,979	980,350	365,296	925,736	1,006,546
\$50,000 under \$100,000.....	527,534	398,939	1,147,545	1,374,646	303,739	694,520	868,666
\$100,000 under \$200,000.....	156,497	124,210	415,662	757,222	97,899	281,769	499,531
\$200,000 under \$500,000.....	58,790	48,372	183,517	546,635	32,665	121,025	319,729
\$500,000 under \$1,000,000.....	14,641	12,864	60,904	258,121	7,037	37,596	161,408
\$1,000,000 or more.....	7,041	5,988	60,998	613,431	5,026	41,891	347,138
Selected asset type and size of adjusted gross income	Returns with long-term capital gain or loss						
	Number of returns	Returns with long-term gain transactions ¹			Returns with long-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Corporate stock							
All returns.....	5,138,131	4,238,371	11,008,449	71,092,134	2,326,562	4,767,461	11,181,579
Adjusted gross deficit.....	63,212	58,913	96,038	1,631,673	16,818	38,816	560,744
Under \$20,000.....	1,208,659	952,628	2,261,901	2,674,451	487,605	731,607	1,061,059
\$20,000 under \$50,000.....	2,022,376	1,624,870	3,479,478	8,174,283	932,169	1,953,253	3,665,138
\$50,000 under \$100,000.....	1,306,832	1,120,728	3,198,948	10,264,173	613,552	1,302,520	2,409,286
\$100,000 under \$200,000.....	373,253	331,111	1,235,706	10,176,906	188,583	447,666	1,688,393
\$200,000 under \$500,000.....	120,194	109,026	495,326	10,720,673	66,016	204,449	964,545
\$500,000 under \$1,000,000.....	29,972	28,204	145,139	6,647,320	14,880	52,160	363,331
\$1,000,000 or more.....	13,633	12,891	95,913	20,802,655	6,939	36,990	469,080

Footnotes at end of table.

Sales of Capital Assets Reported on Individual Income Tax Returns, 1985

Table 2.--Returns with Short-Term and Long-Term Capital Gains and Losses, by Size of Adjusted Gross Income and Selected Asset Type--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Selected asset type and size of adjusted gross income	Returns with short-term capital gain or loss						
	Number of returns	Returns with short-term gain transactions ¹			Returns with short-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Bonds and other securities ²							
All returns.....	290,257	178,997	539,326	247,645	147,475	192,237	282,205
Adjusted gross deficit.....	1,401	1,188	2,278	17,128	525	959	11,009
Under \$20,000.....	76,506	46,975	105,273	12,036	37,006	37,458	38,423
\$20,000 under \$50,000.....	95,519	55,867	81,106	15,449	52,099	55,744	21,437
\$50,000 under \$100,000.....	51,557	27,108	62,453	27,257	25,332	27,174	58,484
\$100,000 under \$200,000.....	37,253	28,334	235,595	30,769	20,580	52,039	37,279
\$200,000 under \$500,000.....	20,568	13,574	27,693	32,942	8,561	10,727	52,644
\$500,000 under \$1,000,000.....	3,781	2,923	9,143	23,378	1,705	3,366	23,612
\$1,000,000 or more.....	3,672	3,028	15,785	88,685	1,667	4,770	39,318
Selected asset type and size of adjusted gross income	Returns with long-term capital gain or loss						
	Number of returns	Returns with long-term gain transactions ¹			Returns with long-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Bonds and other securities ²							
All returns.....	931,414	677,630	1,330,005	2,806,416	444,253	608,807	1,042,577
Adjusted gross deficit.....	14,383	11,820	27,677	94,724	3,399	4,381	24,510
Under \$20,000.....	183,771	119,991	234,463	162,467	89,972	89,974	148,751
\$20,000 under \$50,000.....	350,554	243,211	421,786	504,475	203,362	240,917	210,291
\$50,000 under \$100,000.....	223,004	170,520	319,607	407,081	84,500	142,239	240,427
\$100,000 under \$200,000.....	100,983	80,558	197,288	533,731	45,994	91,838	180,641
\$200,000 under \$500,000.....	41,671	36,015	81,008	415,600	11,992	26,771	147,247
\$500,000 under \$1,000,000.....	11,484	10,566	25,376	146,135	2,685	6,117	32,488
\$1,000,000 or more.....	5,564	4,949	22,800	542,202	2,349	6,570	58,221
Selected asset type and size of adjusted gross income	Returns with short-term capital gain or loss						
	Number of returns	Returns with short-term gain transactions ¹			Returns with short-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Real estate ³							
All returns.....	145,372	128,617	160,439	597,253	21,837	16,944	81,685
Adjusted gross deficit.....	15,898	15,726	19,606	188,835	188	189	3,561
Under \$20,000.....	34,168	34,162	44,916	40,029	6,279	44	164
\$20,000 under \$50,000.....	62,582	53,434	68,395	171,122	7,776	7,776	63,932
\$50,000 under \$100,000.....	23,008	17,292	18,811	42,227	5,716	7,106	2,381
\$100,000 under \$200,000.....	6,051	5,065	5,027	66,704	997	836	358
\$200,000 under \$500,000.....	2,692	2,170	2,543	48,263	638	671	1,934
\$500,000 under \$1,000,000.....	584	482	656	19,583	135	177	3,271
\$1,000,000 or more.....	389	286	485	20,489	108	145	6,084
Selected asset type and size of adjusted gross income	Returns with long-term capital gain or loss						
	Number of returns	Returns with long-term gain transactions ¹			Returns with long-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Real estate ³							
All returns.....	2,643,365	2,455,618	3,109,242	46,213,952	209,506	225,428	2,397,265
Adjusted gross deficit.....	115,420	96,163	137,666	3,721,937	20,455	21,453	885,898
Under \$20,000.....	662,956	614,066	739,832	4,264,324	55,933	62,214	268,715
\$20,000 under \$50,000.....	1,059,647	991,323	1,146,867	8,797,332	76,779	78,724	655,551
\$50,000 under \$100,000.....	569,130	532,168	680,837	12,102,508	38,798	44,733	350,627
\$100,000 under \$200,000.....	152,931	142,800	288,022	6,276,837	12,186	12,439	115,969
\$200,000 under \$500,000.....	57,765	54,451	79,277	4,626,378	4,058	4,408	57,694
\$500,000 under \$1,000,000.....	19,423	18,873	26,268	3,118,336	779	851	28,752
\$1,000,000 or more.....	6,093	5,774	10,473	3,306,300	518	606	34,059

Footnotes at end of table.

Sales of Capital Assets Reported on Individual Income Tax Returns, 1985

Table 2.--Returns with Short-Term and Long-Term Capital Gains and Losses, by Size of Adjusted Gross Income and Selected Asset Type--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Selected asset type and size of adjusted gross income	Returns with short-term capital gain or loss						
	Number of returns	Returns with short-term gain transactions ¹			Returns with short-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Other asset types ⁴							
All returns.....	1,680,269	947,638	2,530,699	4,186,456	1,005,806	2,357,803	7,402,007
Adjusted gross deficit.....	69,289	37,825	76,751	332,140	41,041	69,485	2,315,845
Under \$20,000.....	387,000	261,640	627,782	339,966	184,442	422,232	1,002,058
\$20,000 under \$50,000.....	621,537	297,290	502,105	328,537	410,111	603,559	1,129,481
\$50,000 under \$100,000.....	397,343	218,579	645,700	744,520	251,672	678,850	1,433,561
\$100,000 under \$200,000.....	132,474	83,596	319,974	560,416	73,667	309,926	555,931
\$200,000 under \$500,000.....	55,909	37,646	302,575	599,300	35,469	238,832	530,204
\$500,000 under \$1,000,000.....	9,801	6,389	29,707	315,662	5,425	18,181	183,180
\$1,000,000 or more.....	6,916	4,673	26,105	965,914	3,979	16,738	251,748
Selected asset type and size of adjusted gross income	Returns with long-term capital gain or loss						
	Number of returns	Returns with long-term gain transactions ¹			Returns with long-term loss transactions		
		Number of returns	Number of transactions	Gain	Number of returns	Number of transactions	Loss
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Other asset types ⁴							
All returns.....	6,556,689	5,488,962	9,310,771	68,119,897	1,464,829	2,028,697	6,944,563
Adjusted gross deficit.....	310,807	263,805	416,790	7,019,678	70,130	84,397	2,403,212
Under \$20,000.....	1,847,892	1,634,338	2,496,224	4,313,506	365,237	564,171	494,275
\$20,000 under \$50,000.....	2,555,503	2,092,724	3,581,488	8,742,099	560,654	736,260	1,795,854
\$50,000 under \$100,000.....	1,217,217	995,520	1,790,546	10,231,991	289,753	380,486	957,318
\$100,000 under \$200,000.....	396,999	324,628	657,353	9,970,248	104,501	161,769	458,592
\$200,000 under \$500,000.....	163,085	127,414	260,729	10,031,763	54,632	70,220	347,434
\$500,000 under \$1,000,000.....	46,486	35,839	70,361	5,110,740	13,542	19,200	226,793
\$1,000,000 or more.....	18,700	14,694	37,280	12,699,873	6,380	12,194	261,084

¹ Transactions with no gain or loss are included with gain transactions.

² Bonds and other securities includes U.S. Government obligations, State and local Government obligations, and other bonds, notes, and debentures.

³ Real estate includes residential rental property, depreciable business real property, farmland, and other land.

⁴ Other asset types includes all other asset categories not included in the above categories, including put and call options; futures contracts; mutual funds, except tax-exempt bond funds; tax-exempt bond mutual funds; partnership, S Corporation, and estate or trust interests; and pass-through gains and losses; livestock; timber; involuntary conversions; depreciable business personal property; residences; unidentifiable assets; and capital gain distributions.

NOTES: Number of returns with gain plus number of returns with loss does not add to the total column because some returns showed both. Detail may not add to totals because of rounding.

Sales of Capital Assets Reported on Individual Income Tax Returns, 1985

Table 3.--Short-Term and Long-Term Capital Asset Transactions, by Selected Asset Type and Month of Sale

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of transaction, month of sale	All asset types							
	Gain transactions ¹				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total.....	6,850,197	116,228,236	108,326,680	8,651,578	4,748,105	39,209,893	48,854,340	10,332,191
January.....	748,781	32,172,835	31,273,002	946,236	441,829	5,061,357	5,598,893	537,696
February.....	710,767	10,183,273	9,384,554	804,162	290,384	2,000,548	2,351,253	350,796
March.....	508,565	5,494,188	4,921,370	591,338	332,450	3,056,697	3,557,652	530,025
April.....	652,873	7,211,487	6,514,087	703,588	379,328	3,871,534	4,392,664	524,054
May.....	473,984	6,395,664	5,901,038	508,863	298,871	2,152,923	2,471,363	324,610
June.....	444,848	6,449,027	5,941,156	532,455	319,407	2,293,190	2,687,412	394,553
July.....	554,293	6,675,811	6,043,688	657,925	343,253	2,732,845	3,111,487	386,354
August.....	392,235	5,210,706	4,787,683	427,197	326,382	2,107,232	2,527,248	420,547
September.....	370,613	4,905,785	4,475,028	434,774	284,535	2,661,117	3,138,904	478,130
October.....	481,334	6,009,314	5,525,940	494,501	397,786	2,488,452	3,711,874	1,223,486
November.....	508,887	6,354,292	5,803,012	582,874	334,743	2,358,985	2,811,274	462,200
December.....	668,660	9,911,572	9,155,013	821,812	482,600	5,671,683	7,042,382	1,372,965
Month not determinable.....	334,357	9,254,283	8,601,111	1,145,853	516,537	2,753,330	5,451,932	3,326,776
Long-term transactions								
Total.....	18,580,617	279,545,008	175,472,049	143,334,644	7,298,053	43,268,434	61,624,383	18,987,267
January.....	1,000,756	22,377,170	13,099,827	10,983,868	459,324	3,247,949	4,810,061	1,561,705
February.....	1,190,359	18,186,579	11,667,096	7,902,885	440,445	2,347,750	3,089,740	741,374
March.....	1,361,720	18,065,998	11,229,914	8,556,492	388,426	3,634,891	4,821,531	1,184,800
April.....	1,210,200	17,270,114	11,482,719	7,209,773	453,840	3,250,903	3,955,737	700,932
May.....	1,281,048	21,512,860	12,896,668	10,045,431	434,556	3,294,534	4,232,414	933,411
June.....	1,224,370	21,783,939	13,905,574	9,769,538	479,769	3,161,869	5,326,267	2,166,373
July.....	1,444,829	21,889,489	14,710,443	9,404,759	545,318	3,022,761	3,963,669	939,826
August.....	1,216,823	22,772,857	15,170,157	8,757,551	498,111	2,750,213	3,563,994	806,627
September.....	1,126,485	16,043,890	11,019,321	6,501,765	448,220	3,688,740	4,648,418	954,800
October.....	1,491,478	20,337,350	11,992,119	10,139,017	640,625	3,801,669	5,039,522	1,235,019
November.....	1,153,172	18,120,330	11,747,408	8,313,366	602,873	3,507,655	4,765,456	1,256,203
December.....	1,855,900	25,629,104	17,316,251	11,184,873	1,089,898	5,637,226	9,172,483	3,521,164
Month not determinable.....	3,023,477	35,555,327	19,234,550	34,565,327	816,648	1,922,275	4,235,091	2,985,033

Type of transaction, month of sale	Corporate stock							
	Gain transactions ¹				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total.....	4,007,309	49,291,566	44,248,360	5,043,206	2,383,746	21,659,382	25,178,640	3,519,259
January.....	503,152	5,472,388	4,842,297	630,091	287,728	1,690,089	1,990,827	300,738
February.....	508,194	6,165,449	5,574,843	590,606	194,515	1,083,460	1,296,074	212,614
March.....	329,548	3,151,611	2,718,607	433,004	195,252	1,886,982	2,132,190	245,208
April.....	376,670	3,348,469	2,988,256	360,213	240,848	2,904,513	3,187,335	282,822
May.....	308,345	3,006,041	2,674,549	331,491	149,360	1,199,759	1,355,164	155,406
June.....	263,511	3,298,086	2,930,802	367,284	180,047	1,482,613	1,728,241	245,628
July.....	315,438	4,595,834	4,129,530	466,304	155,420	1,786,483	1,985,155	198,672
August.....	184,740	2,608,965	2,378,173	230,792	173,267	1,424,475	1,620,590	196,115
September.....	188,656	2,373,935	2,112,447	261,487	158,610	1,519,491	1,744,304	224,813
October.....	276,733	3,493,892	3,181,057	312,835	163,797	1,592,568	1,865,682	273,114
November.....	305,150	3,988,007	3,626,779	361,228	160,527	1,655,732	1,896,244	240,512
December.....	380,881	4,738,940	4,235,921	503,019	266,816	2,003,021	2,751,008	747,987
Month not determinable.....	66,291	3,049,948	2,855,098	194,851	57,559	1,430,196	1,625,825	195,629
Long-term transactions								
Total.....	11,008,492	128,511,976	76,600,831	71,094,445	4,767,463	20,314,977	31,497,151	11,181,579
January.....	622,378	10,469,104	5,049,626	6,943,811	295,707	1,312,810	2,152,705	839,821
February.....	832,198	10,144,108	5,973,079	5,090,105	347,230	1,501,617	2,109,431	607,785
March.....	923,561	9,261,909	5,089,018	5,460,772	271,415	1,657,339	2,242,350	584,984
April.....	744,689	8,161,915	5,185,536	4,224,866	313,055	1,466,374	1,893,430	426,982
May.....	914,335	11,599,346	6,529,558	6,446,579	278,125	1,410,436	2,016,732	606,273
June.....	824,360	10,781,582	6,363,554	5,646,730	354,989	1,518,255	3,219,571	1,701,267
July.....	910,066	10,516,640	6,686,466	6,639,626	377,261	1,431,058	1,976,824	545,718
August.....	725,283	9,002,124	5,224,322	4,557,560	362,492	1,588,218	2,218,186	629,889
September.....	804,316	7,034,341	4,354,115	3,826,176	309,414	1,721,661	2,228,152	506,434
October.....	1,054,560	9,102,368	5,551,852	5,117,187	425,773	1,815,993	2,626,641	810,590
November.....	805,847	8,411,496	5,923,015	4,225,100	483,132	1,853,278	2,686,747	833,425
December.....	1,368,688	13,358,818	8,980,438	6,990,797	823,175	2,726,011	5,222,924	2,496,891
Month not determinable.....	478,211	10,668,223	5,690,254	6,925,136	125,695	311,926	903,459	591,520

Footnotes at end of table.

Sales of Capital Assets Reported on Individual Income Tax Returns, 1985

Table 3.--Short-Term and Long-Term Capital Asset Transactions, by Selected Asset Type and Month of Sale--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of transaction, month of sale	Bonds and other securities ²							
	Gain transactions ¹				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total.....	539,025	41,082,591	40,835,030	247,561	192,236	11,374,946	11,974,728	599,782
January.....	34,105	15,606,422	15,573,600	32,822	17,625	3,017,981	3,038,612	20,631
February.....	33,816	3,331,076	3,314,081	16,996	15,334	528,713	539,248	10,535
March.....	52,376	1,776,231	1,763,409	12,822	24,214	789,270	833,404	44,133
April.....	83,477	1,958,995	1,934,212	24,783	10,190	584,051	619,674	35,623
May.....	27,336	2,603,086	2,583,572	19,514	9,630	420,826	428,167	7,341
June.....	18,848	2,158,092	2,140,936	17,156	3,262	380,384	401,838	21,454
July.....	48,545	1,264,884	1,239,463	25,421	34,025	346,245	355,107	8,862
August.....	71,396	1,727,595	1,717,654	9,940	18,430	399,863	405,911	6,048
September.....	19,799	1,379,773	1,369,574	10,199	5,509	722,305	731,759	9,454
October.....	41,294	1,816,347	1,806,111	10,235	13,250	442,571	448,148	5,577
November.....	28,487	1,577,345	1,565,177	12,168	14,584	491,147	496,873	5,725
December.....	52,340	3,167,977	3,147,730	20,246	8,987	3,035,539	3,107,073	71,534
Month not determinable.....	27,206	2,714,768	2,679,510	35,257	17,196	216,051	568,914	352,863
Long-term transactions								
Total.....	1,329,975	30,923,554	28,117,622	2,805,931	608,788	9,125,293	10,167,756	1,042,463
January.....	83,538	2,136,590	1,875,725	260,865	41,245	733,309	855,827	122,518
February.....	121,779	2,283,635	2,007,049	276,585	41,310	484,586	508,509	23,923
March.....	87,004	1,860,336	1,672,057	188,279	40,650	595,727	714,437	118,710
April.....	136,019	1,925,043	1,789,382	135,660	30,031	413,290	441,069	27,779
May.....	68,312	2,095,061	1,826,793	268,268	74,041	954,579	990,962	36,383
June.....	98,346	2,643,409	2,435,780	207,629	47,979	753,930	796,021	42,090
July.....	156,779	2,953,819	2,667,958	285,861	39,664	442,513	536,585	94,072
August.....	124,791	3,082,050	2,848,571	233,479	51,527	707,556	755,828	48,272
September.....	78,524	2,596,387	2,457,095	139,292	33,646	892,621	1,003,180	110,559
October.....	64,590	1,928,815	1,789,597	139,218	47,923	689,224	760,080	70,856
November.....	81,766	1,800,593	1,667,188	133,405	40,026	771,386	839,338	67,952
December.....	138,894	2,872,491	2,635,067	237,424	96,971	1,493,978	1,726,007	232,028
Month not determinable.....	89,633	2,745,327	2,445,361	299,966	23,775	192,593	239,914	47,320
Real estate ³								
Type of transaction, month of sale	Gain transactions ¹				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total.....	126,314	2,942,642	2,417,414	527,636	16,943	478,507	560,192	81,685
January.....	9,734	244,507	178,072	66,434	671	34,518	34,886	369
February.....	1,495	84,704	60,571	24,134	1,690	2,118	44,204	42,087
March.....	687	56,948	45,455	11,493	51	5,906	6,317	411
April.....	24,237	820,642	629,195	191,447	1,809	18,423	19,023	600
May.....	9,878	106,221	91,869	14,352	2,254	82,760	84,100	1,340
June.....	23,322	153,492	122,958	30,534	6,175	161,227	176,544	15,317
July.....	9,833	44,572	34,247	11,093	46	7,081	7,564	483
August.....	9,498	164,417	84,247	80,170	47	9,937	11,140	1,203
September.....	9,658	584,158	553,769	30,389	103	7,265	10,585	3,320
October.....	5,611	60,762	52,203	8,559	1,719	35,594	37,200	1,606
November.....	558	34,956	33,040	1,917	23	1,150	2,627	1,477
December.....	21,105	577,286	529,117	48,163	2,063	110,217	120,426	10,208
Month not determinable.....	698	9,978	2,672	8,953	292	2,312	5,576	3,265
Long-term transactions								
Total.....	1,370,130	68,407,372	36,843,756	30,398,924	225,427	6,733,420	9,124,640	2,348,076
January.....	84,036	7,094,616	4,422,690	2,270,793	24,182	637,747	1,010,388	372,520
February.....	51,850	3,077,421	1,496,263	1,558,875	4,187	200,170	236,323	35,707
March.....	102,577	4,474,855	2,547,514	1,857,345	25,021	946,507	1,328,702	381,254
April.....	81,661	4,387,590	2,453,151	1,868,737	10,015	406,652	455,486	46,116
May.....	102,693	5,044,042	2,620,447	2,384,159	11,535	454,291	551,227	92,464
June.....	90,248	4,610,600	2,660,940	1,897,712	19,978	447,724	746,059	298,270
July.....	101,690	4,875,849	2,889,946	1,922,828	25,387	709,254	888,867	179,613
August.....	115,790	6,992,863	4,117,672	2,801,310	9,563	150,198	180,460	26,799
September.....	95,635	3,975,340	2,497,968	1,428,197	10,185	623,189	694,654	62,373
October.....	77,645	6,797,011	2,713,365	4,002,284	19,566	408,142	567,731	156,528
November.....	84,226	5,464,824	2,573,578	2,835,958	5,224	427,872	647,196	219,307
December.....	105,856	6,039,160	3,644,404	2,271,549	14,135	651,933	897,427	229,924
Month not determinable.....	276,223	5,573,201	2,205,820	3,299,177	46,449	669,741	920,118	247,201

Footnotes at end of table.

Sales of Capital Assets Reported on Individual Income Tax Returns, 1985

Table 3.--Short-Term and Long-Term Capital Asset Transactions, by Selected Asset Type and Month of Sale--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Month of sale	Other asset types ⁴							
	Gain transactions ¹				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total.....	2,177,549	23,028,468	20,709,347	2,833,175	2,155,180	5,697,058	11,457,904	6,131,466
January.....	201,790	10,872,129	10,656,470	216,889	135,805	318,768	534,497	215,958
February.....	167,262	604,392	432,742	172,428	78,845	386,257	471,685	85,560
March.....	125,954	516,188	387,154	134,018	112,933	374,539	585,684	240,273
April.....	168,489	1,086,158	959,681	127,145	126,481	364,548	566,584	205,008
May.....	128,425	684,236	547,147	143,505	137,627	449,579	603,916	160,523
June.....	139,167	850,743	735,139	117,481	129,923	268,966	380,771	112,154
July.....	180,477	782,811	628,207	155,107	153,762	593,035	763,617	178,338
August.....	126,601	711,687	605,693	106,294	134,638	272,957	489,588	217,180
September.....	152,500	569,404	437,780	132,699	120,313	412,055	652,226	240,543
October.....	157,696	643,512	481,428	162,872	219,020	417,719	1,360,809	943,190
November.....	174,692	769,649	562,386	207,561	159,609	210,956	415,499	214,486
December.....	214,334	1,457,970	1,211,690	250,384	204,734	522,906	1,063,842	543,235
Month not determinable.....	240,162	3,479,588	3,063,830	906,792	441,490	1,104,772	3,569,187	2,775,019
Long-term transactions								
Total.....	4,251,895	56,096,304	29,494,204	26,086,273	1,471,557	7,094,744	10,834,768	4,026,266
January.....	210,783	3,081,768	1,345,791	1,502,444	98,190	564,082	791,135	226,846
February.....	184,286	3,021,668	1,850,454	973,136	47,715	161,377	235,476	73,973
March.....	248,496	2,845,716	1,541,730	1,049,810	51,338	435,319	536,034	99,823
April.....	247,806	3,001,517	1,848,677	977,181	100,733	964,587	1,165,741	196,124
May.....	195,699	2,903,844	1,790,394	940,536	70,848	475,228	673,481	198,365
June.....	209,728	4,172,086	2,021,580	2,012,728	56,822	441,959	564,617	124,776
July.....	274,553	3,842,383	2,166,896	1,478,602	103,006	439,936	561,386	120,423
August.....	250,952	3,986,914	2,687,853	1,165,156	74,526	304,240	409,512	101,951
September.....	147,533	2,673,790	1,471,778	1,104,242	94,975	451,270	722,432	275,434
October.....	292,941	2,734,655	1,705,316	871,518	147,361	888,309	1,085,065	196,817
November.....	181,303	2,614,294	1,410,335	1,116,138	74,482	455,119	592,176	135,467
December.....	240,710	3,596,398	1,811,054	1,675,429	155,532	765,304	1,326,114	559,381
Month not determinable.....	1,567,105	17,621,269	7,842,348	11,219,354	396,029	748,014	2,171,598	1,716,887

¹ Transactions with no gain or loss are included with gain transactions.

² Bonds and other securities includes U. S. Government obligations, State and local Government obligations, and other bonds, notes, and debentures.

³ Real estate includes residential rental property, depreciable business real property, farmland, and other land.

⁴ Other asset types includes all other asset categories not included in the above categories, including put and call options; futures contracts; partnership, S Corporation, and estate or trust interests; pass-through gains and losses; livestock; timber; involuntary conversions; depreciable business personal property; residences; unidentifiable assets; and capital gain distributions.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal net gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and pass-through gains or losses, and (b) part of the total gain or loss on certain depreciable assets is treated as ordinary rather than capital gain or loss. For installment sales, the gross profit ratio is used to compute the sales price and basis in proportion to the reported gain.

Sales of Capital Assets Reported on Individual Income Tax Returns, 1985

Table 4.--Short-Term and Long-Term Capital Asset Transactions, by Selected Asset Type and Length of Time Held

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of transaction, length of time held	All asset types							
	Gain transactions ¹				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total.....	6,850,188	116,345,267	108,207,688	8,651,578	4,748,103	39,209,893	49,224,542	10,014,614
Under 1 year.....	2,196,809	45,394,614	43,097,517	2,301,640	1,346,434	16,288,075	17,724,429	1,444,632
1 month under 2 months.....	884,654	12,432,675	11,363,966	1,070,631	591,820	4,439,867	5,298,818	860,019
2 months under 3 months.....	640,524	9,236,959	8,320,210	922,255	435,621	2,928,091	3,559,567	634,009
3 months under 4 months.....	541,327	6,057,375	5,403,333	654,823	385,113	3,948,093	4,474,431	526,348
4 months under 5 months.....	422,185	4,787,386	4,292,636	495,582	330,178	2,804,674	3,279,173	474,502
5 months under 6 months.....	386,620	4,852,502	4,368,911	488,317	272,829	2,396,160	2,768,850	372,678
6 months under 7 months.....	74,804	362,039	292,355	69,685	47,331	172,682	258,782	86,099
7 months under 8 months.....	91,628	970,667	874,705	95,947	52,736	248,204	339,428	91,224
8 months under 9 months.....	64,445	766,244	662,689	103,561	71,424	262,514	482,233	219,719
9 months under 10 months.....	95,011	731,094	610,536	120,988	50,511	208,908	334,740	125,838
10 months under 11 months.....	101,263	736,960	614,649	123,209	40,935	268,310	332,670	64,360
11 months under 12 months.....	96,654	1,799,178	1,661,172	138,404	89,875	811,929	972,774	160,862
1 year or more.....	79,718	566,408	481,127	85,482	44,995	223,071	381,116	158,039
Holding period not determinable.....	1,174,546	27,651,164	26,163,881	1,981,056	988,301	4,209,316	8,646,912	4,796,284
Long-term transactions								
Total.....	19,670,250	332,965,254	185,122,230	146,162,386	7,073,236	43,268,434	61,580,641	18,656,231
Under 1 year.....	2,064,535	27,191,817	22,335,067	4,831,038	887,338	7,562,023	9,276,218	1,714,454
1 year under 18 months.....	1,603,754	23,837,142	18,432,965	5,240,150	839,420	5,372,241	7,053,575	1,681,327
18 months under 2 years.....	1,355,831	15,022,560	11,273,265	3,595,508	855,389	4,907,563	6,701,297	1,793,001
2 years under 3 years.....	1,836,910	23,682,614	16,603,779	6,842,707	1,106,515	6,248,271	8,193,108	1,939,952
3 years under 4 years.....	1,100,197	15,731,062	9,937,634	5,523,010	316,553	1,731,385	2,552,719	819,795
4 years under 5 years.....	947,299	15,927,046	9,675,267	5,898,646	310,679	1,602,858	2,388,564	784,702
5 years under 10 years.....	2,075,617	43,867,371	23,422,850	19,704,753	627,648	4,006,916	6,712,671	2,693,554
10 years under 15 years.....	894,392	16,949,447	6,694,996	10,181,777	182,182	1,335,358	1,999,180	655,179
15 years under 20 years.....	453,865	14,260,424	5,133,463	9,112,203	136,682	548,791	705,955	153,755
20 years or more.....	570,397	17,372,761	4,860,309	12,472,213	69,060	269,107	417,749	148,642
Holding period not determinable.....	6,767,453	119,123,010	56,752,635	62,760,381	1,741,770	9,683,922	15,622,749	6,271,872

Type of transaction, length of time held	Corporate stock							
	Gain transactions ¹				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total.....	4,007,304	49,291,566	44,248,360	5,043,206	2,383,746	21,659,382	25,178,640	3,519,259
Under 1 month.....	1,306,725	19,438,084	17,996,109	1,441,976	619,156	7,388,388	8,111,988	723,600
1 month under 2 months.....	603,952	7,545,902	6,800,820	745,081	360,835	2,786,521	3,226,745	440,224
2 months under 3 months.....	401,152	4,314,938	3,768,469	546,469	256,929	1,855,115	2,229,548	374,433
3 months under 4 months.....	386,070	3,771,363	3,270,099	501,264	269,441	2,702,927	3,003,523	300,597
4 months under 5 months.....	295,665	3,013,127	2,632,021	381,106	241,902	1,906,448	2,261,173	354,726
5 months under 6 months.....	241,476	2,779,651	2,411,714	367,937	196,272	1,488,093	1,781,619	293,526
6 months under 7 months.....	40,360	223,069	172,828	50,241	34,437	121,525	194,472	72,947
7 months under 8 months.....	41,475	326,304	273,912	52,392	41,889	209,082	289,491	80,409
8 months under 9 months.....	31,908	339,272	268,875	70,398	45,276	160,188	205,401	45,212
9 months under 10 months.....	74,928	509,171	397,570	111,601	21,545	93,254	157,666	64,412
10 months under 11 months.....	87,707	480,023	370,641	109,383	36,380	209,127	249,539	40,412
11 months under 12 months.....	75,906	800,450	689,006	111,444	72,201	329,635	438,280	108,645
1 year or more.....	51,284	393,162	333,034	60,128	14,801	104,639	138,159	33,519
Holding period not determinable.....	368,696	5,357,049	4,863,263	493,786	172,682	2,304,439	2,891,037	586,598
Long-term transactions								
Total.....	11,008,356	138,098,142	67,005,501	71,092,642	4,767,460	20,314,977	31,496,555	11,181,579
Under 1 year.....	1,557,468	13,782,548	10,650,501	3,132,535	627,153	4,314,529	5,364,932	1,050,403
1 year under 18 months.....	1,208,504	11,158,567	7,935,661	3,222,906	677,109	2,830,488	4,092,381	1,261,893
18 months under 2 years.....	995,142	8,026,841	5,684,161	2,342,680	700,114	3,175,412	4,645,467	1,470,055
2 years under 3 years.....	1,137,320	10,420,905	6,633,754	3,787,150	842,445	2,803,830	4,302,464	1,498,634
3 years under 4 years.....	662,840	6,249,321	3,326,420	2,922,901	199,402	688,874	1,171,513	482,639
4 years under 5 years.....	521,207	4,346,339	2,166,689	2,179,650	221,007	733,638	1,270,491	536,853
5 years under 10 years.....	1,160,001	14,632,108	6,155,444	8,476,664	407,762	1,117,497	2,791,456	1,673,960
10 years under 15 years.....	493,042	7,727,890	2,435,617	5,292,273	111,566	686,877	1,134,670	447,792
15 years under 20 years.....	278,962	5,467,390	1,690,968	3,776,422	119,987	229,805	341,955	112,150
20 years or more.....	345,157	9,831,856	2,070,404	7,761,452	55,374	122,463	188,696	66,233
Holding period not determinable.....	2,648,713	46,454,378	18,256,368	28,198,009	805,541	3,611,565	6,192,531	2,580,966

Footnotes at end of table.

Sales of Capital Assets Reported on Individual Income Tax Returns, 1985

Table 4.--Short-Term and Long-Term Capital Asset Transactions, by Selected Asset Type and Length of Time Held--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of transaction, length of time held	Bonds and other securities ²							
	Gain transactions ¹				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total.....	539,021	41,082,591	40,834,974	247,561	192,236	11,374,946	11,657,185	282,205
Under 1 month.....	183,152	11,323,644	11,268,267	55,372	16,033	7,010,046	7,044,772	34,721
1 month under 2 months.....	76,412	3,541,025	3,508,186	32,830	18,385	981,629	993,639	12,009
2 months under 3 months.....	57,954	3,116,141	3,093,008	23,123	41,654	559,968	568,043	8,074
3 months under 4 months.....	47,542	1,599,772	1,578,827	20,928	15,098	675,562	689,139	13,573
4 months under 5 months.....	34,217	1,194,274	1,173,658	20,614	16,863	402,137	414,890	12,752
5 months under 6 months.....	31,285	1,550,571	1,536,040	14,525	25,597	637,411	654,972	17,557
6 months under 7 months.....	7,399	59,998	55,783	4,215	3,024	34,038	35,110	1,075
7 months under 8 months.....	469	499,891	498,431	1,459	1,945	28,912	31,851	2,940
8 months under 9 months.....	7,417	289,460	286,153	3,307	2,069	25,867	27,776	1,909
9 months under 10 months.....	10,567	164,771	163,105	1,666	8,986	78,158	111,071	32,906
10 months under 11 months.....	9,024	209,728	202,343	7,385	1,971	50,886	64,527	13,641
11 months under 12 months.....	4,026	657,243	651,308	5,934	10,339	373,785	388,559	14,774
1 year or more.....	448	108,053	106,734	1,319	9,112	80,228	114,362	34,128
Holding period not determinable.....	69,109	16,768,021	16,713,130	54,884	21,160	436,321	518,473	82,146
Long-term transactions								
Total.....	1,329,976	30,923,554	28,117,503	2,805,931	608,788	9,125,293	10,167,822	1,042,463
Under 1 year.....	159,892	6,212,727	5,910,243	302,479	45,694	1,530,356	1,581,984	51,628
1 year under 18 months.....	110,874	4,448,943	4,250,904	198,031	41,416	1,350,503	1,415,854	65,355
18 months under 2 years.....	117,950	2,414,630	2,303,514	111,108	59,083	769,850	870,445	100,578
2 years under 3 years.....	190,729	3,464,243	3,127,901	336,318	114,280	1,711,363	1,850,885	139,518
3 years under 4 years.....	122,745	2,336,518	1,952,110	384,394	21,449	252,902	326,232	73,326
4 years under 5 years.....	78,349	1,144,163	959,533	184,616	30,365	349,008	412,238	63,231
5 years under 10 years.....	150,871	1,509,611	1,208,322	301,263	115,025	1,594,779	1,785,358	190,572
10 years under 15 years.....	64,817	489,411	374,499	114,910	46,753	379,306	468,713	89,404
15 years under 20 years.....	30,873	418,578	341,958	76,611	5,500	29,052	36,836	7,784
20 years or more.....	2,714	139,108	21,393	117,715	7,603	60,624	111,646	51,022
Holding period not determinable.....	300,162	8,345,620	7,667,126	678,487	121,620	1,097,551	1,307,630	210,046
Type of transaction, length of time held	Real estate ³							
	Gain transactions ¹				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total.....	126,314	2,942,642	2,415,006	527,636	16,942	478,507	560,192	81,685
Under 1 month.....	23,052	489,709	361,543	128,166	481	117,183	120,317	3,134
1 month under 2 months.....	10,964	116,320	100,620	15,700	215	14,331	14,802	471
2 months under 3 months.....	11,597	580,794	420,753	160,040	66	10,364	14,919	4,556
3 months under 4 months.....	10,805	286,900	255,838	31,062	4,684	226,406	231,514	5,108
4 months under 5 months.....	5,300	134,901	105,838	29,063	6,179	1,965	15,627	13,662
5 months under 6 months.....	7,328	129,646	100,985	28,661	1,862	6,307	7,070	763
6 months under 7 months.....	8,549	11,651	9,070	2,581	--	--	--	--
7 months under 8 months.....	676	40,640	22,864	17,776	3	182	310	127
8 months under 9 months.....	5,470	53,543	44,536	9,007	86	341	833	492
9 months under 10 months.....	8,244	10,977	6,489	4,488	3	112	120	8
10 months under 11 months.....	1,999	35,080	31,809	3,271	4	30	32	2
11 months under 12 months.....	270	24,184	21,609	2,576	90	78,632	79,099	467
1 year or more.....	322	29,351	11,576	17,776	13	2,082	2,390	308
Holding period not determinable.....	31,738	998,945	921,476	77,470	3,256	20,572	73,160	52,587
Long-term transactions								
Total.....	3,083,255	107,868,268	60,520,785	46,182,792	225,425	6,733,420	9,081,496	2,348,076
Under 1 year.....	56,574	3,301,572	2,667,454	620,232	26,197	872,732	1,018,457	145,661
1 year under 18 months.....	79,226	5,263,221	4,068,829	1,174,784	8,288	449,470	560,785	111,214
18 months under 2 years.....	77,465	2,430,087	1,811,437	566,307	4,694	347,507	394,517	46,258
2 years under 3 years.....	164,942	6,175,647	4,380,570	1,700,771	8,564	357,906	424,324	61,246
3 years under 4 years.....	188,894	5,317,001	3,609,826	1,574,036	11,458	400,777	449,655	46,869
4 years under 5 years.....	208,657	7,659,845	4,956,327	2,579,073	22,572	323,831	397,036	72,134
5 years under 10 years.....	485,252	22,708,312	13,657,418	8,672,870	29,425	886,381	1,552,523	650,145
10 years under 15 years.....	206,366	6,358,631	2,973,111	3,352,265	11,584	169,136	237,377	59,603
15 years under 20 years.....	118,078	7,625,003	2,895,902	4,722,642	3,297	283,151	318,061	31,476
20 years or more.....	185,588	6,114,097	2,298,444	3,778,177	1,631	25,779	53,624	27,845
Holding period not determinable.....	1,312,213	34,914,852	17,201,467	17,441,636	97,715	2,616,751	3,718,280	1,095,626

Footnotes at end of table.

Sales of Capital Assets Reported on Individual Income Tax Returns, 1985

Table 4.--Short-Term and Long-Term Capital Asset Transactions, by Selected Asset Type and Length of Time Held--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of transaction, length of time held	Other asset types ⁴							
	Gain transactions ¹				Loss transactions			
	Number of transactions	Sales price	Basis	Gain	Number of transactions	Sales price	Basis	Loss
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Short-term transactions								
Total.....	2,177,549	23,028,468	20,709,347	2,833,175	2,155,179	5,697,058	11,828,524	6,131,466
Under 1 month.....	683,880	14,143,176	13,471,598	676,126	710,764	1,772,459	2,447,352	683,176
1 month under 2 months.....	193,326	1,229,429	954,339	277,020	212,385	657,385	1,063,632	407,315
2 months under 3 months.....	169,821	1,225,086	1,037,980	192,622	136,972	502,644	747,057	246,947
3 months under 4 months.....	96,910	399,340	298,569	101,569	95,890	343,198	550,254	207,070
4 months under 5 months.....	87,003	445,084	381,119	64,798	65,234	494,124	587,482	93,363
5 months under 6 months.....	106,531	392,635	320,172	77,194	49,098	264,349	325,189	60,833
6 months under 7 months.....	18,496	67,322	54,674	12,648	9,870	17,119	29,200	12,078
7 months under 8 months.....	49,008	103,833	79,499	24,320	8,899	10,028	17,776	7,748
8 months under 9 months.....	19,650	83,969	63,126	20,850	23,993	76,118	248,223	172,105
9 months under 10 months.....	1,272	46,175	43,372	3,233	19,977	37,384	65,884	28,513
10 months under 11 months.....	2,533	12,128	9,856	3,170	2,580	8,267	18,573	10,305
11 months under 12 months.....	16,452	317,301	299,249	18,451	7,245	29,877	66,836	36,976
1 year or more.....	27,664	35,842	29,783	6,259	21,069	36,122	126,205	90,083
Holding period not determinable.....	705,003	4,527,149	3,666,012	1,354,916	791,203	1,447,985	5,164,242	4,074,953
Long-term transactions								
Total.....	4,248,663	56,075,289	29,478,442	26,081,020	1,471,563	7,094,744	10,834,768	4,084,113
Under 1 year.....	290,601	3,894,969	3,107,356	775,793	188,294	844,406	1,310,845	466,761
1 year under 18 months.....	205,150	2,966,411	2,177,571	644,428	112,607	741,780	984,555	242,866
18 months under 2 years.....	165,274	2,151,003	1,474,154	575,413	91,498	614,793	790,868	176,109
2 years under 3 years.....	343,919	3,621,819	2,461,553	1,018,468	141,226	1,375,173	1,615,436	240,555
3 years under 4 years.....	125,718	1,828,223	1,049,278	641,679	84,244	388,832	605,319	216,962
4 years under 5 years.....	139,086	2,776,699	1,592,718	955,309	36,735	196,382	308,799	112,484
5 years under 10 years.....	279,493	5,017,340	2,401,666	2,253,955	75,436	408,260	583,333	178,877
10 years under 15 years.....	130,167	2,373,514	911,770	1,422,329	12,279	100,040	158,419	58,380
15 years under 20 years.....	25,952	749,453	204,635	536,529	7,898	6,782	9,103	2,345
20 years or more.....	36,938	1,287,699	470,068	814,869	4,452	60,240	63,783	3,542
Holding period not determinable.....	2,506,365	29,408,160	13,627,673	16,442,249	716,894	2,358,055	4,404,308	2,385,233

¹ Transactions with no gain or loss are included with gain transactions.

² Bonds and other securities includes U. S. Government obligations, State and local Government obligations, and other bonds, notes, and debentures.

³ Real estate includes residential rental property, depreciable business real property, farmland, and other land.

⁴ Other asset types includes all other asset categories not included in the above categories, including put and call options; futures contracts; partnership, S Corporation, and estate or trust interests; pass-through gains and losses; livestock; timber; involuntary conversions; depreciable business personal property; residences; unidentifiable assets; and capital gain distributions.

NOTES: Detail may not add to totals because of rounding. Sales price minus basis does not always equal net gain or loss because: (a) only the gain is reported for capital gain distributions from mutual funds and pass-through gains or losses, and (b) part of the total gain or loss on certain depreciable assets is treated as ordinary rather than capital gain or loss. For installment sales, the gross profit ratio is used to compute the sales price and basis in proportion to the reported gain.

Sales of Capital Assets Reported on Individual Income Tax Returns, 1985

Table 5.--Sales of Principal Residences

[All figures are estimates based on samples--money amounts are in millions of dollars, unless otherwise noted]

Selected items	Number of transactions	Total amount reported	Mean amount ¹ (in dollars)
	(1)	(2)	(3)
All transactions:			
Sales price.....	1,270,305	112,467	88,535
Basis.....	1,258,190	75,346	59,884
Gain on sale.....	1,116,849	38,221	34,222
Transactions with one-time exclusion for taxpayers age 55 and over:			
Sales price.....	255,999	29,428	114,952
Basis.....	255,999	13,751	53,715
Gain on sale.....	255,999	15,677	61,237
One-time exclusion claimed.....	255,999	13,457	52,565
Gain after exclusion.....	25,801	2,220	86,043
Taxable gain.....	25,250	1,328	52,613
Transactions with purchase of replacement residence: ²			
Sales price.....	622,594	57,991	93,144
Basis.....	616,768	38,517	62,450
Gain on sale.....	622,594	19,473	31,278
Less: fixup expenses.....	172,765	224	1,295
Adjusted sales price.....	622,594	57,767	92,784
Taxable gain.....	94,143	1,487	15,794
Postponed gain.....	592,473	16,522	27,886
Transactions with taxable gains on residences:			
Sales price.....	179,182	20,637	115,172
Basis.....	172,899	13,628	78,818
Gain on sale.....	179,182	7,009	39,118
Taxable gain.....	179,182	1,498	8,362
Short-term taxable gain.....	7,034	8	1,176
Long-term taxable gain.....	172,147	1,490	8,656

¹ Means are calculated based on the transactions with positive values for that item.

² Some taxpayers purchased a replacement residence in addition to claiming the one-time exclusion for taxpayers age 55 and over. Other taxpayers neither claimed the exclusion nor purchased a replacement residence. Therefore, the data are not additive.

NOTE: Detail may not add to totals because of rounding.

Sales of Capital Assets Reported on Individual Income Tax Returns, 1985

Table 6.--Installment Sale Transactions

[All figures are estimates based on samples--money amounts are in millions of dollars, unless otherwise noted]

Selected items	Number of transactions ¹	Total amount reported	Mean percentage or amount (in dollars) ²
	(1)	(2)	(3)
Current year installment sales:			
Number of transactions.....	484,032	--	--
Sales price.....	448,675	53,822	119,958
Less: Mortgages and other debt assumed by buyer.....	51,408	3,755	73,052
Sales price less debt assumed by buyer.....	448,652	49,966	111,369
Basis.....	407,943	19,288	47,282
Depreciation allowed or allowable.....	198,824	3,708	18,651
Adjusted basis (basis less accumulated depreciation).....	403,651	15,604	38,657
Commissions and expense of sale.....	252,630	1,299	5,142
Income recapture ³	47,442	309	6,509
Adjusted basis plus commissions and income recapture.....	423,471	17,195	40,605
Gross gain ⁴	445,809	36,584	82,061
Less: principal residence gains not subject to tax ⁵	2,386	242	101,390
Gross profit.....	437,862	36,357	83,032
Contract price.....	439,876	49,847	113,320
Gross profit ratio (percentage) ⁶	453,620	N/A	73
Computation of taxable part of current- and prior-year installment sales:⁷			
Number of transactions.....	2,500,341	--	--
Payments received in current year.....	2,331,136	42,709	18,321
Gross profit ratio (percentage) ⁶	2,465,924	N/A	70
Total taxable gain.....	2,324,726	29,670	12,763
Ordinary income portion of taxable gain.....	129,103	317	2,457
Taxable capital gains.....	2,229,536	29,345	13,162
Taxable gains reported as: ⁸			
Short-term taxable gain.....	110,443	192	1,737
Long-term taxable gain.....	1,966,482	24,074	12,242
Section 1231 gains.....	218,977	5,043	23,030

N/A--Not applicable.

¹ Shows the number of nonzero values for different lines on the installment sale Form 6252.

² Means are calculated based on the transactions with positive values for that item.

³ Income recapture is the portion of total gain that is taxed as ordinary gain income, rather than as a capital gain. The full amount of income recapture is taxable in the year of sale, regardless of whether any payments were received in that year.

⁴ In column 2, gross gain equals sales price less the sum of adjusted basis, commissions and expenses of sale, and income recapture.

⁵ This line equals the sum of any one-time exclusion of gains from the sale of principal residences by taxpayers age 55 and over, plus any gains postponed due to purchase of a residence. These gains are subtracted in computing installment gains subject to tax.

⁶ The gross profit ratio equals gross profit as a percentage of the contract price.

⁷ Items in this section are reported for the year of sale and later years in which payments are received.

⁸ Installment sale gains are not reported directly on the individual income tax return. Short- and long-term gains are reported on Schedule D, and Section 1231 gains are reported on Form 4797, Part I for sales or exchanges of property used in a trade or business and involuntary conversions.

NOTE: Detail may not add to totals because of rounding.