

<i>If you sell—</i>	<i>Your gain is—</i>	<i>Your loss is—</i>	<i>Reported on—</i>
Stocks, mutual funds, bonds, land, art, gems, stamps, and coins held for investment are capital assets.	<i>Capital gain.</i> Holding period determines short-term or long-term gain treatment. Security traders may report ordinary income and loss under a mark-to-market election.	<i>Capital loss.</i> Capital losses are deductible from capital gains with only \$3,000 of any excess deductible from ordinary income, \$1,500 if married filing separately.	Form 8949 and Schedule D. However, if the only amounts you have to report on these forms are mutual-fund capital gain distributions, then you may report the distributions directly on Form 1040A or Form 1040. Form 4797 for gains and losses of a trader in securities who makes the mark-to-market election
Business inventory held for sale to customers. Also, accounts or notes receivable acquired in the ordinary course of business or from the sale of inventory or property held for sale to customers, or acquired for services as an employee.	<i>Ordinary income.</i> Such property is excluded by law from the definition of capital assets.	<i>Ordinary loss.</i> Ordinary loss is not subject to the \$3,000 deduction limit imposed on capital losses. However, passive loss restrictions <i>per IRC 5469</i> may defer the time when certain ordinary losses are deductible.	Schedule C if self-employed; Schedule F if a farmer; Form 1065 for a business operated as a partnership; Form 1120 or 1120-S for an incorporated business.
Depreciable residential rental property or trucks, autos, computers, machinery, fixtures, or equipment used in your business.	<i>Capital gain or ordinary income.</i> Section 1231 determines whether gain is taxable as ordinary income or capital gain. <i>Where an asset such as an auto or residence is used partly for personal purposes and partly for business or rental purposes, the asset is treated as two separate assets for purposes of figuring gain or loss.</i>	<i>Ordinary loss if there is a net Section 1231 loss.</i> However, if you are considered to be an investor in a passive activity.	Form 4797 for Section 1231 transactions.
Personal residence, car, jewelry, furniture, art objects, and coin or stamp collection held for personal use.	<i>Capital gain.</i> See the holding period rules that determine short-term or long-term gain treatment and the preferential tax rates applied to net long-term capital gains (5.3). Where an asset such as an auto or residence is used partly for personal purposes and partly for business or rental purposes, the asset is treated as two separate assets for purposes of figuring gain or loss. <i>All or part of a profit from a sale of a principal residence may be excludable from income.</i>	<i>Not deductible.</i> Losses on assets held for personal use are not deductible although profits are taxable.	Form 8949 and Schedule D

If you have a net capital gain that does *not* include a 28% rate gain or unrecaptured Section 1250 gain (*see* below), you should compute your 2012 regular tax liability on the "Qualified Dividends and Capital Gain Tax Worksheet" in the IRS instructions for Line 44 of Form 1040. On the Worksheet, you figure your regular tax liability for 2012, taking into account the favorable capital gain rates, as applicable, and the regular tax rates on the rest of your taxable income. The Worksheet must be used instead of the regular IRS Tax Table or Tax Computation Worksheet to benefit from the maximum capital gain rates. The tax liability from the Worksheet is entered on Line 44 of Form 1040.