

- Certain digital assets, such as Bitcoin. Also, see the Instructions for Form 1040 and [IRS.gov/VirtualCurrencyFAQs](https://www.irs.gov/VirtualCurrencyFAQs).
- Reporting capital gain distributions, undistributed capital gains, the sale of a main home, the sale of capital assets held for personal use, or the sale of a partnership interest.
- Capital losses, nondeductible losses, and losses from wash sales.
- Traders in securities.
- Short sales.
- Gain or loss from options.
- Installment sales.
- Demutualization of life insurance companies.
- Exclusion or rollover of gain from the sale of qualified small business (QSB) stock.
- Any other rollover of gain.
- Exclusion of gain from the sale or exchange of DC Zone assets or qualified community assets.
- Deferral of gain invested in a QOF.
- Certain other items that get special treatment.
- Special reporting rules for corporations, partnerships, estates, and trusts in certain situations.

For more information about reporting on Forms 6252, 4797, 4684, 6781, and 8824, see the instructions for those forms. See Pub. 544 and Pub. 550 for more details.

## Basis and Recordkeeping

Basis is the amount of your investment in property for tax purposes. The basis of property you buy is usually its cost. You need to know your basis to figure any gain (or loss) on the sale or other disposition of the property. You must keep accurate records that show the basis and, if applicable, adjusted basis of your property. Your records should show the purchase price, including commissions; increases to basis, such as the cost of improvements; and decreases to basis, such as depreciation, nondividend distributions on stock, and stock splits.

For more information on basis, see [Column \(e\)—Cost or Other Basis](#), later, and the following publications.

- Pub. 550, Investment Income and Expenses.
- Pub. 551, Basis of Assets.

If you lost or didn't keep records to determine your basis in securities, contact your broker for help. If you receive a Form 1099-B (or substitute statement), your broker may have reported your basis for these securities in box 1e.



The IRS partners with companies that offer Form 8949 software that can import trades from many brokerage firms and accounting software that can help you keep track of your adjusted basis in securities. To find out more, go to [IRS.gov/Efile](https://www.irs.gov/Efile).

## Short-Term or Long-Term

Separate your capital gains and losses according to how long you held or owned the property.

The holding period for short-term capital gains and losses is generally 1 year or less. Certain partnership interests held in connection with the performance of services may be subject to different holding period rules. See the Schedule D instructions for more information. Report these transactions on Part I of Form 8949 (or line 1a of Schedule D if you can use [Exception 1](#) under the instructions for line 1, later).

The holding period for long-term capital gains and losses is generally more than 1 year. Certain partnership interests held in connection with the performance of services may be subject to different holding period rules. See the Schedule D instructions for more information. Report these transactions on Part II of Form 8949 (or line 8a of Schedule D if you can use [Exception 1](#) under the instructions for line 1, later).

To figure the holding period, begin counting on the day after you received the property and include the day you disposed of it.

Generally, if you disposed of property that you acquired by inheritance, report the disposition as a long-term gain (or loss) regardless of how long you held the property.

A nonbusiness bad debt must be treated as a short-term capital loss. See Pub. 550 for what qualifies as a nonbusiness bad debt and how to enter it on Part I of Form 8949.

**Form 1099-B.** If you received a Form 1099-B (or substitute statement) for a transaction, box 2 may help you determine whether your gain (or loss) is short term or long term or subject to special rules. If box 2 is blank and code X is in the "Applicable checkbox on Form 8949" box near the top of Form 1099-B, your broker doesn't know whether your gain (or loss) is short term or long term. Use your own records to determine whether your gain (or loss) is short term or long term.

## Corporation's Gains and Losses From Partnerships, Estates, or Trusts

Report a corporation's share of capital gains and losses from investments in

partnerships, estates, or trusts on the appropriate part of Form 8949. Report a net short-term capital gain (or loss) on Part I (with box C checked) and a net long-term capital gain (or loss) on Part II (with box F checked). In column (a), enter "From Schedule K-1 (Form 1065)" or "From Schedule K-1 (Form 1041)," whichever applies; enter the gain (or loss) in column (h); and leave all other columns blank.

If more than one Schedule K-1 is received, report each on a separate row. Include additional identifying information, such as "Partnership X."

## Section 1061 Reporting

Section 1061 recharacterizes certain long-term capital gains of a partner that holds one or more applicable partnership interests as short-term capital gains. An applicable partnership interest is an interest in a partnership that is transferred to or held by a taxpayer, directly or indirectly in connection with the performance of substantial services by the taxpayer or any other related person, in an applicable trade or business. See [Section 1061 Reporting Guidance FAQs](#) for reporting of section 1061 recharacterization amounts on the Form 8949.

## Digital Assets

A digital asset is a digital representation of value, other than a representation of the U.S. dollar or a foreign currency, that is recorded on a cryptographically secured distributed ledger or any similar technology. A digital asset is treated as property, and general tax principles that apply to property transactions apply to transactions using digital assets, including how to figure your holding period for short-term and long-term capital gains and losses explained earlier under [Short-Term or Long-Term](#). Digital assets include property that has been referred to as "convertible virtual currency," and "cryptocurrency," and "non-fungible tokens." If a particular asset has the characteristics of a digital asset, it will be treated as a digital asset for federal income tax purposes. For more information on the tax treatment of digital assets, see Notice 2014-21, Rev. Rul. 2019-24, and [IRS.gov/VirtualCurrencyFAQs](https://www.irs.gov/VirtualCurrencyFAQs). For more information on the tax treatment of property transactions and on short-term and long-term capital gains and losses, see Pub. 544.

## Rounding Off to Whole Dollars

You can round off cents to whole dollars on Form 8949. If you do round to whole dollars, round all amounts. To round, drop cent amounts under 50 cents and increase cent amounts over 49 cents to the next dollar. For example, \$1.49 becomes \$1 and \$1.50 becomes \$2.