

Subject 205

Capital Gains and Losses

For the most part, everything you own and use for personal purposes, pleasure, or investment is a capital asset. Examples are your home and stocks or bonds held in your personal account. When you sell a capital asset, the difference between the amount you sell it for and the basis (which is usually what you paid for it) is a capital gain or a capital loss.

Capital gains and losses are classified as long-term or short-term, depending on the date you acquired the property and how long you owned the property before you sold it. It is a long-term gain or loss if the property was held more than one year. If it was held for one year or less it is a short-term gain or loss.

If you had gains or losses from the sale of real estate, stocks, or bonds from capital assets figure your taxable share on Federal Schedule D. After the netting process if you had a capital gain or loss reported on Federal Schedule D, use Arkansas Form AR1000D to determine the taxable amount for Arkansas.