

Subject 205

Capital Gains and Losses

Generally, 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 is between the amount you sell it for and the basis (usually the amount 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.