

**SCHEDULE D**  
**FORM N-20**  
**(REV. 2014)**

STATE OF HAWAII—DEPARTMENT OF TAXATION  
**Capital Gains and Losses**  
To be filed with Form N-20

**2014**

Name of Partnership

Federal Employer I.D. No.

**Part I Short-Term Capital Gains and Losses — Assets Held 1 Year or Less**

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (See Instructions.)	(e) Cost or other basis (See Instructions.)	(f) Gain or (loss) (column (d) minus column (e))
1					
2 Short-term capital gain from installment sales from federal Form 6252 .....				2	
3 Short-term capital gain (loss) from like-kind exchanges from federal Form 8824 .....				3	
4 Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships, estates, and trusts.....				4	
5 Short-term gain from stock acquired through stock options from qualified high technology businesses.....				5	( )
6 Section 235-7(a)(14), HRS, short-term gain (See Instructions.).....				6	( )
7 <b>Net short-term capital gain or (loss).</b> Add lines 1 through 6 in column (f). Enter here and on Schedule K (Form N-20), line 8 or 11 .....				7	

**Part II Long-Term Capital Gains and Losses — Assets Held More Than 1 Year**

8					
9 Long-term capital gain from installment sales from federal Form 6252.....				9	
10 Long-term capital gain (loss) from like-kind exchanges from federal Form 8824.....				10	
11 Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts.....				11	
12 Capital gain distributions .....				12	
13 Long-term gain from stock acquired through stock options from qualified high technology businesses .....				13	( )
14 Section 235-7(a)(14), HRS, long-term gain (See Instructions.).....				14	( )
15 <b>Net long-term capital gain or (loss).</b> Add lines 8 through 14 in column (f). Enter here and on Schedule K (Form N-20), line 9 or 11 .....				15	

**General Instructions**

(Section references are to the Internal Revenue Code unless Hawaii Revised Statutes (HRS) is indicated.)

**Purpose of Schedule**

Use Schedule D (Form N-20) to report the sale or exchange of capital assets, except capital gains (losses) that are specially allocated to any partners.

Enter capital gains (losses) specially allocated to the partnership as a partner in other partnerships and from estates and trusts on Schedule D (Form N-20), line 4 or 11, whichever applies. Enter capital gains (losses) of the partnership that are specially allocated to partners directly on line 8, 9, or 11 of Schedule K and K-1 (Form N-20), whichever applies. Do not include these amounts on Schedule D. See **How Income Is Shared Among Partners** in the Instructions for Form N-20 for more information.

**General Information**

To report sales or exchanges of property other than capital assets, including the sale or exchange of property used in a trade or business and involuntary conversions (other than casual-

ties and thefts) see Schedule D-1, Sales of Business Property, and related instructions. If property is involuntarily converted because of a casualty or theft, use federal Form 4684, Casualties and Thefts.

Gain and losses from section 1256 contracts and straddles are reported on federal Form 6781, Gains and Losses From Section 1256 Contracts and Straddles. If there are limited partners, see section 1256(e)(4) for the limitation on losses from hedging transactions.

An exchange of business or investment property for property of a like kind is reported on federal Form 8824, Like-Kind Exchanges.

For more information, see federal Publication 544, Sales and Other Dispositions of Assets.

**Items for Special Treatment**

- Effective for tax years beginning after December 31, 1999, all income earned and proceeds derived from stock options or stock, including stock issued through the exercise of stock options or warrants, from a qualified high technology business or from a holding company of a qualified high technology business by an employee, officer, or director of the qualified high technology

business, or investor who qualifies for the high technology business investment tax credit is excluded from income taxes.

- For tax years beginning after 2007 and ending before 2018, the gain realized by a fee simple owner from the sale of a leased fee interest in units within a condominium project, cooperative project, or planned unit development to the association of owners under chapter 514A or 514B, HRS, or the residential cooperative corporation of the leasehold units is exempt from Hawaii income taxation.
- Gain from the sale of property (other than publicly traded stock or securities) for which any payment is to be received in a tax year after the year of sale, must be reported using the installment method on federal Form 6252, Installment Sale Income, unless the partnership elects to report the entire gain in the year of sale. The partnership should also use federal Form 6252 if it received a payment this year from a sale made in an earlier year on the installment method.

If the partnership wants to elect out of the installment method for installment gain that is **not** specially allocated among the partners, it

(Continued on back)

must report the full amount of the gain on a timely filed return (including extensions).

If the partnership wants to elect out of the installment method for installment gain that is specially allocated among the partners, it must do the following on a timely filed return (including extensions):

1. For a **short-term capital gain**, report the full amount of the gain on Schedule K (Form N-20), line 8 or 11.

For a **long-term capital gain**, report the full amount of the gain on Schedule K (Form N-20), line 9 or 11.

2. Enter each partner's share of the full amount of the gain on Schedule K-1 (Form N-20), line 8, 9, or 11, whichever applies.

- For other items for special treatment, see the federal Instructions for Schedule D (Form 1065).

**Constructive sales treatment for certain appreciated positions.**

Generally, the partnership must recognize gain (but not loss) on the date it enters into a constructive sale of any appreciated position in stock, a partnership interest, or certain debt instruments as if the position were disposed of at fair market value on that date.

For more details, see the federal Instructions for Schedule D (Form 1065) and federal Publication 550, *Investment Income and Expenses*.

**Rollover of gain from qualified stock.**

If the partnership sold qualified small business stock it held for more than 6 months, it may postpone gain if it purchased other qualified small business stock during the 60-day period that began on the date of the sale. The partnership must recognize gain to the extent the sale proceeds exceed the cost of the replacement stock. Reduce the basis of the replacement stock by any postponed gain.

If the partnership chooses to postpone gain, report the entire gain realized on the sale on line 1 or 8. Directly below the line on which the partnership reported the gain, enter in column (a) "Section 1045 Rollover" and enter as a (loss) in column (f) the amount of the postponed gain.

**Caution:** The partnership also must separately state the amount of the gain rolled over on qualified stock under section 1045 on Form N-20, Schedule K, line 11, because each partner must determine if he or she qualifies for the rollover at the partner level. Also, the partnership must separately state on that line (and not on Schedule D) any gain that would qualify for the section 1045 rollover at the partner level instead of the partnership level (because a partner was entitled to purchase replacement stock) and any gain on qualified stock that could qualify for the 50% exclusion under section 1202.

**Specific Instructions**

**Columns (b) and (c) — Date Acquired and Date Sold**

Use the trade dates for date acquired and date sold for stocks and bonds traded on an exchange or over-the-counter market.

**Column (d) — Sales Price**

Enter in this column either the gross sales price or the net sales price from the sale. On sales of stocks and bonds, report the gross amount as reported to the partnership by the partnership's broker on federal Form 1099-B, *Proceeds From Broker and Barter Exchange Transactions*, or similar statement. However, if the broker advised the partnership that gross proceeds (gross sales price) less commissions and option premiums were reported to the Department of Taxation, enter that net amount in column (d).

**Column (e) — Cost or Other Basis**

In general, the cost or other basis is the cost of the property plus purchase commissions and improvements and minus depreciation, amortization, and depletion. If the partnership received the property in a tax-free exchange, involuntary conversion, or wash sale of stock, it may not be able to use the actual cash cost as the basis. If the partnership does not use cash cost, attach an explanation of the basis.

When selling stock, adjust the basis by subtracting all the stock-related nontaxable distributions received before the sale. This includes nontaxable distributions from utility company stock and mutual funds. Also adjust the basis for any stock splits or stock dividends.

If a charitable contribution deduction is passed through to a partner because of a sale of property to a charitable organization, the adjusted basis for determining gain from the sale is an amount that has the same ratio to the adjusted basis as the amount realized has to the fair market value.

See section 852(f) for the treatment of certain load charges incurred in acquiring stock in a mutual fund with a reinvestment right.

If the gross sale price is reported in column (d), increase the cost or other basis by any expense of sale, such as broker's fees, commissions, or option premiums, before making an entry in column (e).

For more information, see federal Publication 551, *Basis of Assets*.

**Column (f) — Gain or (Loss)**

Make a separate entry in this column for each transaction reported on lines 1 and 8 and any other line(s) that applies to the partnership. For lines 1 and 8, subtract the amount in column (e) from the amount in column (d). Enter negative amounts in parentheses.

**Lines 4 and 11 — Capital Gains and Losses From Other Partnerships, Estates, and Trusts**

See the Schedule K-1 or other information supplied to you by the other partnership, estate, or trust.

**Lines 5 and 13 — Short-Term and Long-Term Capital Gains From Stock Acquired Through Stock Options From Qualified High Technology Businesses**

Effective for tax years beginning after December 31, 1999, all income earned and proceeds de-

rived from stock options or stock, including stock issued through the exercise of stock options or warrants, from a qualified high technology business or from a holding company of a qualified high technology business by an employee, officer, or director of the qualified high technology business, or investor who qualifies for the high technology business investment tax credit is excluded from income taxes.

Use lines 5 and 13 to reduce the partnership's capital gain for these amounts reported on other lines of Schedule D.

**Lines 6 and 14 - Section 235-7(a) (14), HRS, Short-Term and Long-Term Capital Gain Exemption**

For tax years beginning after 2007 and ending before 2018, the gain realized by a fee simple owner from the sale of a leased fee interest in units within a condominium project, cooperative project, or planned unit development to the association of owners under chapter 514A or 514B, or the residential cooperative corporation of the leasehold units is exempt from Hawaii income taxation.

Use lines 6 and 14 to reduce the partnership's capital gain for these amounts reported on other lines of Schedule D.

For purposes of this exemption, "fee simple owner" means the person who owns the fee simple title to the land which is leased, including a life tenant with a remainder over, vested or contingent, and a holder of a defeasible estate, and the holder's heirs, successors, legal representatives, and assigns. "Leased fee interest" means all of the interests of the fee owner, lessor, and all legal and equitable owners of the land which is leased, other than the lessee's interest as defined by chapter 516, HRS. "Legal and equitable owners" means the fee simple owner and all persons having legal or equitable interests in the fee or in the lessor's leasehold estate, including mortgagees, developers, lienors, and sublessors, and their respective heirs, successors, legal representatives, and assigns. "Condominium project" means a real estate condominium project; a plan or project whereby a condominium of two or more units located within the condominium property regime have been sold or leased or are offered or proposed to be offered for sale or lease. "Cooperative project" means a real estate cooperative housing corporation project; a plan or project whereby two or more apartments located in a building owned by a cooperative housing corporation have been leased or are offered or proposed to be offered to be leased.

**Line 12 — Capital Gain Distributions**

On line 12, column (f), report as capital gain distributions (a) capital gain dividends and (b) the partnership's share of undistributed capital gains from a regulated investment company or real estate investment trust (REIT). Report the partnership's share of Hawaii income taxes paid on undistributed capital gains by a regulated investment company or REIT on a statement attached to Form N-20 for Schedule K, line 31, and on Schedule K-1, line 36.