

## CHECK FIGURES

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|-------|---|-------|--|
| 12.   | \$1,600 ordinary gain; \$47,200 LTCG.   | 32.   | Freys treats all payments as ordinary; Reynaldo may amortize the \$160,000 over 15 years and deduct \$300,000 currently.         |
| 13.   | \$700 LTCG.   | 34.   | \$1,000 short-term capital gain.   |
| 14.   | \$2,000 LTCG.   | 35.   | The holding period begins on April 10, 2015.   |
| 15.a. | \$2,250 STCG.   | 36.   | \$55,000 adjusted basis, automatic long-term holding period, and \$19,000 long-term capital loss.                                |
| 15.b. | \$750 STCG.   | 37.   | \$4,170,000 long-term capital gain.  |
| 16.   | \$2,200 LTCG.   | 38.a. | \$500 short-term capital loss.   |
| 17.   | \$400 STCG.   | 38.b. | May 2, 2019.   |
| 18.   | \$7,200 LTCG (\$2,400 28% and \$4,800 25%).   | 38.c. | \$200 short-term capital gain.   |
| 19.   | All are capital assets.   | 39.   | \$10,000 net long-term capital gain.   |
| 20.   | The video game is a capital asset.  | 40.   | Net short-term capital gain of \$7,000.  |
| 21.a. | The automobile is not a capital asset because it is held for rental.  | 42.a. | \$37,800 AGI.  |
| 21.b. | \$1,069,500.  | 43.   | \$75,000 net long-term capital gain made up of \$11,000 25% gain and \$64,000 0%/15%/20% gain.                                   |
| 22.   | The ring is a capital asset because it is either a personal use asset or an investment asset.                                 | 44.   | \$48,000 AGI made up of \$32,000 net short-term capital gain and \$16,000 net long-term capital gain (all of which is 25% gain). |
| 23.   | The asset is inventory; therefore, it is an ordinary asset.   | 45.   | \$2,000 capital loss carryforward.   |
| 24.   | Designate stock as an investment.   | 46.   | \$13,787 using the alternative tax method.   |
| 25.a. | \$87,000 realized and recognized gain.  | 47.   | \$3,059 tax using the alternative tax method.  |
| 25.b. | \$87,000 long-term capital gain.  | 48.   | \$121,050 taxable income; \$22,057 tax using the alternative tax method; \$1,170 savings from the alternative tax calculation.   |
| 25.c. | \$6,000 ordinary income; \$81,000 long-term capital gain.   | 49.   | \$1,452,000 taxable income; \$355,000 capital loss carryback.  |
| 26.a. | \$8,000 short-term capital loss; \$22,000 long-term capital loss; \$50,000 ordinary loss and \$10,000 long-term capital loss. | 50.   | The patent is not a capital asset. So there is ordinary income under either proposal.  |
| 26.b. | \$12,000.   | 51.   | \$142 refund for 2018.   |
| 26.c. | \$5,000 short-term capital loss carryforward; \$32,000 long-term capital loss carryforward.                                   | 52.   | \$2,215 refund for 2019.   |
| 27.   | \$38,000 long-term capital loss.  |       |  |
| 28.a. | \$211,000 long-term capital gain if right of first refusal is treated as an option.   |       |  |
| 28.b. | \$211,000 ordinary income if Fred is a dealer.  |       |  |
| 29.   | \$836,000 ordinary income.  |       |  |
| 30.   | \$1,113,000 ordinary gain.  |       |  |
| 31.   | The patent is not a capital asset. So there is ordinary income under either proposal.   |       |  |