

**500.6 Foreign currency converted into U.S. dollars.** Foreign currencies are not securities within the meaning of section 1091, and losses resulting either from the disposition of foreign currencies purchased in transactions entered into for profit or from their conversion into U.S. dollars are not subject to the wash sale provisions. I.T. 1552 superseded. §§1.1091-1, 1.1236-1. (Secs. 1091, 1236; '86 Code.)

Rev. Rul. 74-218, 1974-1 C.B. 202.

**500.7 Life insurance company; general asset and segregated asset accounts.** A loss sustained by a mutual life insurance company on the sale of stock from its general asset accounts is nondeductible if the company purchases substantially identical stock and allocates it to its segregated asset accounts within 61 days. §§1.165-1, 1.801-8, 1.1091-1. (Secs. 165, 801, 1091; '86 Code.)

Rev. Rul. 74-4, 1974-1 C.B. 51.

**500.8 Losses; disallowance.** A loss on the sale of stock is sustained on the date of sale and not at a later time when the shares of stock are delivered to the purchaser. If within the prescribed 61-day period, the taxpayer purchases identical stock to replace the stock sold, the sale constitutes a wash sale and the loss on the sale thereof is not allowable and the basis of the new stock is the basis of the stock sold, adjusted as provided in section 1091(d). §1.1091-1. (Sec. 1091, '86 Code.)

Rev. Rul. 59-418, 1959-2 C.B. 184.

**500.9 Margin transactions.** Losses resulting from wash sales of securities purchased on margin are not deductible. §1.1091-1. (Sec. 1091, '86 Code.)

Rev. Rul. 71-316, 1971-2 C.B. 311.

**500.10 Sale of stock and "in-the-money" put option; disallowance of loss on stock sale.** A loss on the sale of corporate stock, otherwise allowable under section 165, is disallowed under section 1091, if, within 30 days of the sale of stock, the taxpayer sold an "in-the-money" put option with respect to the stock and, based on the objective factors at the time the put was sold, there was no substantial likelihood that the put would not be exercised. §§1.165-1, 1.1091-1. (Secs. 165, 1091, '86 Code.)

Rev. Rul. 85-87, 1985-1 C.B. 268.

**500.11 Stock blocks; separate treatment of gain or loss.** A loss sustained from the sale of one block of stock may not be deducted nor used to reduce any gain realized from the sale of other blocks of identical stock sold on the same day where the vendor acquires substantially identical stock within 30 days before or after the date of the sale. I.T. 1353 superseded. §1.1091-1. (Sec. 1091, '86 Code.)

Rev. Rul. 70-231, 1970-1 C.B. 171.

**500.12 Stock sold to reduce holdings.** The deduction of a loss sustained on the sale of a portion of the shares of stock or other securities purchased in one lot less than 30 days before the sale will not be disallowed merely because the sale is of a part of that lot. However, the deduction will be disallowed if the taxpayer, in another transaction occurring within the period beginning 30 days before the date of the sale and ending 30 days after such date, has acquired or has entered into a contract or option so to acquire, additional substantially identical stock or securities. §1.109-1. (Sec. 1091, '86 Code.)

Rev. Rul. 56-602, 1956-2 C.B. 527.

**500.13 Stock subscription rights.** The wash sale provisions are applicable where a taxpayer acquires stock through the exercise of subscription rights and within thirty days thereafter sells an equal number of shares of the stock with respect to which the rights were issued. I.T. 2890 superseded. §1.1091-1. (Sec. 1091, '86 Code.)

Rev. Rul. 71-520, 1971-2 C.B. 311.

## Wash sales

**500.1 Bonds with different interest rates.** The Richmond-Petersburg Turnpike Authority 3.45 percent Revenue Bonds, new issue, and the Richmond-Petersburg Turnpike Authority 4.5 percent Revenue Bonds, additional issue, are not substantially identical securities. §§1.165-3, 1.1091-1. (Secs. 165, 1091; '86 Code.)

Rev. Rul. 60-195, 1960-1 C.B. 300.

**500.2 Commodity futures contracts.** Commodity futures contracts are not stock or securities and the wash sale provisions do not apply to capital losses resulting from the sale of such contracts. §1.1091-1. (Sec. 1091, '86 Code.)

Rev. Rul. 71-568, 1971-2 C.B. 312.

**500.3 Convertible preferred stock.** Convertible preferred stock that has the same voting rights as the common stock, is subject to the same dividend restrictions, sells at prices that do not vary significantly from the conversion ratio, and is unrestricted as to convertibility is, for purposes of the wash sale provisions, substantially identical to the common stock and is also considered an option to acquire such stock. §1.1091-1. (Sec. 1091, '86 Code.)

Rev. Rul. 77-201, 1977-1 C.B. 250.

**500.4 Employee stock option.** An employee who enters into an option to acquire stock under a restricted plan will be held to have entered into the agreement on the date the option is granted. He acquires the stock on the date the certificates are issued. However, where the shares represented by an option have resulted in the nondeductibility of a loss, such shares will not again result in the nondeductibility of a loss within the 61-day period of the issuance of the shares to the extent they have already been considered in determining the nondeductibility of a loss within the 61-day period of the granting of the option. §1.1091-1. (Sec. 1091, '86 Code.)

Rev. Rul. 56-452, 1956-2 C.B. 525.

**500.5 Employer's stock received as bonus.** An employee who twice received substantially identical shares of his employer's stock as bonuses under a work incentive plan is considered to have made acquisitions of the stock, within the meaning of section 1091(a), in exchange for his services rendered and the loss he sustained from disposing of the first bonus shares within thirty days of receiving the second bonus shares is disallowed. §1.1091-1. (Sec. 1091, '86 Code.)

Rev. Rul. 73-329, 1973-2 C.B. 302.

**500.14 Stock warrants and common stock.** Where stock warrants are sold at a loss and common stock of the same corporation is simultaneously purchased, the loss is allowable unless the relative values and the price structure of the two are so similar as to make them substantially identical. However, a loss is not allowable where common stock is sold at a loss and warrants for common stock of the same corporation are purchased simultaneously. (Sec. 1091, '86 Code.)

Rev. Rul. 56-406, 1956-2 C.B. 523.

**500.15 Substantially identical bonds; housing authority.** Various local housing authorities, separate and distinct from each other, having substantial credit standings of their own and surety guarantees from the Federal government, are the primary obligors on the bonds issued by them and not the Federal government. Such bonds issued by a local authority are not substantially identical within the meaning of the wash sales provisions with those bonds of any of the other local housing authorities. §1.1091-1. (Sec. 1091, '86 Code.)

Rev. Rul. 59-44, 1959-1 C.B. 205.

**500.16 Substantially identical securities.** Two issues of U.S. Treasury 2 1/2 percent bonds, differing slightly as to maturity, call and interest payment dates, as well as to dates redeemable for payment of estate tax and investment purposes, are not substantially identical securities within the meaning of the wash sales provisions. Consequently, deduction of a loss sustained upon the sale of one issue followed by purchase of the other within the 61-day period will be allowed. §§39.118-1, 1.1091-1. (Sec. 118, '39 Code; Sec. 1091, '86 Code.)

Rev. Rul. 58-210, 1958-1 C.B. 523.

**500.17 Substantially identical securities.** Two issues of U.S. Treasury 2 1/4 percent bonds which differ slightly only as to first call, maturity and interest payment dates, are substantially identical securities within the meaning of the wash sales provisions. Consequently, loss sustained upon sale of bonds of one issue followed by purchase of the other within the 61-day period will not be allowed. §§39.118-1, 1.1091-1. (Sec. 118, '39 Code; Sec. 1091, '86 Code.)

Rev. Rul. 58-211, 1958-1 C.B. 529.

**500.18 Substantially identical securities.** U.S. Treasury 6 3/8 percent bonds maturing in 1982 and not redeemable at par with accrued interest for payment of estate taxes and U.S. Treasury 4 1/4 percent bonds maturing in 1992 and redeemable at par with accrued interest for payment of estate taxes are not "substantially identical" securities. §1.1091-1. (Sec. 1091, '86 Code.)

Rev. Rul. 76-346, 1976-2 C.B. 247.