Form **6781**

Department of the Treasury
Internal Revenue Service

Gains and Losses From Section 1256 Contracts and Straddles

Attach to your tax return.

Go to *www.irs.gov/Form6781* for the latest information.

OMB No. 1545-0074

2025

Attachment Sequence No. **82**

Name(s) shown on tax return | **Identifying number**

Check all applicable boxes. See instructions.

A ☐ Mixed straddle election
B ☐ Straddle-by-straddle identification election
C ☐ Mixed straddle account election
D ☐ Net section 1256 contracts loss election

Part I Section 1256 Contracts Marked to Market

	(a) Identification of account	(b) (Loss)	(c) Gain
1			
2	Add the amounts on line 1 in columns (b) and (c)	2 ( )	
3	Net gain or (loss). Combine line 2, columns (b) and (c)	3	
4	Form 1099-B adjustments. See instructions and attach statement	4	
5	Combine lines 3 and 4	5	
	Note: If line 5 shows a net gain, skip line 6 and enter the gain on line 7. Partnerships and S corporations, see instructions.		
6	If you have a net section 1256 contracts loss and checked box D above, enter the amount of loss to be carried back. Enter the loss as a positive number. If you didn't check box D, enter -0-	6	
7	Combine lines 5 and 6	7	
8	**Short-term capital gain or (loss).** Multiply line 7 by 40% (0.40). Enter here and include on line 4 of Schedule D or on Form 8949. See instructions	8	
9	**Long-term capital gain or (loss).** Multiply line 7 by 60% (0.60). Enter here and include on line 11 of Schedule D or on Form 8949. See instructions	9	

Part II Gains and Losses From Straddles. Attach a separate statement listing each straddle and its components.

Section A—Losses From Straddles

	(a) Description of property	(b) Date entered into or acquired	(c) Date closed out or sold	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Loss. If column (e) is more than (d), enter difference. Otherwise, enter -0-.	(g) Unrecognized gain on offsetting positions	(h) Recognized loss. If column (f) is more than (g), enter difference. Otherwise, enter -0-.
10								

11a	Enter the short-term portion of losses from line 10, column (h), here and include on line 4 of Schedule D or on Form 8949. See instructions	11a	( )
b	Enter the long-term portion of losses from line 10, column (h), here and include on line 11 of Schedule D or on Form 8949. See instructions	11b	( )

Section B—Gains From Straddles

	(a) Description of property	(b) Date entered into or acquired	(c) Date closed out or sold	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Gain. If column (d) is more than (e), enter difference. Otherwise, enter -0-.
12						

13a	Enter the short-term portion of gains from line 12, column (f), here and include on line 4 of Schedule D or on Form 8949. See instructions	13a	
b	Enter the long-term portion of gains from line 12, column (f), here and include on line 11 of Schedule D or on Form 8949. See instructions	13b	

Part III Unrecognized Gains From Positions Held on Last Day of Tax Year. Memo entry only (see instructions)

	(a) Description of property	(b) Date acquired	(c) Fair market value on last business day of tax year	(d) Cost or other basis as adjusted	(e) Unrecognized gain. If column (c) is more than (d), enter difference. Otherwise, enter -0-.
14					

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 6781 and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/Form6781*.

Reminder

Qualified Opportunity Investment

If you held a qualified investment in a qualified opportunity fund (QOF) at any time during the year, you must file your return with Form 8997. See the Instructions for Form 8997.

General Instructions

Purpose of Form

Use Form 6781 to report:

- Any capital gain or loss on section 1256 contracts under the mark-to-market rules, and
- Gains and losses under section 1092 from straddle positions.

For details on section 1256 contracts and straddles, see Pub. 550, Investment Income and Expenses.

Section 1256 Contract

A section 1256 contract is any:

- Regulated futures contract,
- Foreign currency contract,
- Nonequity option,
- Dealer equity option, or
- Dealer securities futures contract.

For definitions of these terms and more details, see section 1256(g) and Pub. 550.

A section 1256 contract doesn't include any securities future contract, option on a securities future contract, interest rate swap, currency swap, basis swap, commodity swap, equity swap, equity index swap, credit default swap, interest rate cap, interest rate floor, or similar agreement.

Special rules apply to certain foreign currency contracts. See section 988 and Regulations sections 1.988-1(a)(7) and 1.988-3. If an election is made under section 988(a)(1)(B) or 988(c)(1)(D), attach to your return a list of the contracts covered by the election(s). On the attachment, show the net gain or loss reported from those contracts and identify where the gain or loss is reported on the return. If an election is made under section 988(a)(1)(B), report on Form 6781 the gains and losses from section 1256 contracts that are also section 988 transactions.

Options and commodities dealers must take any gain or loss from the trading of section 1256 contracts into account in figuring net earnings subject to self-employment tax. See section 1402(i).

Mark-to-Market Rules

Under these rules, each section 1256 contract held at year end is treated as if it were sold at fair market value (FMV) on the last business day of the tax year. The wash sale rules don't apply.

If your section 1256 contracts produce capital gain or loss, gains or losses on section 1256 contracts open at the end of the year, or terminated during the year, are treated as 60% long term and 40% short term, regardless of how long the contracts were held.

The mark-to-market rules don't apply if you properly and timely identified a section 1256 contract as a hedge.

Straddle

A straddle means offsetting positions with respect to personal property of a type that is actively traded.

Offsetting Positions

If there is a substantial decrease in risk of loss to a taxpayer holding a position because that taxpayer or a related party also holds one or more other positions, then those positions are offsetting and may be part of a straddle. However, if an identified straddle is properly established, other positions held by the taxpayer won't be treated as offsetting with respect to any position that is part of the identified straddle.

General Rule for Straddles

If you don't make any of the elections described in box A, B, or C, and you have a loss on the section 1256 contract component, use Part II to reduce the loss by any unrecognized gain on the non-section 1256 contract component before making an entry in Part I. You must also reduce the loss from any section 1256 contract component of a straddle that would be a mixed straddle if the positions had been properly identified as such.

Box A. Mixed Straddle Election

Under section 1256(d), you can elect to have the mark-to-market rules not apply to section 1256 contracts that are part of a mixed straddle. A mixed straddle is any straddle in which at least one but not all of the positions is a section 1256 contract. On the day the first section 1256 contract forming part of the straddle is acquired, each position forming part of the straddle must be clearly identified as being part of such straddle. If you make this election, it will apply for all later years and you can't revoke it without IRS consent. If you are making or have previously made this election, check box A and report the section 1256 contract component in Part II instead of in Part I.

Box B. Straddle-by-Straddle Identification Election

Make this election for mixed straddles according to Temporary Regulations section 1.1092(b)-3T(d) by clearly identifying each position by the earlier of (a) the close of the day the identified mixed straddle is established, or (b) the time the position is disposed of. No straddle-by-straddle identification election may be made for any straddle for which a mixed straddle election was made or if one or more positions are includible in a mixed straddle account. If you are making or have previously made this election, check box B.

If you make this election, any positions you held on the day before the election are deemed sold for their FMV at the close of the last business day before the day of the election. For elections made on or before August 18, 2014, take this gain or loss into account when computing taxable income for the year in which the election was made. For elections made after August 18, 2014, take this gain or loss into account in the year you would have reported the gain or loss if the identified mixed straddle had not been established. In addition, when the gain or loss that accrued prior to the time the identified mixed straddle was established is taken into account, it will have the same character it would have had if the identified mixed straddle had not been established. See Regulations section 1.1092(b)-6 for details.

Each year you hold positions subject to this election, you must mark to market your section 1256 contracts and determine, in accordance with Regulations sections 1.1092(b)-3T and 1.1092(b)-6, whether you have a net gain or loss. If the net gain or loss is attributable to a net non-section 1256 position, then the net gain or loss is treated as a short-term capital gain or loss. Enter it directly on Form 8949 and identify the election. If the net gain or loss is attributable to a section 1256 position, enter the gain or loss on Form 6781, Part I, and identify the election.

Box C. Mixed Straddle Account Election

Make this election according to Temporary Regulations section 1.1092(b)-4T(f) to establish one or more mixed straddle accounts for 2026 by the due date (without extensions) of your 2025 tax return. To make this election, check box C and attach to your return (or your request for an extension of time to file) the statement required by the regulations. Report the annual account net gain or loss from a mixed straddle account in Part II and identify the election. See Temporary Regulations section 1.1092(b)-4T(c)(4) for limits on the total annual account net gain or loss.

Box D. Net Section 1256 Contracts Loss Election

If you have a net section 1256 contracts loss for 2025, you can elect to carry it back 3 years. Corporations, estates, and trusts are not eligible to make this election. Your net section 1256 contracts loss is the smaller of:

- The **excess** of your losses from section 1256 contracts over the total of (a) your gains from section 1256 contracts plus (b) $3,000 ($1,500 if married filing separately), or
- The total you would figure as your short-term and long-term capital loss carryovers to 2026 if line 6 of Form 6781 were zero. Use a separate Schedule D (Form 1040) and Capital Loss Carryover Worksheet (in Pub. 550) to figure this amount.

The amount you can carry back to any prior year is limited to the smaller of:

- The gain, if any, that you would report on line 16 of Schedule D (Form 1040) for that carryback year if only gains and losses from section 1256 contracts were taken into account; or
- The gain, if any, reported on line 16 of Schedule D (Form 1040) for that carryback year.

The amounts just described are figured prior to any carryback from the loss year. Also, the carryback is allowed only to the extent it doesn't increase or produce a net operating loss for the carryback year. The loss is carried to the earliest year first.

Make the election by checking box D and entering the amount to be carried back on line 6. To carry your loss back, file Form 1045, Application for Tentative Refund, or an amended return. Attach an amended Form 6781 and an amended Schedule D (Form 1040) for the applicable years.

On the amended Forms 6781 for the years to which the loss is carried back, report the carryback on line 1 of that year's amended Form 6781. Enter "Net section 1256 contracts loss carried back from" and the tax year in column (a), and enter the amount of the loss carried back in column (b).

Specific Instructions

Part I

Line 1

Include on line 1 all capital gains and losses from section 1256 contracts open at the end of your tax year or closed out during the year. If you received a Form 1099-B, Proceeds From Broker and Barter Exchange Transactions, or substitute statement, include on line 1 the amount from box 11 of each form. In column (a), enter "Form 1099-B" and the broker's name. List separately each transaction for which you didn't receive a Form 1099-B or substitute statement, or received a Form 1099-B that isn't for your tax year.

If you are completing an amended 2025 Form 6781 to carry back a net section 1256 contracts loss from 2026 or a later year, report the carryback on line 1. Enter "Net section 1256 contracts loss carried back from" and the tax year in column (a), and enter the amount of the loss carried back to 2025 in column (b). See the instructions for box D for details.

Line 4

CAUTION *For information about how to elect to defer capital gain net income because you invested in a QOF, see the Instructions for Form 8949. Don't use line 4 to show the adjustment for a QOF-related deferral.*

If the Form 1099-B you received includes a straddle or hedging transaction (as defined in section 1256(e)(2)), you may need to make certain adjustments, listed next. Attach a statement listing each of these adjustments and enter the total(s) on line 4.

- The section 1256 contract part of a mixed straddle, if you made any of the mixed straddle elections.
- The amount of the loss, if you didn't make any of the mixed straddle elections or the straddle wasn't identified as a mixed straddle and you had a loss on the section 1256 contract part that was less than the unrecognized gain on the non-section 1256 contract part. If the unrecognized gain is less than the loss, enter the unrecognized gain. Use Part I for a loss on the disposition of one or more positions that are part of a mixed straddle and that are non-section 1256 positions if no disposition of a non-section 1256 position in the straddle would be a long-term capital gain or loss and the disposition of one or more section 1256 positions in the straddle would be a capital gain or loss.
- The section 1256 contract part of a hedging transaction. The gain or loss on a hedging transaction is treated as ordinary income or loss. See Pub. 550 for details.

Line 5

Partnerships enter the amount from line 5 on Form 1065, Schedule K, line 11. S corporations enter the amount from line 5 on Form 1120-S, Schedule K, line 10. Lines 6 through 9 on Form 6781, Part I, don't apply to partnerships or S corporations and are left blank.

Line 6

See the instructions for box D.

Line 8

If you are not deferring any of this amount due to an investment in a QOF, include this amount on Schedule D (Form 1040), line 4; or on Schedule D (Form 1041), line 4. If you are deferring any of this amount due to an investment in a QOF, follow the instructions in the next paragraph.

For other returns, enter it in Part I of a Form 8949 with box B checked (if you received a Form 1099-B or substitute statement for every transaction included on line 1) or box C checked (if you can't check box B). Enter "Form 6781, Part I" on line 1 in column (a). Enter the gain or (loss) in column (h). Leave all other columns blank.

Line 9

If you are not deferring any of this amount due to an investment in a QOF, include this amount on Schedule D (Form 1040), line 11; or on Schedule D (Form 1041), line 11. If you are deferring any of this amount due to an investment in a QOF, follow the instructions in the next paragraph.

For other returns, enter it in Part II of a Form 8949 with box E checked (if you received a Form 1099-B or substitute statement for every transaction included on line 1) or box F checked (if you can't check box E). Enter "Form 6781, Part I" on line 1 in column (a). Enter the gain or (loss) in column (h). Leave all other columns blank.

CAUTION *If you held a qualified investment in a QOF at any time during the year, you must file your return with Form 8997. See the Instructions for Form 8997 for more information.*

Part II

Use Section A for losses from positions that are part of a straddle. Generally, a loss is allowed to the extent it exceeds the unrecognized gain on offsetting positions. The part of the loss not allowed is treated as if incurred in the following year and is allowed to the same extent. However, a loss from a position established in an identified straddle after October 21, 2004, isn't allowed. Instead, the basis of each offsetting position in the identified straddle that has unrecognized gain is increased by the amount of the unallowed loss multiplied by the following fraction:

$$\frac{\text{The unrecognized gain (if any) on the offsetting position}}{\text{The total unrecognized gain on all positions that offset the loss position in the identified straddle}}$$

For more details, see chapter 4 of Pub. 550.

Use Section B for gains from positions that are part of a straddle.

Don't include in Part II a disposition of any of the following.

- A position that is part of a hedging transaction.
- A loss position included in an identified straddle established before October 22, 2004, unless you disposed of all of the positions making up the straddle.
- A loss position included in an identified straddle established after October 21, 2004.
- A position that is part of a straddle if all of the positions of the straddle are section 1256 contracts.

Line 10, Column (a)

Enter the property and delivery date and indicate whether the property is a long or short position.

Line 10, Column (d)

For positions closed out or sold, enter the closing price or sales price.

Line 10, Column (e)

For positions closed out or sold, enter the cost or other basis plus commissions paid. Include nondeductible interest and carrying charges allocable to personal property that is part of a straddle. If any part of an unallowed loss from an offsetting position established in an identified straddle after October 21, 2004, increased your basis in the position, also include that amount. See Pub. 550 for details.

Line 10, Column (f)

Include in this column any loss not allowed in the prior year to the extent of the unrecognized gain.

Line 10, Column (g)

Enter the unrecognized gain on positions offsetting those in columns (a) through (f). Include unrecognized gain on any position you are treated as holding because it is held by a related party. Figure the amount to enter in this column by subtracting the cost or other basis of the offsetting position from the settlement price of that position as of the close of the last business day of your 2025 tax year.

Lines 11 and 13

Separate recognized gains and losses into short term and long term. Attach a separate statement for each. For information about holding periods for straddle positions, see Pub. 550 and Temporary Regulations section 1.1092(b)-2T.

Attach separate statements for (a) section 988 contracts that are part of a mixed straddle, and (b) any gain on the disposition or other termination of any position held as part of a conversion transaction (as defined in section 1258(c)). Identify the net gain or loss and report it on Form 4797, line 10.

Line 11a

Include this amount on Schedule D (Form 1040), line 4; or on Schedule D (Form 1041), line 4.

For other returns, enter it in Part I of a Form 8949 with box C checked. Enter "Form 6781, Part II" on line 1 in column (a). Enter the (loss) as a negative number (in parentheses) in column (h). Leave all other columns blank.

Line 11b

Include this amount on Schedule D (Form 1040), line 11; or on Schedule D (Form 1041), line 11.

For other returns, enter it in Part II of a Form 8949 with box F checked. Enter "Form 6781, Part II" on line 1 in column (a). Enter the (loss) as a negative number (in parentheses) in column (h). Leave all other columns blank.

Line 13a

If you are not deferring any of this amount due to an investment in a QOF, include this amount on Schedule D (Form 1040), line 4; or on Schedule D (Form 1041), line 4. If you are deferring any of this amount due to an investment in a QOF, follow the instructions in the next paragraph.

For other returns, enter it in Part I of a Form 8949 with box C checked. Enter "Form 6781, Part II" on line 1 in column (a). Enter the gain in column (h). Leave all other columns blank.

Line 13b

If you are not deferring any of this amount due to an investment in a QOF, include this amount on Schedule D (Form 1040), line 11; or on Schedule D (Form 1041), line 11. If you are deferring any of this amount due to an investment in a QOF, follow the instructions in the next paragraph.

For other returns, enter it in Part II of a Form 8949 with box F checked. Enter "Form 6781, Part II" on line 1 in column (a). Enter the gain in column (h). Leave all other columns blank.

Collectibles gain or (loss). A collectibles gain or (loss) is any long-term gain or deductible long-term loss from the sale or exchange of a collectible that is a capital asset. Collectibles include works of art, rugs, antiques, metals (such as gold, silver, and platinum bullion), gems, stamps, coins, alcoholic beverages, and certain other tangible property.

If any of the gain or loss you reported in Part II is a collectibles gain or (loss) and you are filing Form 1040, 1040-SR, or 1041, follow the instructions below for the form you file.

Form 1040 or 1040-SR. If you checked "Yes" on line 17 of Schedule D (Form 1040), include the collectibles gain or (loss) from Part II on line 3 of the 28% Rate Gain Worksheet in the Instructions for Schedule D (Form 1040).

Form 1041. If you must complete the 28% Rate Gain Worksheet in the Instructions for Schedule D (Form 1041), include the collectibles gain or (loss) from Part II on line 3 of that worksheet.

Part III

Complete Part III by listing each position (whether or not part of a straddle) that you held at the end of the tax year (including any position you are treated as holding because it is held by a related party) if the FMV of the position at such time exceeds your cost or other basis as adjusted.

Don't include positions that are part of an identified straddle or hedging transaction, property that is stock in trade or inventory, or property subject to depreciation used in a trade or business.

Don't complete Part III if you don't have a recognized loss on any position (including section 1256 contracts).

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You are not required to obtain the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual filers is approved under OMB control number 1545-0074, tax exempt filers under OMB control number 1545-0047, business filers is approved under OMB control number 1545-0123, and trust filers is approved under OMB control number 1545-0092, for the estimated averages, see the instructions for your income tax return.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.