



[CLICK HERE to return to the home page](#)

Rev. Rul. 66-7

Advice has been requested as to when a capital asset will have been held for more than 6 months within the meaning of sections 1222(3) and (4) of the Internal Revenue Code of 1954, particularly where the asset was acquired on the last day of a calendar month which has less than 31 days.

Section 1222(3) of the Code provides, in part, that the term "long-term capital gain" means gain from the sale or exchange of a capital asset held for more than 6 months and section 1222(4) of the Code provides, in part, that the "long-term capital loss" means loss from the sale or exchange of a capital asset held for more than 6 months.

It is well and long established that, in computing a period of "years" or "months" prescribed, in a contract or statute, "from" or "after" a designated day, date, act, or other event, the day thus designated is excluded and the last day of the prescribed period is included, unless a different intent is definitely evidenced. See I.T. 3287, C.B. 1939-1 (Part 1), 138.

I.T. 3985, C.B. 1949-2, 51, states the position of the Internal Revenue Service that the determination of the holding period of "capital assets" under sections 117(a)(2), (3), (4), (5), and (h)(4), of the Internal Revenue Code of 1939, must be made with reference to calendar months and fractions thereof, rather than with reference to days. The ruling was concerned primarily with the determination of the total holding period of securities purchased and sold where the provisions of section 117(h)(4) of the 1939 Code, relating to "wash sales," were applicable. Although similar provisions are not involved in the instant case, the principles enunciated in that ruling apply here. Furthermore, although I.T. 3287 was not cited in I.T. 3985 the rule stated in the former was actually applied in all the appropriate illustrative examples of the latter, that is, in examples 1 through 6.

In view of the foregoing, it is concluded that the holding period of a capital asset begins to run on the day following the date of acquisition of the asset involved. Accordingly, a capital asset acquired on the last day of any calendar month, regardless of whether the month has 31 days or less, must not be disposed of until on or after the first day of the seventh succeeding month of the calendar in order to have been "held for more than 6 months" within the meaning of sections 1222(3) and (4) of the Code. For example, an asset acquired on April 30, 1963, must not have been disposed of before November 1, 1963, in order to have been held for more than 6 months.

I.T. 3985, C.B. 1949-2, 51, is hereby amplified for the purpose of determining when a capital asset has been held for more than 6 months where the asset was acquired on the last day of a month having less than 31 days.

The same rule applies in determining holding periods of property for purposes of section 1231 of the Code.

Pursuant to authority contained in section 7805(b) of the Code the provisions of this Revenue Ruling will be applicable with respect to dispositions of property after April 10, 1966.