

Capital Gains Worksheet

To calculate the gain on the sale of a Primary Residence, the cost basis usually is determined by the original purchase price. The taxable gain generally is the difference between the purchase price plus capital improvements and the price when sold. Closing costs on the sale also may be added to the cost basis.

When capital improvements plus costs of the sale are added to the original cost basis, the **Adjusted Cost Basis** is the result.

To calculate Capital Gain

| <u>Purchase of Property</u> | <u>Sample</u> | |
|--|-------------------|----------|
| Original Purchase Price | \$250,000 | \$ _____ |
| (Plus) Improvements <u>and</u> costs of sale | <u>+ \$50,000</u> | \$ _____ |
| Adjusted Cost Basis | \$300,000 | \$ _____ |

| <u>Sale of Property</u> | <u>Sample</u> | |
|-----------------------------|--------------------|----------|
| Selling Price | \$400,000 | \$ _____ |
| (Minus) Adjusted Cost Basis | <u>- \$300,000</u> | \$ _____ |
| Taxable Gain | \$100,000 | \$ _____ |

The gain, or profit, after the \$250,000 (\$500,000 for married couples) exclusion from the sale of a personal residence is then taxed according to current capital gains tax law.