

---

John H. Dietershagen, C.P.A.  
Jerry E. Mickelson, C.P.A.  
Thomas K. Van Derzee, C.P.A.  
Debbie Conley Jordan, C.P.A.  
Patrick S. Jordan, C.P.A.  
Duane R. Shoen, C.P.A.  
Lesley L. Horner, C.P.A.  
D. Leslie Spurgin, C.P.A.

---



## Ciaschi • Dietershagen • Little • Mickelson & Company, LLP

*Certified Public Accountants and Consultants*

---

Frederick J. Ciaschi, C.P.A.

## Cost Basis

### Introduction

Basis is the amount of your investment in property for tax purposes. Use the basis of property to figure depreciation, amortization, depletion, and casualty losses. Also use it to figure gain or loss on the sale or other disposition of property.

### Stocks and Bonds

The basis of stocks or bonds you buy is generally the purchase price plus any costs of purchase, such as commissions and recording or transfer fees. If you get stocks or bonds other than by purchase, your basis is usually determined by the fair market value (FMV) or the previous owner's adjusted basis of stock.

If you can adequately identify the shares of stock or the bonds you sold, their basis is the cost or other basis of the particular shares of stock or bonds. If you buy and sell securities at various times in varying quantities and you cannot adequately identify the shares you sell, the basis of the securities you sell is the basis of the securities you acquired first. If you sell mutual fund shares acquired at different times and prices, you can choose to use an average basis.

The Emergency Economic Stabilization Act of 2008 (EESA) requires a broker to report the adjusted basis and type of gain for most stock acquired on or after January 1, 2011. Most brokers are able to provide cost basis information to the taxpayer if requested although they might not have historical cost information if assets were transferred to them from another broker.

### Real Property

If you buy real property, certain fees and other expenses become part of your cost basis in the property. You can include in the basis of property you buy the settlement fees and closing costs for buying the property. You cannot include fees and costs for getting a loan on the property.

*Ciaschi, Dietershagen, Little, Mickelson & Company LLP*

For tax issue related e-mails and website publication, the following statement applies:

Circular 230 compliance: To ensure compliance with requirements imposed by the IRS, we inform you that any US federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (1) avoiding penalties under the Internal Revenue Code, or (2) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

---

### CORTLAND

39 Church Street  
Cortland, New York 13045  
607-753-7439  
fax 607-753-7874

### ITHACA

401 East State Street ~ Suite 500  
Ithaca, New York 14850  
607-272-4444  
Fax 607-273-8372  
[www.cdilm.com](http://www.cdilm.com)

### WATKINS GLEN

108 West Fourth Street  
Watkins Glen, New York 14891  
607-535-4443  
Fax 607-535-6220