

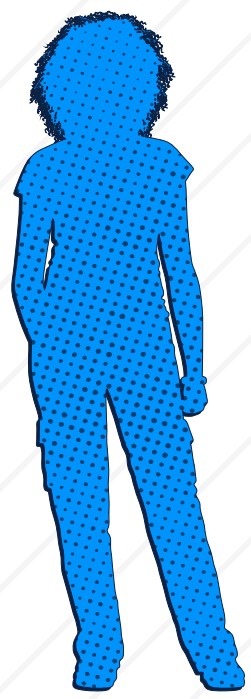
The Step-Up Basis in Capital Gains

June buys shares of corporate stock worth \$100,000. Here's *how much profit would be taxable* under the capital gains tax law if she does the following:

Sells the Shares

If **June holds** the shares for 10 years, and **cashes in** when they're worth \$200,000.

June's Profit	Taxable Capital Gains
\$100,000	\$100,000



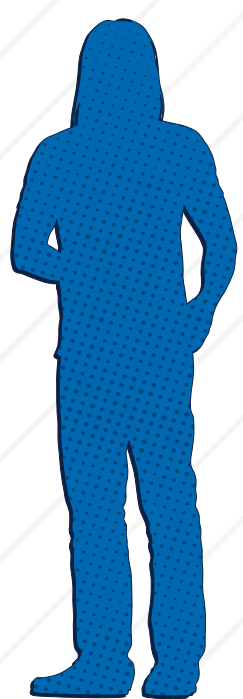
June will owe taxes on **\$100,000** of capital gains.



Bequeaths the Shares

If **June bequeaths** the shares to **Mark** upon her death when they're worth \$180,000, and **Mark sells** the shares when they're worth \$200,000.

Mark's Profit	Taxable Capital Gains
\$180,000	\$20,000



Mark will owe taxes on **\$20,000** of capital gains.

