

# Stepped-Up Basis and Capital Gains

**June** buys shares of corporate stock worth \$100,000. Here's *how much capital gains would be taxable* in two scenarios:

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## Sells the Shares

**June sells** the shares when they're worth \$200,000.

**June's Tax Basis**

**\$100,000**

**Taxable Capital Gains**

**\$100,000**



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



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## Bequeaths the Shares

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

**Mark's Stepped-Up Basis**

**\$200,000**



**Mark will owe taxes** on **\$0** of capital gains.

