

To determine the estimated capital gain, subtract the adjusted basis for the sale price. Next subtract the transaction costs (commissions, fees, etc.) to determine the capital gain.

Original Purchase Price		_____
Plus Capital Improvements	+	_____
Minus Depreciation Taken		(_____) [D]
Equals <i>Adjusted Basis</i>	=	_____
Current Sales Price		_____
Minus Adjusted Basis		(_____) [D]
Minus Transaction Costs		(_____) [D]
Equals Capital Gain	=	_____ [CG]

Finally, multiply the capital gain by your combined tax rate (Federal and State) to determine your estimated tax. Remember, there are two different rates, 20% for gain from appreciation and 25% for gain from depreciation.

[CG-D] Times your tax rate		
for appreciation	=	_____
[D] Times your tax rate for		
depreciation	+	_____
Add state taxes	+	_____
Equals Capital Gains Tax*	=	_____

- *This is the amount you would defer if you exchanged.*