

Taxation & Capital Gains Records

Your executor has to file your final tax return.

Your executor will need to file a final personal tax return covering the year you die, reporting your income up to your date of death, and there may also be a separate return for the estate. The exact forms and periods are technical, so your accountant should handle the filings.

They'll need to report all your income (salary, investment income, rental income, etc.) and claim all your deductions. Then they'll pay any tax owing or claim any refund due.

To do this, your executor needs access to your tax records, your accountant's details, and information about your capital gains tax history.

This section helps them gather what they need.

What is capital gains tax ?

Selling an asset for more than you paid can create a capital gain that's taxable, but there are important exceptions, and assets passing at death are often treated differently (their tax 'cost' can be reset to date-of-death value). Because this gets technical, leave the calculations to your accountant and just keep your records so they have what they need.

But calculating CAPITAL GAINS TAX can be complicated. You need to know: - When you bought the asset (the acquisition date) - What you paid for it (the cost basis) - What you've spent improving it (renovation costs, transaction costs) - When you sold it (if you sold it before you died)

If you've owned investment properties, shares, or other assets for decades, your executor will need this information to calculate any CAPITAL GAINS TAX owing when the asset is sold.

What records does your executor need?

Here's what your executor will need to file your final tax return and deal with CAPITAL GAINS TAX:

Your previous tax returns are useful for your executor and accountant. How many years' worth to keep depends on your situation (property records in particular may need to be kept much longer), so ask your accountant what's right for you.

Your Social Security Number (SSN). Already covered in Personal Information, but worth noting again.

Your accountant's details. If you use an accountant or tax preparer, include their contact details. They'll have copies of your past returns and can help your executor.

Records of capital gains and losses. If you've sold shares, property, or other assets in the past, your executor needs to know the cost basis and acquisition dates for any assets you still own.

Receipts for major expenses. If you've renovated an investment property or made capital improvements, those costs can be added to the cost basis (reducing CAPITAL GAINS TAX). Keep records.

Your IRS Online Account login details. Your executor will need access to your IRS Online Account to file your final tax return online, check your tax debt/refund status, and access IRS records. Store your login details securely (not in this book).

WHY THIS MATTERS

Your estate generally can't be wrapped up until the required tax returns are filed and any tax is paid. Most estates don't owe federal estate tax at all, but the filing requirements depend on the size and makeup of your estate, so your accountant or attorney can confirm what's actually needed in your case.

And if your executor doesn't have Capital gains records, they might overpay tax (because they can't prove what you paid for an asset) or underpay tax (and face penalties).

Give them the information they need. It'll save your estate thousands of dollars.

Your Taxation & Capital Gains Records

What your executor needs to file your final return and handle capital gains correctly.

ACCOUNTANT / TAX PREPARER

DO YOU USE AN ACCOUNTANT OR TAX PREPARER TO PREPARE YOUR TAX RETURNS?

Tick one: Yes (details below) / No (I do my own tax returns)

ACCOUNTANT NAME

If yes:

FIRM

PHONE

EMAIL

HOW LONG HAVE THEY BEEN DOING YOUR TAX RETURNS?

☐ *Your executor should contact them immediately. They'll have copies of your past returns and can file your final return.*

SOCIAL SECURITY NUMBER (SSN)

YOUR SOCIAL SECURITY NUMBER

(This should already be noted in the Personal Information section, but it's critical for tax purposes)

Your Taxation & Capital Gains Records (cont.)

PREVIOUS TAX RETURNS

WHERE ARE YOUR PREVIOUS TAX RETURNS STORED?

Tick one: With my accountant (they keep copies) / In IRS Online Account (digital copies) / Paper copies at home (location: ____) / Digital files on computer (location: ____)

HOW MANY YEARS BACK DO YOU HAVE?

MY IRS ACCOUNT ACCESS

DO YOU HAVE AN IRS ONLINE ACCOUNT?

Tick one: Yes (details below) / No. ☐ Do NOT write your password in this book. Store it securely (password manager, safe, lawyer) and note the location here.

IRS ONLINE ACCOUNT EMAIL/USERNAME

PASSWORD STORED AT

(e.g., "In password manager", "With lawyer", "In safe")

SERVICES LINKED TO IRS ONLINE ACCOUNT

Tick one: IRS (Internal Revenue Service) / the Social Security Administration / Medicare / state health exchange / Other

Your Taxation & Capital Gains Records (cont.)

CAPITAL GAINS TAX RECORDS

DO YOU OWN (OR HAVE YOU SOLD) ANY ASSETS THAT WOULD TRIGGER CAPITAL GAINS TAX?

Tick one: Yes (details below) / No / Unsure (ask accountant)

IF YES, WHICH ASSETS?

Tick one: Investment property (details in Property section) / Shares or mutual funds (details in Investments section) / Business assets (details in Business section) / Cryptocurrency (details in Investments section) / Other

INVESTMENT PROPERTY CAPITAL GAINS RECORDS (IF APPLICABLE)

PROPERTY 1 (ADDRESS: ____)

rows: Purchase Date / Purchase Price: \$ / Purchase Costs: \$ (closing costs, transfer taxes, attorney fees) / Renovation/Improvement Costs: \$ (Major renovations, extensions, capital improvements - NOT repairs) / Where are these records stored?

PROPERTY 2 (ADDRESS: ____)

rows: Purchase Date / Purchase Price: \$ / Purchase Costs: \$ (closing costs, transfer taxes, attorney fees) / Renovation/Improvement Costs: \$ (Major renovations, extensions, capital improvements - NOT repairs) / Where are these records stored?

Your Taxation & Capital Gains Records (cont.)

SHARE PORTFOLIO CAPITAL GAINS RECORDS (IF APPLICABLE)

DO YOU HAVE RECORDS OF WHEN YOU BOUGHT SHARES AND WHAT YOU PAID FOR THEM?

Tick one: Yes (location: ____) / No (broker should have records) / Unsure

YOUR SHARE BROKER/PLATFORM

*(e.g., Fidelity, Charles Schwab, E*TRADE, TD Ameritrade)*

NOTES

Your Taxation & Capital Gains Records (cont.)

CAPITAL LOSSES CARRIED FORWARD

DO YOU HAVE ANY CAPITAL LOSSES FROM PREVIOUS YEARS THAT CAN OFFSET FUTURE CAPITAL GAINS?

Tick one: Yes (amount: \$____) / No / Unsure (accountant will know). ☐ Capital losses can reduce CAPITAL GAINS TAX. Your accountant will have this on file.

OUTSTANDING TAX DEBTS OR REFUNDS

AS OF TODAY, DO YOU

Tick one: Owe money to the IRS (amount: \$____) / Expect a tax refund (amount: \$____) / Neither (tax is up to date)

IF YOU OWE MONEY, IS THERE A PAYMENT PLAN IN PLACE?

Tick one: Yes (details: ____) / No

BUSINESS TAX RECORDS (IF YOU OWN A BUSINESS)

WHERE ARE YOUR BUSINESS TAX RECORDS STORED?

rows: Sales tax records (if applicable): / Payroll tax records (federal/state withholding, FICA, FUTA) (if applicable):

Your Taxation & Capital Gains Records (cont.)

YOUR BUSINESS ACCOUNTANT (IF DIFFERENT FROM PERSONAL ACCOUNTANT)

rows: Name / Phone

RETIREMENT SAVINGS TAX RECORDS

RETIREMENT SAVINGS TAX RECORDS NOTE

Prose: Retirement accounts like a 401(k) or IRA are taxed differently from your other assets, and who pays the tax (and when) depends on who inherits and what type of account it is. This can create a meaningful tax bill for some beneficiaries, so your accountant should handle the calculation. Just make sure your executor knows where the accounts are and who's named on them. Your accountant will handle the calculation, but your executor should be aware this can create a significant tax liability. Your executor doesn't need to calculate this (your retirement plan does), but they should know to check with the fund about tax implications.

YOUR GUIDANCE FOR YOUR EXECUTOR

USE THIS SPACE TO LEAVE ANY SPECIFIC TAX-RELATED INSTRUCTIONS OR INFORMATION