

MEMORANDUM

TO: Our Gift Tax Clients (who have transferred real property in 2009)

FROM: VINCENT J. RUSSO & ASSOCIATES, P.C.

RE: Basis Calculation for Real Property Transferred

The following memorandum will assist you in computing the adjusted cost basis for transfers of real estate that you made in 2009 (if any).

Please complete this memo and send it back to us only if you transferred real property in 2009 so that we may prepare your 2009 Federal Gift Tax Return(s).

PROPERTY TRANSFERRED BY SINGLE OR JOINT OWNERS

NOTE: Please complete the following section unless:

- 1. The property gifted was your primary residence, and**
- 2. You are a surviving spouse, and**
- 3. The real property gifted was formerly owned jointly by you and your deceased spouse.**

If you answered yes to all 3, then skip to Page (2).

Original Purchase Price of real property \$ _____

Plus: Cost of Capital Improvements*, if any \$ _____

Equals: Cost Basis of Gift (please also fill in this amount on column 3 of the Questionnaire) \$ _____

*According to the Internal Revenue Code, a capital improvement is any expenditure that permanently adds value to the property. (Examples: new - dormer, bathroom, kitchen, boiler, central air system, new roof, driveway).

Capital improvements do not include ordinary repairs (Examples: paint, new carpets, or ordinary plumbing repairs such as leaky faucets).

Prepared by: **Vincent J. Russo & Associates, P.C.**
Attorneys and Counselors at Law

3740 Expressway Drive South
Islandia, NY 11749
(631) 582-1919

1600 Stewart Avenue
Westbury, NY 11590
(516) 683-1717

7600 Jericho Turnpike, Suite 110
Woodbury, NY 11797
(516) 682-8282

250 Lido Boulevard
Lido Beach, NY 11561
(516) 897-7100

PAGE (2)

**PRIMARY RESIDENCE, FORMERLY OWNED JOINTLY BY BOTH SPOUSES,
AND IT WAS TRANSFERRED BY THE SURVIVING SPOUSE IN 2009**

- 1) Original Purchase Price of home \$ _____
- 2) Capital improvements* up to spouse=s date of death
\$ _____
- 3) Fair Market Value of your home on the date of your spouse=s death \$ _____
- 4) Capital improvements made from date of spouse=s death
until the date of the deed transfer in 2009 \$ _____
- 5) Was the property originally purchased by you and your
spouse prior to January 1, 1977? Yes ____ No ____
- 6) Was your deceased spouse the primary earner
in the family? Yes ____ No ____
- 7) Did your spouse die after December 31, 1981? Yes ____ No ____

*According to the Internal Revenue Code, a capital improvement is any expenditure that permanently adds value to the property. (Examples: new - dormer, bathroom, kitchen, boiler, central air system, roof and driveway).

Capital improvements do not include ordinary repairs (Examples: new paint, new carpets, or ordinary plumbing repairs such as leaky faucets).

FOR OFFICE USE ONLY

CURRENT BASIS:

If client answered AYes@ to ALL questions on Lines 5, 6, and 7,
then add Lines 3 and 4

\$ _____

- OR -

If client did not answer AYes@ to ALL questions on Lines 5, 6, and 7,
then enter:

a) One-Half of Line 1 _____

b) One-Half of Line 2 _____

c) One-Half of Line 3 _____

d) 100% of Line 4 _____

Total (add lines (a) through (d)) \$ _____