

MEMORANDUM

TO: Our Gift Tax Clients (who have transferred real property in 2007)  
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 2007 (if any).

Please complete this memo and send it back to us only if you transferred real property in 2007 so that we may prepare your 2007 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 2007**

- 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 2007 \$ \_\_\_\_\_
- 5) Was the property originally purchased by you and your spouse prior to January 1, 1977? Yes \_\_\_\_ No \_\_\_\_
- I. Was your deceased spouse the primary earner in the family? Yes \_\_\_\_ No \_\_\_\_
- II. 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 "Yes" to ALL questions on Lines 5, 6, and 7, then add Lines 3 and 4

\$

- OR -

If client did not answer "Yes" 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))

\$