



Contact:

June 3, 2019

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Q: What is the holding period for short-term capital gains versus long-term capital gains?

A: The holding period for short-term capital gains and losses is 1 year or less. The holding period for long-term capital gains and losses is more than 1 year.

Q: How are capital gains taxed?

A: Short-term capital gains are taxed at your ordinary income tax rate. Long-term capital gains are taxed at a lower rate; favorably between 15-20% depending on your ordinary income tax bracket. Capital gains are may also be subject to the net investment income tax (medicare tax) at a rate of 3.8% depending on your income. The income threshold is \$200,000 for single taxpayers and \$250,000 for married filing joint taxpayers.

Q: How much can you deduct in capital losses per year?

A: You can deduct capital losses up to the amount of your capital gains plus \$3,000. Any additional capital losses are carried forward indefinitely, until the capital losses are consumed.

Q: What is a “wash sale”?

A: A wash sale occurs when you sell or dispose of stock or securities at a loss and within 30 days before or after the sale or disposition, you buy substantially identical stock or securities. As a result, you can't deduct losses from wash sales.