2026 · WHAT IS MY BASIS FOR THIS GIFTED PROPERTY I RECEIVED?

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Is the donor your spouse?

- No → Is the donor's adjusted basis greater than the fair market value at the date of the gift?
  - Yes → It is subject to the double basis rule. Your basis cannot be determined until the property is sold.
    - Did you sell the property at a price greater than the donor's adjusted basis?
      - Yes → Sorry, there is no step-up in basis. The donor's cost basis is carried over.
      - No → Did you sell the property at a price less than the fair market value at the time of the gift?
        - Yes → Sorry, there is no step-up in basis. The fair market value at the time of the gift is your basis.
        - No → You sold the property for a price between the donor's adjusted basis and fair market value at the time of the gift. → No gain or loss is recognized.
  - No → Was federal gift tax paid by the donor?
    - No → Sorry, there is no step-up in basis. The donor's cost basis is carried over.
    - Yes → The donor's cost basis is carried over but adjusted. → Your cost basis is increased by a portion of the federal gift tax paid based on the appreciation ratio (not to exceed the fair market value at the time of the gift).
- Yes → Sorry, there is no step-up in basis. The donor's cost basis is carried over.

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