

**Sale Rental Property
Tax Calculations (Form 4797, Sch D)**

SELLING	\$ AMOUNT
Sell Price	
Sell Expenses (closing costs)	
Sell Date	
PURCHASE	
Purchase Price	
Purchase Costs (closing costs)	
Purchase Date	
Date in Service	
IMPROVEMENTS Replaced roof, driveway, bathroom; refinance costs, added bedroom, city add water line, etc	
REIMBURSEMENTS <ul style="list-style-type: none"> ▪ Insurance money received for theft or casualty loss; ▪ Money received from granting easement; i.e., money from utility company for access to your property ▪ Deduction taken for personal property used in rental; i.e., appliances, flooring, window coverings, etc. 	
DEPRECIATION	
PROPERTY TYPE Section 1250 - Commercial building and residential rental Section 1245 Furniture, fixtures, equip. Section 1252 Farm Land Section 1254 Oil, Gas Geotherma Section 1255 Cost sharing payment	

Allowed Closing Costs
<ul style="list-style-type: none"> ▪ Broker commissions, finder or referral fees ▪ Owner's title insurance premiums ▪ Title, escrow or attorney closing fees ▪ Attorney or tax advisor fees related to the sale or purchase ▪ Recording and filing fees, documentary or transfer tax fees

NOT Allowed Closing Costs
<ul style="list-style-type: none"> • Pro-rated rents • Security deposits • Utility payments • Property taxes and insurance • Associations dues • Repairs and maintenance costs • Insurance premiums • Loan acquisition fees: points, appraisals, mortgage insurance, lenders title insurance, inspections and other loan processing fees and costs

CALCULATIONS	FORMULA	= \$ AMOUNT
Initial Cost Basis	= purchase price + purchase costs	
Cost or Other Basis + Sell Expenses (CBSE)	= Initial Cost Basis + improvements – reimbursements + Sell Expenses	
Adjusted Basis	= CBSE – Depreciation	
Gain / Loss	= Sale Price – Adjusted Basis	
Capital Gain Tax Rate	= see tax rates	

Depreciation Recapture	= depreciation * 25% <i>Note: year 2022 federal depreciation recap rate is 25%</i>	
Remaining Gain	= (Gain/Loss – Depreciation) * capital gain tax rate <i>Note: this is depreciation, not depreciation recapture</i>	
Total Tax Liability	= Depreciation Recapture + Remaining Gain	

Additional Info

- California Real Estate Withholding – Form 593, from escrow company
- Social Security Medicare Parts B and D maybe effected by gain
The gain from real estate sale can increase your income, which will cause you to pay more for Medicare Part B and D. See Social Security, [Income-Related Monthly Adjustment Amounts \(IRMAA\)](#).