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Capital Gains Taxes Are Not Just for Stocks

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The common perception is capital gains taxes are only applicable to stocks and mutual funds held for more than one year and sold at a profit. However, this is not so. Let us review some of the other assets to which capital gains taxes might apply. Capital gains tax rate - for those in the 25% tax bracket or higher - is 15% in 2010.

SOME OTHER ASSETS *POTENTIALLY* SUBJECT TO CAPITAL GAINS TAXES

Note, for all the following assets, you MUST have kept them ***for at least ONE YEAR*** *to take advantage of relatively lower capital gains taxes.*

- **Personal Residence Gain Obtained Beyond Primary-Residence Tax Exclusion:** Lower capital gains tax rates might apply to the portion of gains on sale of primary residence beyond the $250,000/$500,000 exclusion. However, this is very important to note 25% tax rate might be used for gains triggered by depreciation deductions you have claimed for your primary residence.
- **Rental Real Estate Owned by Individual or Company:** If you own a rental real estate and keep it for at least one year then any gains on its sale might be taxed at 15% in 2010. However, like personal residence, any depreciation deductions that trigger gains might be taxed at 25%.
- **Land Used In a Business:** If you own a land and it is used by you or your limited liability company, S corporation, limited liability partnership or general partnership, then you might be able to take advantage of capital gains taxes.
- **Personal Property Items Owned (Not Collectibles):** Your personal property items such as your jewelry, furniture that are not collectibles, are subject to capital gains taxes, if you hold onto them for more than one year. Collectibles are like stamps, baseball cards, rare coins, art, etc. If the item is a collectible then 28% federal tax rate applies.
- **Stock Owned in a Closely-Held Corporation:** Even if you have stock ownership in a closely-held corporation not traded on New York Stock Exchange or NASDAQ, you could still take advantage of such favorable capital gains rates.

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