

To: Jeffrey Epstein[jeevacation@gmail.com]
From: Richard Kahn
Sent: Mon 6/3/2013 7:10:33 PM
Subject: Landscaping & Basis

Based on reading on IRS website i believe landscaping is an improvement to basis.
I also asked Alan D the question and am awaiting his feedback

<http://www.irs.gov/publications/p523/ar02.html>

Adjusted Basis

Adjusted basis is your cost or other basis increased or decreased by certain amounts.

To figure your adjusted basis, you can use Worksheet 1, found toward the end of this publication. Filled-in examples of that worksheet are included in *Comprehensive Examples*, later.

Recordkeeping. You should keep records to prove your home's adjusted basis. Ordinarily, you must keep records for 3 years after the due date for filing your return for the tax year in which you sold your home. But if you sold a home before May 7, 1997, and postponed tax on any gain, the basis of that home affects the basis of the new home you bought. Keep records proving the basis of both homes as long as they are needed for tax purposes.

The records you should keep include:

- Proof of the home's purchase price and purchase expenses;
- Receipts and other records for all improvements, additions, and other items that affect the home's adjusted basis;
- Any worksheets or other computations you used to figure the adjusted basis of the home you sold, the gain or loss on the sale, the exclusion, and the taxable gain;
- Any Form 982 you filed to exclude any discharge of qualified principal residence indebtedness;
- Any Form 2119, Sale of Your Home, you filed to postpone gain from the sale of a previous home before May 7, 1997; and
- Any worksheets you used to prepare Form 2119, such as the Adjusted Basis of Home Sold Worksheet or the Capital Improvements Worksheet from the Form 2119 instructions, or other source of computations.

Increases to Basis

These include the following.

- Additions and other improvements that have a useful life of more than 1 year.
- Special assessments for local improvements.
- Amounts you spent after a casualty to restore damaged property.

Improvements. These add to the value of your home, prolong its useful life, or adapt it to new uses. You add the cost of additions and other improvements to the basis of your property.

The following chart lists some other examples of improvements.

Examples of Improvements That Increase Basis

Additions

Bedroom
Bathroom
Deck
Garage
Porch
Patio

Heating & Air Conditioning

Heating system
Central air conditioning
Furnace
Duct work
Central humidifier
Filtration system

Lawn & Grounds

Landscaping
Driveway
Walkway
Fence
Retaining wall
Sprinkler system
Swimming pool

Plumbing

Septic system
Water heater
Soft water system
Filtration system

Miscellaneous

Storm windows, doors
New roof
Central vacuum
Wiring upgrades
Satellite dish
Security system

Interior

Improvements
Built-in appliances
Kitchen modernization
Flooring
Wall-to-wall carpeting

Insulation

Attic
Walls
Floors
Pipes and duct work

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