

A Taxing Story: Capital Gains and Losses



Chris Rock once remarked, “You don’t pay taxes – they take taxes.” That applies not only to income but also to capital gains.

Capital gains result when an individual sells an investment for an amount greater than their purchase price. Capital gains are categorized as short-term gains (a gain realized on an asset held one year or less) or long-term gains (a gain realized on an asset held longer than one year).

Keep in mind that the information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation.

Long-Term vs. Short-Term Gains

Short-term capital gains are taxed at ordinary income tax rates. Long-term capital gains are taxed according to different ranges (shown below.)¹

Long Term Capital Gains Tax Brackets (for 2025)

Tax Bracket/Rate	Single	Married Filing Jointly	Head of Household
0%	\$0-\$49,450	\$0-\$98,900	\$0-\$66,200
15%	\$49,451-\$545,500	\$98,901-\$613,700	\$66,201-\$579,600
20%	\$545,500+	\$613,700+	\$579,600+

It should be noted that taxpayers whose adjusted gross income is in excess of \$200,000 (single filers or heads of household) or \$250,000 (joint filers) may be subject to an additional 3.8% tax as a net investment income tax.²

Also, keep in mind that the long-term capital gains rate for collectibles and precious metals remains at a maximum of 28%.³

Rules for Capital Losses

Capital losses may be used to offset capital gains. If the losses exceed the gains, up to \$3,000 of the losses may be used to offset the taxes on other kinds of income. Should you have more than \$3,000 in such capital losses, you may be able to carry the losses forward. You can continue to carry forward these losses until such time that future realized gain exhaust them. Under current law, the ability to carry these forward is lost only at death.⁴

Finally, for some assets, the calculation of a capital gain or loss may not be as simple and straightforward as it sounds. As with any matter dealing with taxes, individuals are encouraged to seek the counsel of a tax professional before making any tax-related decisions.

1.IRS.gov, 2025

2.IRS.gov, 2025

3.IRS.gov, 2025

4.IRS.gov, 2025

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