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Cost basis is the amount that a person paid for an asset.

The cost basis of cash equals the face value of the cash. The cost basis of inherited property equals the fair market value of the property at the time it was inherited. The cost basis of property received as a gift from a living person equals the cost basis of the person from whom the property is received.

A person's cost basis may be adjusted for tax purposes to account for depreciation taken on previous tax returns.

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