

**Tax Tip**  
**Week of January 23, 2012**

**Unused Capital Losses at Death**

Net capital losses can be carried back three years and forward indefinitely. In the year of death, taxpayers have a deemed disposition of certain assets and if there is no surviving spouse, any loss carryforwards may be utilized to reduce these deemed dispositions on death.

However, if the capital losses exceed capital gains, they can be used on an individual's final tax return to offset income from other sources, such as pension or investment income.

It is very important to keep track of loss carryforwards so the executor of the estate is aware of any such capital losses that may exist.