

Title: Are my newly split shares Long Term or Short Term for Capital Gains. Good News Everyone

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common topic here. After the Split, how are my shares treated for short term or long term capital gains. GOOD NEWS EVERYONE! If your current shares are held over a year, then the shares that are added (technically they replace the share you have, in the case of a 7 to 1, you 1 share is replaced by 7 shares) are treated as long term since they are associated with a share that was held over 365 days. If you have a short term share, share held less than 365 days, the new shares have the same date of your original purchase. So if you bought a share October 1, 2021, the share splits 7 for 1 in July giving you a new total of 7 shares. Your shares become long term capital gains if you sell after 2 October 2022.

From the inter webs: <https://finance.zacks.com/tax-consequences-stock-split-2852.html>

When calculating capital gain or capital loss, you must determine if the stock was held long term or short term. ***When you receive additional shares because of a stock split, the new shares are considered to have the same holding period as the original shares.*** Therefore, if you decide to sell tomorrow all of your shares after a stock split, and the original shares were purchased more than a year ago, the resulting loss or gain would be considered long term. Long term capital gains are generally taxed at a lower rate.