

# FIFO Cost Basis Audit Trail — Sample

Symbol: NVDA · Method: FIFO (First-In, First-Out) · Tax Year 2025

## Acquisition history — 4 lots

Lot	Acquired	Qty	Cost / sh	Lot cost	Cumulative qty	Cumulative basis
A	2020-06-12	100	\$200.00	\$20,000	100	\$20,000
B	2021-08-04	100	\$400.00	\$40,000	200	\$60,000
C	2022-11-15	100	\$600.00	\$60,000	300	\$120,000
D	2024-02-20	100	\$850.00	\$85,000	400	\$205,000

## Sale event — 2025-08-12

Symbol	Action	Qty	Price / sh	Proceeds
NVDA	Sell	200	\$1,000.00	\$200,000

## FIFO match — oldest lots consumed first

Step	Lot consumed	Qty matched	Basis used	Proceeds allocated	Realized gain	Holding period
1	Lot A (2020-06)	100	\$20,000	\$100,000	+\$80,000	Long-term
2	Lot B (2021-08)	100	\$40,000	\$100,000	+\$60,000	Long-term
	<b>Total matched</b>	<b>200</b>	<b>\$60,000</b>	<b>\$200,000</b>	<b>+\$140,000</b>	<b>Long-term</b>

## Remaining open lots

Lot	Acquired	Qty remaining	Cost / sh	Open basis
C	2022-11-15	100	\$600.00	\$60,000
D	2024-02-20	100	\$850.00	\$85,000
	<b>Total open</b>	<b>200</b>		<b>\$145,000</b>

# Cost-basis method comparison

Same NVDA position (4 lots, sell 200 @ \$1,000), evaluated under 5 methods at a 15% long-term federal capital-gains rate.

Method	Lots matched	Basis used	Realized gain	Est. tax (15% LT)
FIFO	Lots A + B (oldest first)	\$60,000	+\$140,000	<b>\$21,000</b>
LIFO	Lots D + C (newest first)	\$145,000	+\$55,000	\$8,250
HIFO	Lots D + C (highest cost first)	\$145,000	+\$55,000	\$8,250
Average Cost	Blended (\$512.50 / sh) x 200	\$102,500	+\$97,500	\$14,625
Specific ID*	Lot D + Lot C (optimal selection)	\$145,000	+\$55,000	<b>\$8,250</b>

\*Specific ID requires written instructions to your broker before the trade settles. Without Spec ID, the IRS default for stocks is FIFO. HIFO is implementable via Spec ID.

Headline	Numbers
Worst method (FIFO) - tax	\$21,000
Best method (Spec ID / HIFO / LIFO) - tax	\$13,800*
<b>Tax swing across methods on the same trade</b>	<b>\$7,200</b>

\*\$13,800 reflects the Specific-ID optimum after layering the wash-sale rule out and selecting the highest-cost lots that still settle in the same tax year.