

First-Time Investor Tax Guide

What You Invest. What You Owe. What You Keep.

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Start Here: The Basics

New to investing? You're not alone.

Before the IRS comes knocking, here's what you need to know:

- Investing = potential tax responsibility
- Taxes depend on what you invest in and how long you hold it
- The good news? Smart planning = fewer surprises

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Types of Investment Income

You may be taxed on:

Capital Gains – Profit when you sell an investment

Dividends – Payments from stocks or funds

Interest – Earnings from bonds or savings products

If it made you money, the IRS probably wants a look.

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Short-Term vs. Long-Term Gains

How long you hold an investment matters a lot.

Holding Period	What It Means	Tax Impact
Less than 1 year	Short-term gain	Higher tax rate
1 year or more	Long-term gain	Lower tax rate

Tip: Patience isn't just a virtue – it's a tax strategy.

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Forms You'll See

Expect these common tax forms:

- 1099-B – Sales of stocks or crypto
- 1099-DIV – Dividends earned
- 1099-INT – Interest income



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Smart Moves to Lower Your Tax Bill

Beginner-friendly strategies:

- Hold investments longer when possible
- Offset gains with losses (aka tax-loss harvesting)
- Use tax-advantaged accounts (IRA, 401(k))
- Keep clean, organized records

Good records today = fewer headaches tomorrow.

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Common Rookie Mistakes to Avoid

- Forgetting to report small gains
- Ignoring crypto taxes (yes, they count)
- Spending gains before setting aside tax money
- Assuming "the app handles it" (spoiler: it doesn't)

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