

TEN TAX TIPS FOR INDIVIDUALS SELLING THEIR HOME

Here is some important information for those who have sold or are about to sell their home. If you have a gain from the sale of your main home, you may be able to exclude all or part of that gain from your income.

Here are 10 tips to keep in mind when selling your home.

1. In general, you are eligible to exclude the gain from income if you have owned and used your home as your main home for two years out of the five years prior to the date of its sale.
2. If you have a gain from the sale of your main home, you may be able to exclude up to \$250,000 of the gain from your income (\$500,000 on a joint return in most cases).
3. You are not eligible for the full exclusion if you excluded the gain from the sale of another home during the two-year period prior to the sale of your home.
4. If you can exclude all of the gain, you do not need to report the sale of your home on your tax return.
5. If you have a gain that cannot be excluded, it is taxable. You must report it on Form 1040, Schedule D, Capital Gains and Losses.
6. You cannot deduct a loss from the sale of your main home.
7. Worksheets are included in IRS Publication 523, Selling Your Home, to help you figure the adjusted basis of the home you sold, the gain (or loss) on the sale, and the gain that you can exclude. Most tax software can also help with this calculation.
8. If you have more than one home, you can exclude a gain only from the sale of your main home. You must pay tax on the gain from selling any other home. If you have two homes and live in both of them, your main home is ordinarily the one you live in most of the time.
9. Special rules may apply when you sell a home for which you received the first-time homebuyer credit. See IRS Publication 523, Selling Your Home, for details.

10. When you move, be sure to update your address with the IRS and the U.S. Postal Service to ensure you receive mail from the IRS. Use Form 8822, Change of Address, to notify the IRS of your address change.

If you have any questions regarding the sale of your home, please give us a call.

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