

9 Tax Tips for Individuals Selling Their Home

If you have a gain from the sale of your main home, you may qualify to exclude all or part of that gain from your income. Here are ten 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 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 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. This office will 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.
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. If you received the first-time homebuyer credit and within 36 months of the date of purchase, the property is no longer used as your principal residence, you are required to repay the credit. Repayment of the full credit is due with the income tax return for the year the home ceased to be your principal residence.