



## Tax Tips When Selling Your Home

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In furtherance of our steadfast effort to keep our clients informed about important tax topics, what follows are some tax tips for those who have recently sold, or are about to sell, their home. If you have a gain from the sale of your primary residence, you may be able to exclude all or part of that gain from your income for income tax purposes. What follows are a few tax tips to keep in mind when selling your home:

- In general, you are eligible to exclude the gain realized from the sale of your primary residence from your taxable income if you have owned and used your home as your primary residence for two years out of the five years prior to the date of the sale.
- If you have more than one home, you can exclude a gain only from the sale of your primary residence and you must pay tax on the gain from selling any other home (such as a vacation home). If you have two homes and live in both of them, your primary residence is generally the one in which you live most of the time.
- If you realize a gain from the sale of your primary residence, the Internal Revenue Code (hereinafter the “Code”) may permit you to exclude up to \$250,000 of the gain from your income (\$500,000 on a joint return in most cases), if you meet the requirements set forth in the Code.
- 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 current home, and unfortunately you cannot deduct a loss from the sale of your primary residence.
- If you are eligible to exclude all of the gain from the sale of your home, you do not even need to report the sale of your home on your income tax return. However, if you do realize a gain that cannot be excluded (for whatever reason), the gain is taxable and it must be reported on Form 1040, Schedule D, *Capital Gains and Losses*.

- When you move, be sure to update your address with the Internal Revenue Service (use Form 8822, *Change of Address* to notify the IRS) and the U.S. Postal Service to ensure you continue to receive mail from the IRS.

**About the Author:** Mr. Fernandez focuses his practice on structuring and implementing estate and tax planning strategies for individuals and closely held businesses. His work includes assisting clients with all of the legal and tax aspects of the administration of decedent's estates. If you have any questions, please contact Mr. Fernandez ([afernandez@wispearl.com](mailto:afernandez@wispearl.com)) or one of the other attorneys in Wisler Pearlstine's Tax practice group. We look forward to hearing from you.

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