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10 TAX TIPS IN SELLING YOUR HOME

By Victor Sy, CPA

1. You may be eligible to **exclude the gain** from income if you owned and used your home as your main home for **two years out of the five years** prior to the date of sale.
2. 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 main home.
3. If you have a gain from the sale of your main home, you may be able to exclude up to **\$250,000 (\$500,000 for joint filers)** of the gain from your income.
4. If you can exclude all of the gain, you do **not need to report** the sale on your tax return.
5. You **cannot deduct a loss** from the sale of your main home.
6. But you have to **pay tax on gain** that cannot be excluded. Tax rules.
7. Report any taxable gain on **Schedule D - Capital Gains and Losses**.
8. **Compute** the adjusted basis of your home, the gain (or loss) on the sale, and the gain that you can exclude.
9. 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.
10. If you purchased your home between 4/8/09 and 12/31/08 and 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, using Form 5405, First-Time Homebuyer Credit and Repayment of the Credit. The full amount of the credit is reflected as additional tax on that year's tax return.

And yes, don't forget to **change your address** with the IRS and the U.S. Postal Service to ensure you receive refunds or correspondence from the IRS. Use Form 8822, Change of Address.