



2019.20 Training

Subject: Sold a Home | Talking Points

If you're getting ready to sell your home, you'll need to calculate the basis of your property. You can add various costs related to the sale of your home you paid when you bought or sold the property. If you've sold your home, there are a few things you'll need to know about how the sale affects your tax return

Before selling your home

If you are getting ready to sell your home, you'll need to calculate the basis of your property for tax purposes. If you have saved Form HUD-1, replaced with the Closing Disclosure form in 2015, from when you bought or sold the house, add attorney fees, survey costs, agents' commissions, title search costs, recording fees, and the transfer and stamp taxes you paid to the price of the property. You should also add the cost of improvements to the property.

After you sell

If you sold your main home this year and you owned and lived in it for a total of two of the last five years, your profits may be tax-exempt. If you are single, up to \$250,000 of profits may be tax-free; if you're married, that number jumps to \$500,000. You don't have to own the home and live in the home for the same time frame during the five-year period.

If you didn't own or live in the home for two of the last five years, you may still be able to use a prorated exclusion amount in certain cases (e.g. if you move for work). The excludable amount is modified when a portion of the home is used for business purposes.