

ST12-04 Sale of a Main Home

(Without Foreclosure or Abandonment)

If a taxpayer sells their main home in the tax year, they may be able to exclude any gain up to \$250,000 (\$500,000 on a joint return in most cases). If all of the gain can be excluded, the sale does not have to be reported on the taxpayer's tax return unless the taxpayer chooses not to exclude it or the taxpayer receives a Form 1099S.

Use the following documents as references when completing a Sale of Home transaction:

- . Pub 4012 – Tab 2
- . Pub 17 – Chapter 15 – Selling Your Home
- . Pub 523 – Selling Your Home

Use "Sch D Wkt 2 - Sale of Your Home" in TaxWise to determine if there is a taxable gain as a result of the sale of the home. If there are no items entered on the "Cap Gn Wkt", "Sch D Wkt 1" will have to be added to the tree (Wkt 2 will come along with Wkt 1)

If there is a gain that cannot be excluded, that gain will be taxable. On the tax return, the taxable gain is reported on Form 8949, Schedule D and 1040 Line 13. In TaxWise, the gain is entered on the Cap Gn Wkt.

Example: Sue Giant sold her Rockaway home in 2012. During your interview, you determine that Sue lived in the home and in New Jersey continuously for 30 years. On January 15, 1982 she purchased the home for \$85,000. On August 3, 2012 she sold the home for \$500,000. Sue put a major addition on the home in 1995 which cost \$125,000. The cost of purchase and sale was deducted from the purchase and sale price.

In TaxWise complete Sch D Wkt2. (Add it to the tree if not there.) See page 2 for the completed form.

Line 1 – Enter the date of acquisition and sale

Line 2 – Form 8828 –Recapture of Federal Mortgage Subsidy – OUT OF SCOPE

Line 3 – If any of the items mentioned in Line 3 apply –OUT OF SCOPE

Line 4 - Enter the selling price of the home

Line 5 – Selling expense – Do not include it here – Add it to the base amount

Line 6 – Calculated

Line 7 – Use a scratch pad here to determine the base cost of the home. See Pub 523 for guidance.

Line 8 – Calculated

Line 9 – If there is depreciation it is OUT OF SCOPE

Line 10 – Calculated

Line 11 – Any period in 2009 or later during which neither you nor your spouse used the property as a main home with certain exceptions – See Pub 17 page 110.

Line 12 – Total period the property owned

Line 13 – Calculated

Line 14 - Calculated

Line 15 – Calculated

Line 16 a,b,c– Answer the questions as applicable

Line 17 - Calculated

Line 18 – Calculated

Line 19 – Calculated

Form 6252 – Installment Sale Income – OUT OF SCOPE

Form 4797- Sale of Business Property – OUT OF SCOPE

The amount from line 19 must be manually transferred to the Cap Gn Wkt.

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Sch D Wkt 2 "Sale of Your Home"

Sale of Your Home

1	Date main home was sold:	08/03/2012	Acquisition date:	01/15/1983	<input type="checkbox"/>	
2	If Form 8828 is also needed for this sale, check here					<input type="checkbox"/>
3	If any part of the main home was ever rented out or used for business, see instructions. If part of the sale is a sale of business property, report the business portion using a depreciation worksheet, and report the personal portion below and skip line 9.					
4	Selling price of home			500000		
5	Selling expenses			0		
6	Amount realized			500000		
7	Adjusted basis of home sold			210000		
8	Gain on the sale. If -0- or less, enter -0-					
9	Depreciation claimed on the property after 05/06/1997					
10	Subtract line 9 from line 8. If -0- or less, enter -0-					
11	Aggregate number of days of nonqualified use after 12/31/2008					
12	Number of days the taxpayer owned the property					
13	Divide the amount on line 11 by the amount on line 12					
14	Gain allocated to nonqualified use					
15	Gain eligible for exclusion					
16a	Did you (and your spouse if filing a joint return) own and occupy the property as your main home for a total of at least 2 years of the 5 year period before the sale?					<input checked="" type="radio"/> Yes <input type="radio"/> No
b	If "No", did you sell the home due to a change in place of employment, health, or other unforeseen circumstances? If "Yes" to line 16b, F9 on line 17 for the exclusion worksheet.					<input type="radio"/> Yes <input type="radio"/> No
c	If you are an unmarried surviving spouse, the sale occurred no later than 2 years after the date of the other spouse's death, the ownership and use requirements for joint filers were met immediately before the date of such death, and there was no sale or exchange of a main home by either spouse which qualified for the exclusion during the 2-year period ending on the date of the other spouse's death, check here					<input type="checkbox"/> Yes
17	Maximum exclusion					250000
18	Smaller of line 15 or line 17. If you are reporting the sale on the installment method, enter this amount on Form 6252, line 15					250000
19	Taxable gain					40000
a	You must enter this amount on Schedule D or Form 6252 This gain is to be considered: <input type="checkbox"/> short-term <input checked="" type="checkbox"/> long-term.					40000
b	Transferred to Form 4797, Part III					0

Use a scratch pad to show how adjusted basis was determined

500000	
0	
500000	
290000	
0	
290000	
0	
0	
0.00	
0	
290000	
<input checked="" type="radio"/> Yes <input type="radio"/> No	
<input type="radio"/> Yes <input type="radio"/> No	
<input type="checkbox"/> Yes	
250000	
250000	
40000	
40000	
0	

ST12-04 Sale of a Main Home (Without Foreclosure or Abandonment)

Cap Gn Wkt

(a)	Describe Property – MAIN HOME
1099	Use code C – 1099b was not received
TSJ	Enter as appropriate
*	N/A
(b)	Date acquired
(c)	Date sold
(d)	Sales Price
(e)	Cost or other basis (A scratch pad cannot be attached here)
(f)	Code – Enter code H – Sale of a home as a gain and some of the gain can be excluded- See Pub 4012 page 2-13 or Schedule D Instructions for codes
(g)	Adjustment to gain or loss – From line 17 of “ Sch D Wkt 2 Sale of Your Home” - Exclusions would be entered as a negative number
(h)	Gain or Loss – Calculated – TaxWise will move this value to the appropriate 8949 and Sch D
S/L	Calculated – TaxWise uses the appropriate 8949

TaxWise will put the gain on the appropriate forms and the gain will appear on the 1040 line 13. Check 1040 line 13 and Schedule D.

US Schedule D

Capital Gain or Loss Transactions Worksheet

2012

1099 column: Enter "A" for transactions reported on Form 1099-B with the basis reported to the IRS, enter "B" for transactions reported on Form 1099-B but the basis is not reported to the IRS, enter "C" for transactions for which you cannot enter A or B.

* Check if 28% rate gain or (loss).

(a) Description of property	1 0 9 9	T S J	+	(b) Date acquired	(c) Date sold	(d) Sales price	(e) Cost or other basis	(f) Code	(g) Adjustments to gain or loss	(h) Gain or loss	S / L
MAIN HOME	C	T	<input type="checkbox"/>	01/15/1983	08/03/2012	500000	210000	H	-250000	40000	L
			<input type="checkbox"/>			0	0		0	0	
			<input type="checkbox"/>			0	0		0	0	