## IRS TAX TIP 2003-31

## SELLING YOUR HOME

If you sold your main home, you may be able to exclude up to $250,000 of gain ($500,000 for married taxpayers filing jointly) from your federal tax return, according to the IRS. This exclusion is allowed each time that you sell your main home, but generally no more frequently than once every two years.

To be eligible for this exclusion, your home must have been owned by you and used as your main home for a period of at least two out of the five years prior to its sale. You also must not have excluded gain on another home sold during the two years before the current sale

If you and your spouse file a joint return for the year of the sale, you can exclude the gain if either of you qualify for the exclusion. But both of you would have to meet the use test to claim the $500,000 maximum amount.

To exclude gain, a taxpayer must both own and use the home as a principal residence for two of the five years before the sale. The two years may consist of 24 full months or 730 days. Short absences, such as for a summer vacation, count as periods of use. Longer breaks, such as a one-year sabbatical, do not.

If you do not meet the ownership and use tests, you may be allowed to exclude a portion of the gain realized on the sale of your home if you sold your home due to a change in health or place of employment.

If you can exclude all the gain from the sale of your home, you do not report the gain on your federal tax return. If you cannot exclude all the gain from the sale of your home, use Schedule D, Form 1040, to report it.

For more details and information, get a copy of Publication 523, “Selling your Home,” by calling 1-800-TAX-FORM (1-800-829-3676) or by downloading it from the IRS Web site at *www.irs.gov* .

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