

# ATX™ Learning Portal

## Reporting the Sale of a Principal Residence

If you receive an informational income-reporting document such as Form 1099-S, *Proceeds from Real Estate Transactions*, you must report the sale of the home even if the gain from the sale is excludable. Additionally, you must report the sale of the home if you can't exclude all your capital gain from income.

Use Schedule D (Form 1040), *Capital Gains and Losses* and Form 8949, *Sales and Other Dispositions of Capital Assets* when required to report the home sale.

**i** For additional on the Sale of a Home, review [IRS Publication 523](#).

To record the proceeds for the sale of your home,

1. Open Form 8949.
2. Select the **Sale Principal Residence Input** tab.
3. On the worksheet, complete the following information.
  - Description of property
  - Date the home was purchased
  - Date home was sold
4. Answer all the questions in the Information About Sale of Home section.

Sale of Principal Residence (8949)					
Description of property	Date home was purchased	Date home was sold	Holding Period	Form 8949 Box	Select Filer/ Spouse/Joint
Home	1/1/2015	3/26/2022	LONG TERM	F	Joint

  

Information About Sale of Home <small>Answer all questions in this section.</small>		
1	Did you receive a 1099-S or elect to force reporting to Schedule D? . . . . .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2	Do you elect to pay tax on entire gain? . . . . .	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
3	Does filer satisfy all requirements necessary to claim the maximum exclusion? . . . . .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4	Does spouse satisfy all requirements necessary to claim the maximum exclusion? . . . . .	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Was any part of the home used for business (including home office) or rental after May 6, 1997? . . . . .	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
6	Did you, your spouse, or former spouse use the home as a main residence continuously from January 1, 2009 until the date of sale? . . . . .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**i** If the return is married filing joint, it is important that you answer both questions 3 and 4.

5. If the home was used for business or rental use, enter the accumulated depreciation for:
  - Home office use after May 6, 1997
  - Business/Rental (not home office) after May 6, 1997
  - Depreciation before May 7, 1997 (not included above)

**Depreciation From Business/Rental Use**

Enter accumulated depreciation for home office use after May 6, 1997 . . . . .  
Enter accumulated depreciation for business/rental use (not home office) after May 6, 1997 . . . . .  
Enter depreciation before May 7, 1997 (do not duplicate amounts already entered) . . . . .

Fed	AMT	State
0	0	0
0	0	0
0	0	0

6. For this lesson, we will assume that the home was not used for either business or rental use.
7. In the How to Figure Your Gain or Loss section, enter the requested information to determine the
  - Sale Price
  - Selling Expenses
  - Amount Realized
  - Your Basis on you Home

**How to Figure Your Gain or Loss**

See Publication 523 for expanded instruction and line references.

	Fed	AMT	State
<b>1 Determine the sale price. This is everything you received in exchange for your home.</b>			
a All money (currency, check, wire transfer) . . . . .	1a 750,000	750,000	750,000
b Value of any notes, mortgage, or other debts buyer agreed to assume (take over) as part of the sale . . . . .	1b	0	0
c Any real estate taxes buyer paid on your behalf . . . . .	1c	0	0
d The fair market value of any other property or services you received . . . . .	1d	0	0
e Any amount you received for granting an option to buy your home, if option was exercised . . . . .	1e	0	0
f Add lines 1a through 1e. This is your sale price . . . . .	1f 750,000	750,000	750,000
<b>2 Determine your selling expenses.</b>			
a Any sales commissions . . . . .	2a 7,500	7,500	7,500
b Any fees for a service that helped you sell your home without a broker . . . . .	2b	0	0
c Any advertising fees . . . . .	2c 500	500	500
d Any legal fees . . . . .	2d 2,500	2,500	2,500
e Any mortgage points or other loan charges you paid that would normally have been buyer's responsibility . . . . .	2e	0	0
f Add lines 2a through 2f. These are your selling expenses . . . . .	2f 10,500	10,500	10,500
<b>3 Figure your "amount realized" (sale price minus selling expenses)</b>			
a Your sale price (line 1f) . . . . .	3a 750,000	750,000	750,000
b Subtract your selling expenses (line 2f) . . . . .	3b 10,500	10,500	10,500
c This is your amount realized . . . . .	3c 739,500	739,500	739,500
<b>4 Determine your total basis. (See Pub 523)</b>			
Basis adjustments from Fixed Assets . . . . .		0	0
a Amount you paid for your home . . . . .	4a 220,000	220,000	220,000
b Any settlement fees/closing costs paid when you bought your home, except for financing costs (such as seller paid points) . . . . .	4b 12,500	12,500	12,500
c Any real estate taxes or other costs you paid on behalf of the seller you bought your home from . . . . .	4c	0	0
d Any amounts you spend on construction, renovation, or other improvements that are still part of your home (not repairs or maintenance) . . . . .	4d	0	0
e Any amounts you spent to repair damage to home or the land it sits on . . . . .	4e	0	0
f Any special assessments for local improvements (such as special tax or condo association assessments that are not repairs or maintenance) . . . . .	4f	0	0
g Add lines 4a through 4f. This is your total basis . . . . .	4g 232,500	232,500	232,500
<b>5 Determine your basis adjustments. (See Pub 523)</b>			

8. Determine if there are any basis adjustments and enter the amounts in the corresponding fields. For information on what qualifies as a basis adjustment review Publication 523.

assessments that are not repairs or maintenance)	4f	0	0	0
<b>a</b> Add lines 4a through 4f. This is your total basis.	<b>4g</b>	237,500	237,500	237,500
<b>5</b> Determine your basis adjustments. (See Pub 523)				
<b>a</b> Any depreciation you took for using your home as a home office	<b>5a</b>	0	0	0
<b>b</b> Any depreciation you took - or didn't take but could have taken - for any business or investment (rental) use of your home other than home office use	<b>5b</b>	0	0	0
<b>c</b> Any casualty losses (such as flood or fire damage) you claimed as a deduction on a federal tax return	<b>5c</b>	0	0	0
<b>d</b> Any insurance payments you received or expect to receive for casualty losses	<b>5d</b>	0	0	0
<b>e</b> Any payments you received for granting an easement, conservation restrictions, or right-of-way	<b>5e</b>	0	0	0
<b>f</b> Any energy credits or subsidies that effectively paid you back for improvements you included in your total basis	<b>5f</b>	0	0	0
<b>g</b> Any adoption credits you claimed, or any nontaxable payments from an employer-sponsored adoption assistance program used for improvements you included in your total basis	<b>5g</b>	0	0	0
<b>h</b> Any DC first time homebuyer credit you claimed	<b>5h</b>	0	0	0
<b>i</b> Any real estate taxes the seller paid on your behalf. If you reimburse the seller it does not affect basis	<b>5i</b>	0	0	0
<b>j</b> Any mortgage points the seller paid for you when you bought your home (See Pub 523)	<b>5j</b>	0	0	0
<b>k</b> Any canceled or forgiven mortgage debt amount that was excluded due to bankruptcy or insolvency you did not declare as income (See Pub 4681)	<b>5k</b>	0	0	0
<b>l</b> Any sales tax you paid on your home (such as mobile home or houseboat) and then claimed as deduction on federal tax return	<b>5l</b>	0	0	0
<b>m</b> The value of temporary housing the builder of your home provided you (See Pub 523)	<b>5m</b>	0	0	0
<b>n</b> Any gain you postponed from a home you sold before May 7, 1997	<b>5n</b>	0	0	0
<b>o</b> Add lines 5a through 5n. This is your basis adjustment.	<b>5o</b>	0	0	0
<b>6</b> Figure your "adjusted basis" (total basis minus basis adjustment)				

9. In step 6, ATX calculates the adjusted basis based on the information calculated above. Adjusted basis is Total Basis minus basis adjustments.

10. In step 7, ATX figures the gain or loss by taking the amount realized and subtracting the adjusted basis.

<b>o</b> Add lines 5a through 5n. This is your basis adjustment.	<b>5o</b>	0	0	0
<b>6</b> Figure your "adjusted basis" (total basis minus basis adjustment)				
<b>a</b> Your total basis (line 4g)	<b>6a</b>	232,500	232,500	232,500
<b>b</b> Subtract your basis adjustments (line 5o)	<b>6b</b>	0	0	0
<b>c</b> This is your adjusted basis (See Pub 523)	<b>6c</b>	232,500	232,500	232,500
<b>7</b> Figure your gain or loss (amounts realized minus adjusted basis)				
<b>a</b> Your amount realized (line 3c)	<b>7a</b>	739,500	739,500	739,500
<b>b</b> Subtract your adjusted basis (line 6c)	<b>7b</b>	232,500	232,500	232,500
<b>c</b> This is your realized gain or loss (See Pub 523)	<b>7c</b>	507,000	507,000	507,000

Go to 'Sale Principal Residence Calc' tab to see the new worksheet, "How to Figure Your Taxable Gain or Loss," as referenced from Publication 523.  
The worksheet applies the exclusion and shows the calculation of the taxable gain/loss.

11. Click the **Sale Principal Residence Calc** tab to see the calculation of the taxable gain/loss based on the new worksheet in Publication 523.

## Sale of Principal Residence - How to Figure Your Taxable Gain or Loss (8949)

	Fed	AMT	State
<b>1a</b> Enter the gain from line 7c . . . . . <b>1a</b>	507,000	507,000	507,000
<b>2</b> Read the following tests carefully.			
<b>a</b> Test 1: You did not use any part of your home for business or rental after May 6, 1997 . . . . .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
<b>b</b> Test 2: You, your spouse, or your former spouse used your home as a main residence continuously from Jan 1, 2009 until the date of sale. . . . .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
If either question is NO, then go to line 3a. If both are YES skip to line 4.			
<b>3</b> Determine any taxable gain.			
<b>a</b> Total depreciation after May 6, 1997 . . . . . <b>3a</b>	0	0	0
<b>b</b> Subtract line 3a from line 1a. If the result is less than zero, enter 0 . <b>3b</b>	0	0	0
<b>c</b> Did you have non-residence gain?			
<b>(1)</b> Total number of days after 2008 when neither you nor your spouse (or former spouse) used the home as a main residence (non-use days) . . . . . <b>3c(1)</b>	0		
<b>(2)</b> Enter total number of days you owned your home (counting all days, not just days after 2008) . . . . . <b>3c(2)</b>	0		
<b>(3)</b> Divide non-use days by the days owned. This is your non-residence factor . . . . . <b>3c(3)</b>	0.000		
Calculate non-residence gain (Multiply line 3b X non-residence factor) . . . . . <b>3c</b>	0	0	0
<b>d</b> Add your total depreciation (line 3a) to your non-residence gain (line 3c). This is your ineligible gain . . . . . <b>3d</b>	0	0	0
<b>4</b> Determine gain eligible for exclusion.			
<b>a</b> Enter your gain (from line 3b) . . . . . <b>4a</b>	0	0	0
<b>b</b> Subtract your non-residence gain (line 3c) . . . . . <b>4b</b>	0	0	0
<b>c</b> This is your gain eligible for exclusion . . . . . <b>4c</b>	0	0	0
<b>5</b> Determine your exclusion limit.			
<b>a</b> If you meet the Eligibility Test for the full exclusion, enter exclusion limit . . . . . <b>5a</b>	500,000		
If you did not meet the Eligibility Test (for the full exclusion), but DO qualify for a partial exclusion and			
<b>b</b> You are not married and filing jointly, this is your exclusion limit . . . <b>5b</b>	0		
<b>c</b> You are married and filing jointly, this is your exclusion limit . . . . <b>5c</b>	500,000		
<b>6</b> Determine your amount of exclusion.			
<b>a</b> Your gain eligible for exclusion (line 4c, or line 1a if you met both tests in line 2) . . . . . <b>6a</b>	507,000	507,000	507,000
<b>b</b> Your exclusion limit (line 5a, 5b or 5c) . . . . . <b>6b</b>	500,000	500,000	500,000
<b>c</b> Your exclusion is the smaller of line 6a or 6b . . . . . <b>6c</b>	500,000	500,000	500,000

12. The information entered on the input sheet flows to the appropriate sections of Form 8949. In this case the long-term capital gain is reported on page 2 of the 8949.

**Part II Long-Term.** Transactions involving capital assets you held more than 1 year are generally long-term (see instructions). For short-term transactions, see page 1.

**Note:** You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 8a; you aren't required to report these transactions on Form 8949 (see instructions).

**You must check Box D, E, or F below. Check only one box.** If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

☒ **(D)** Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)

☐ **(E)** Long-term transactions reported on Form(s) 1099-B showing basis **wasn't** reported to the IRS

☐ **(F)** Long-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the <b>Note</b> below and see <i>Column (e)</i> in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). <b>See the separate instructions.</b>		(h) <b>Gain or (loss).</b> Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment	
	Primary Home	1/1/2015	3/26/2022	739,500	232,500	H	-500,000	7,000

13. The information then flows to Sch D.

**Part II Long-Term Capital Gains and Losses—Generally Assets Held More Than One Year** (see instructions)

See instructions for how to figure the amounts to enter on the lines below.

This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
<b>8a</b> Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b . . .				0
<b>8b</b> Totals for all transactions reported on Form(s) 8949 with <b>Box D</b> checked . . . . .	739,500	232,500	-500,000	7,000
<b>9</b> Totals for all transactions reported on Form(s) 8949 with <b>Box E</b> checked . . . . .				0