

Reporting the Sale of a Principal Residence

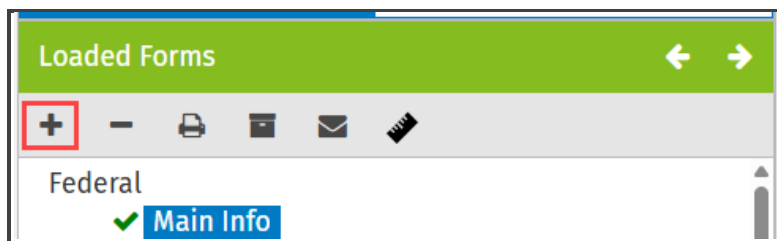
If you receive an informational income-reporting document such as Form 1099-S, Proceeds From Real Estate Transactions, you must report the sale of the home even if the gain from the sale is excludable. Additionally, you must report the sale of the home if you can't exclude all of your capital gain from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

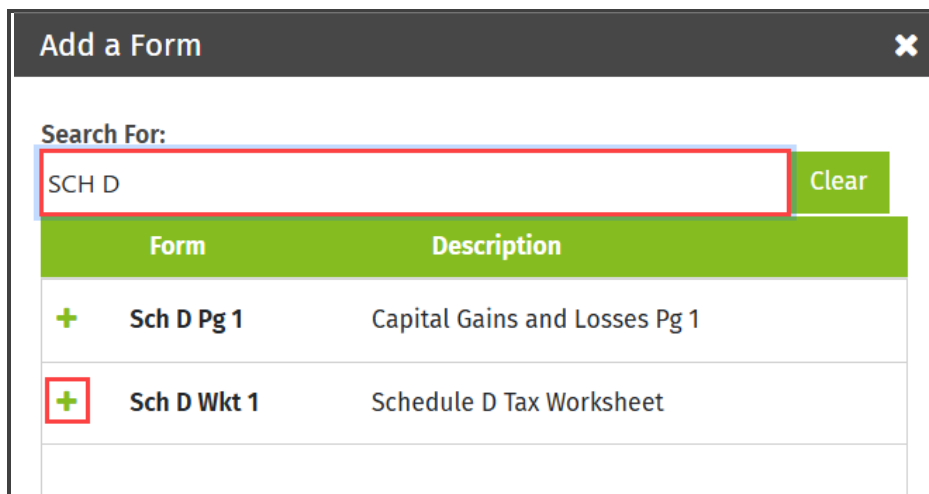
i For additional on the Sale of a Home, review [IRS Publication 523](#).

To record the proceeds for the sale of your home,

1. Open the taxpayers return.
2. To record the proceeds for the sale of your home, from the Under the Loaded Forms section, click the **Add a Form** icon.



3. From the Add a Form dialog box, in the Search field, type **Sch D WKT 1**. Once you locate the worksheet, click the plus sign to load the form into the return.



4. TaxWise loads Sch D Wkt 1 and Wkt 2. From the Loaded Forms section, select Sch D worksheet 2, and scroll down to the Sale of Your Home section.
5. On the worksheet, complete the section titled Sale of Your Home including:

- Date home was sold

- Date the home was purchased
- Selling price of the home
- Selling Expenses
- Adjusted basis of home sold
- Any depreciation claimed on the property

Sale of Your Home	
1	Date main home was sold: <u>08/21/2024</u> Acquisition date: <u>01/21/2015</u>
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 <u>450000</u>
5	Selling expenses <u>12000</u>
6	Amount realized <u>438000</u>
7	Adjusted basis of home sold <u>75000</u>
8	Gain on the sale. If -0- or less, enter -0- <u>363000</u>
9	Depreciation claimed on the property after 05/06/1997 <u>0</u>
10	Subtract line 9 from line 8. If -0- or less, enter -0- <u>363000</u>
11	Aggregate number of days of nonqualified use after 12/31/2008 <u>0</u>
12	Number of days the taxpayer owned the property <u>0</u>
13	Divide the amount on line 11 by the amount on line 12 <u>0.00</u>
14	Gain allocated to nonqualified use <u>0</u>
15	Gain eligible for exclusion <u>363000</u>

6. TaxWise calculates the Gain eligible for exclusion on line 15. Next answer the questions 16 a – c as applicable.

14	Gain allocated to nonqualified use <u>0</u>
15	Gain eligible for exclusion <u>363000</u>
16 a	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
16 b	If "No", did you sell the home due to a change in place of employment, health, or other unforeseen circumstances? <input type="radio"/> Yes <input type="radio"/> No
16 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 <u>500000</u>
18	Smaller of line 15 or line 17. If you are reporting the sale on the installment method

7. On Line 17, TaxWise calculates the Maximum exclusion based on the filing status selected for this return on the Main Info Sheet. If the return is Married Filing Joint, TaxWise enters \$500,000 as the exclusion. For all other filing statuses, TaxWise populates \$250,000 for the exclusion.

8. TaxWise then calculates the Taxable gain on line 19.

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	500000
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	363000
19 Taxable gain	0
a You must enter this amount on Schedule D or Form 6252 This gain is to be considered: <input type="checkbox"/> short-term <input type="checkbox"/> long-term.	0
b Transferred to Form 4797, Part III	0

You must manually enter the result from this section on Schedule D or, if the sale is an installment sale, on Form 6252.

i For additional information review [IRS Publication 523, Selling You Home](#).

Reporting the Capital Gain

TaxWise provides a Capital Gain/Loss Transaction Worksheet on which you can enter all stock sales and other transactions that go on lines 1 through 3 or lines 8 through 10 of Schedule D.

To use this worksheet:

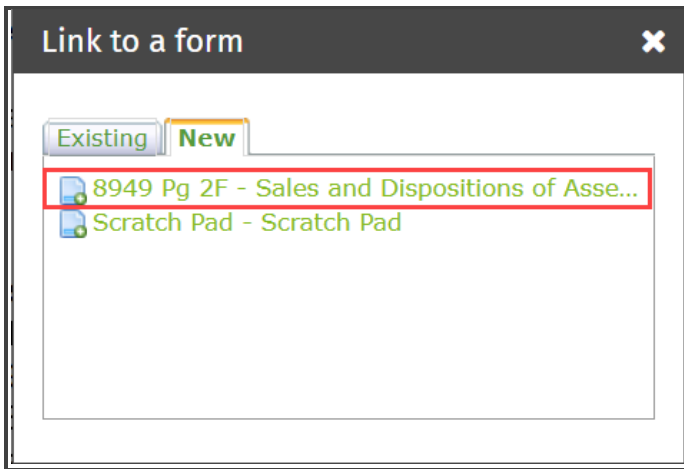
1. From the Loaded Forms Section, select Sch D.
2. TaxWise Online displays the Schedule D. From Line 1b, 2, 3, 8, 9, or 10 of Sch D, click the link icon.
3. From the Link a form dialog box, select Form 8949.

go to line 8b	0	0
b Totals for all transactions reported on Form(s) 8949 with box D checked	0	0
9 Totals for all transactions reported on Form(s) 8949 with box E checked	0	0
10 Totals for all transactions reported on Form(s) 8949 with box F checked	0	0

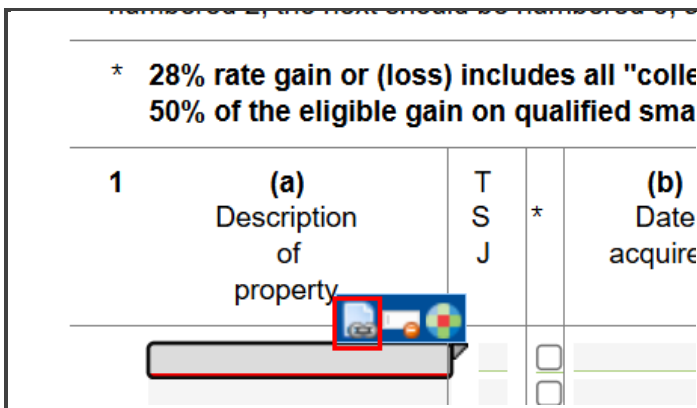
4. From the Link to a form dialog box, click the **New** tab.



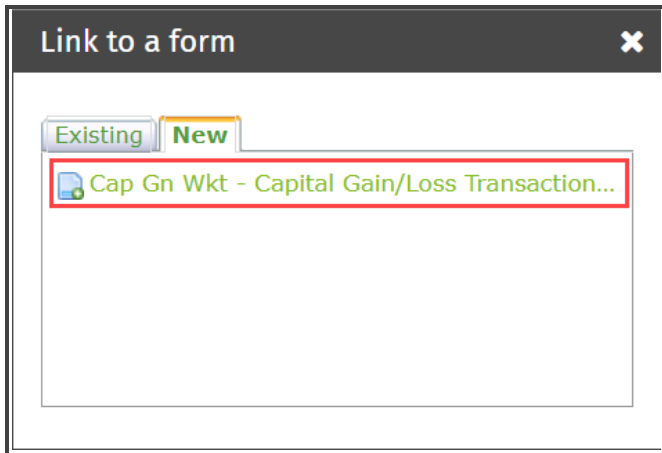
5. Select Form 8949 for the Sale and disposition of Assets.



6. From Form 8949 click field 1a, and then click the link icon.



7. TaxWise Online displays the Link to a form dialog box. Select the *Cap Gn Wkt – Capital Gain/Loss Transaction Worksheet*.



8. TaxWise Online displays the Capital Gains or Loss Transactions Worksheet. Type the description of each asset, as well as the corresponding letter in the 1099 column, based on the red text at the top of the form. In this case use Sale of Home.
9. Use the TSJ column, to indicate the owner of the asset. Type T for taxpayer, S for Spouse, or J for Joint. TaxWise uses this information on the state return if applicable, and on the MFJ-MFS Comparison Worksheet. You can choose to leave this field blank if you do not have the need to split income.
10. Next, complete the **Date acquired** and **Date sold** for the home.

* Check if 28% rate gain or						
(a) Description of property	1 0 9 9	T S J	*	(b) Date acquired	(c) Date sold	(d) Sales price
Home	F		<input type="checkbox"/>			0
			<input type="checkbox"/>			0
			<input type="checkbox"/>			0

11. Then, complete the **Sales Price** and **Cost or other basis** of the home. The adjusted basis is generally your cost in acquiring your home plus the cost of any capital improvements you made and less any casualty loss amounts and other decreases.

* 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 <small>Highlight Box</small>	(e) Cost or other basis	(f) Co
Home	F		<input type="checkbox"/>	01/21/2015		0	0	
			<input type="checkbox"/>			0	0	

12. For most transactions, you don't need to complete columns (f) and (g) and can leave them blank. Review help files for Codes for Form 8949 Column (f) and (g). You can review TaxWise Help of a list of the corresponding adjustment codes. For the purpose of this lesson, use code H in column f and then enter the amount of the excludable (non-taxable) gain as a negative number in column (g).
13. TaxWise calculates the amount of gain or loss. TaxWise displays a loss as a negative number. TaxWise also displays an S or L to determine that the transaction is a short- or long-term gain/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
Home	F		<input type="checkbox"/>	01/21/2015		750000	87000	H	-500000	163000	L
			<input type="checkbox"/>			0	0		0	0	

14. The information entered on the Capital Gains or Loss Transaction Worksheet flows to the appropriate sections of Form 8949.

* 28% rate gain or (loss) includes all "collectibles gains and losses" (as defined in the instructions) and up to 50% of the eligible gain on qualified small business stock (section 1202).

1	(a) Description of property	T S J	*	(b) Date acquired	(c) Date sold or disposed of	(d) Sales price	(e) Cost or other basis	(f) Code	(g) Adjustments to gain or loss	(h) Total gain or loss
	Home		<input type="checkbox"/>	01/21/2015		750000	87000	H	-500000	163000
			<input type="checkbox"/>			0	0		0	0
			<input type="checkbox"/>			0	0		0	0
			<input type="checkbox"/>			0	0		0	0

15. From Form 8949 the information flows to Sch D.

line 8b, 9, or 10 below or link to the Capital Gain / Loss worksheet from the long-term sales line.	Sales price	Cost or other basis	Adjustments to gain or loss	Gain or loss
8 a 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	0		0
b Totals for all transactions reported on Form(s) 8949 with box D checked	0	0	0	0
9 Totals for all transactions reported on Form(s) 8949 with box E checked	0	0	0	0
10 Totals for all transactions reported on Form(s) 8949 with box F checked	750000	87000	-500000	163000
Long-term totals	750000	87000	-500000	163000

16. From here the information will flow to the Federal 1040 page 1 line 7.

c If you elect to use the lump-sum election method, check here <input type="checkbox"/>		
7 Capital gain or (loss)	Schedule D not required: <input type="checkbox"/>	163000
8 Additional income from Schedule 1, line 10		0
9 Total income		195500
Earned income	32500	
10 Adjustments to income from Schedule 1, line 26		0
11 Adjusted gross income		195500