

# TaxWise® Desktop Learning Portal

## Tax & Accounting

### Reporting the Sale of a Principal Residence

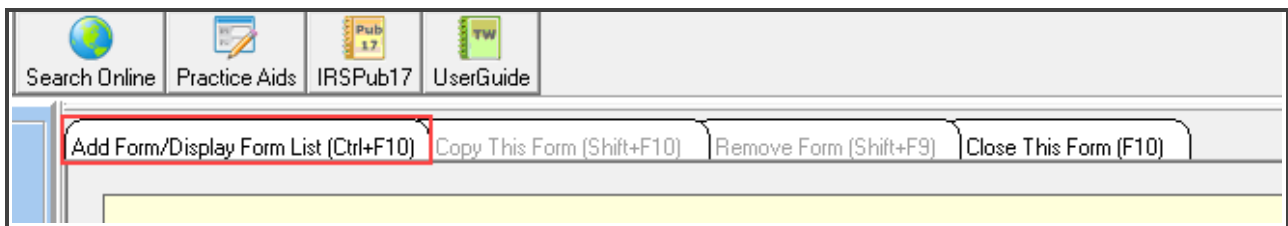
If you receive an informational income-reporting document such as Form 1099-S, Proceeds From Real Estate Transactions, you must report the sale of the home even if the gain from the sale is excludable. Additionally, you must report the sale of the home if you can't exclude all of your capital gain from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

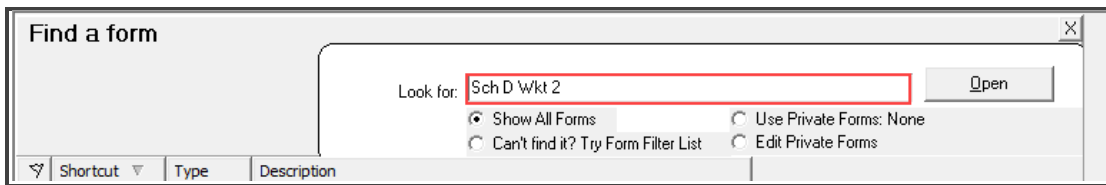
**i** For additional on the Sale of a Home, review [IRS Publication 523](#).

To record the proceeds for the sale of your home,

1. Open the taxpayers return.
2. Click Add Form/Display Form List tab along the top of the return.



3. Type **Sch D Wkt 2** in the Look For field, and click **Open**.



4. 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>03/26/2021</u> Acquisition date: <u>01/01/2015</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.<br>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>500,000.</u>  |
| 5                 | Selling expenses . . . . . <u>3,500.</u>   |
| 6                 | Amount realized . . . . . <u>496,500.</u>  |
| 7                 | Adjusted basis of home sold . . . . . <u>200,000.</u>  |
| 8                 | <b>Gain on the sale.</b> If -0- or less, enter -0- . . . . . <u>296,500.</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>296,500.</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                | <b>Gain eligible for exclusion</b> . . . . . <u>296,500.</u>   |
| 16a               | Did you (and your spouse if filing a joint return) own and occupy the property as  |

5. 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   | <b>Gain eligible for exclusion</b> . . . . .  | <u>296,500.</u>   |
| 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="checkbox"/> Yes <input type="checkbox"/> No |
| b  | If "No", did you sell the home due to a change in place of employment, health, or other unforeseen circumstances? . . . . .   | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
| If "Yes" to line 16b, F9 on line 17 for the exclusion worksheet. |   |   |
| 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>250,000.</u>   |

6. 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.

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

|   |                              |
|---|------------------------------|
| death, check here .....   | <input type="checkbox"/> Yes |
| <b>17</b> Maximum exclusion .....   | 250,000.                     |
| <b>18</b> 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 ..... | 250,000.                     |
| <b>19</b> <b>Taxable gain</b> .....   | 46,500.                      |
| <b>a</b> You must enter this amount on Schedule D or Form 6252 .....  | 46,500.                      |
| This gain is to be considered: <input type="checkbox"/> short-term <input checked="" type="checkbox"/> long-term.                               |                              |
| <b>b</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 Your 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. In an open return, click the Add Form/Display Form tab.
2. Search for Sch D and click Open.

**Find a form**

Look for:

Show All Forms   
 Use Private Forms: None  
 Can't find it? Try Form Filter List   
 Edit Private Forms

| Shortcut              | Type           | Description                             |
|-----------------------|----------------|---|
| ... Sch D Wkt 2       | Federal        | Capital Loss Carryover, Residence Sale  |
| ... Sch D Wkt 1       | Federal        | Schedule D Tax Worksheet                |
| ... Sch D Pg 2        | Federal        | Capital Gains and Losses Pg 2           |
| <b>... Sch D Pg 1</b> | <b>Federal</b> | <b>Capital Gains and Losses Pg 1</b>    |
| Sch C Pg 2            | Federal        | Sole Proprietorship Profit or Loss Pg 2 |
| Sch C Pg 1            | Federal        | Sole Proprietorship Profit or Loss Pg 1 |
| Seller List           | Federal        | Schedule B Seller Financed Mortgages    |

**US Schedule D Capital Gains and Losses**

Name:  SSN:

Check one of the boxes below if you want to attach an acceptable substitute list of transactions in lieu of listing each transaction individually. Form 8949 must be filed with the appropriate box (A through F) checked. Enter the combined totals on the Capital Gain / Loss worksheet. Use a separate line to list the total of each type of transaction (A through C). See the instructions for more information.

Check here if you want to attach a substitute list to Form 8453 . . . . .

Check here if you want to attach a PDF of the substitute list to the e-file . . . . .

If you are preparing a return for a state that lists out all capital gain / loss transactions, do not use lines 1a or 8a. You must use the capital gain / loss worksheet to ensure all transactions are calculated on the state return.

Did you dispose of any investment(s) in a qualified opportunity fund during the tax year? If "Yes", attach Form 8949 and see its instructions for additional requirements for reporting your gain or loss . . . . .  Yes  No

**Part I: Short-term Capital Gains and Losses - Generally Assets Held One Year or Less**

| Link to page 1 of Form 8949 from line 1b, 2, or 3 below or link to the Capital Gain / Loss worksheet from the short-term sales line.   | (d)<br>Sales price | (e)<br>Cost or other basis | (g)<br>Adjustments to gain or loss | (h)<br>Gain or loss |
|--|--------------------|----------------------------|------------------------------------|---------------------|
| <b>1a</b> Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions for more information) |                    |                            |                                    |                     |

3. From Line 1b, 2, 3, 8, 9, or 10 of Sch D, link to Form 8949.

|   |    |    |    |    |
|---|----|----|----|----|
| Form(s) 8949 with box D checked . . .   | 0. | 0. | 0. | 0. |
| <b>9</b> Totals for all transactions reported on Form(s) 8949 with box E checked . . .  | 0. | 0. | 0. | 0. |
| <b>10</b> Totals for all transactions reported on Form(s) 8949 with box F checked . . .   | 0. | 0. | 0. | 0. |
| <b>Long-term totals</b>   |    |    |    | 0. |
| <b>11</b> Gain from Form 4782, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000 |    |    |    | 0. |
| <b>12</b> Net long-term gain (or loss) from trusts from Schedule E  |    |    |    | 0. |
| <b>13</b> Capital gain distributed to Form 8814, child's  |    |    |    | 0. |
| <b>14</b> Long-term capital loss carryover from Form 8949, spouse's   |    |    |    | 0. |
| 28% gain or loss . . . . .  |    |    |    | 0. |
| Loss carryover + . . . . .  |    |    |    | 0. |
| Net 28% gain or loss . . . . .  |    |    |    | 0. |
| <b>15</b> Net long-term capital gain (or loss)  |    |    |    | 0. |
| Spouse's short-term capital gain (or loss)  |    |    |    |    |

Entry Links: Sch D Pg 1 - Capital Gains and Losses Pg 1

- Go to an Existing Link
- Create Link to a New Form
- NEW 8949 Pg 2F - Sales and Dispositions of Assets Pg 2F
- NEW Scratch Pad

OK Cancel Help

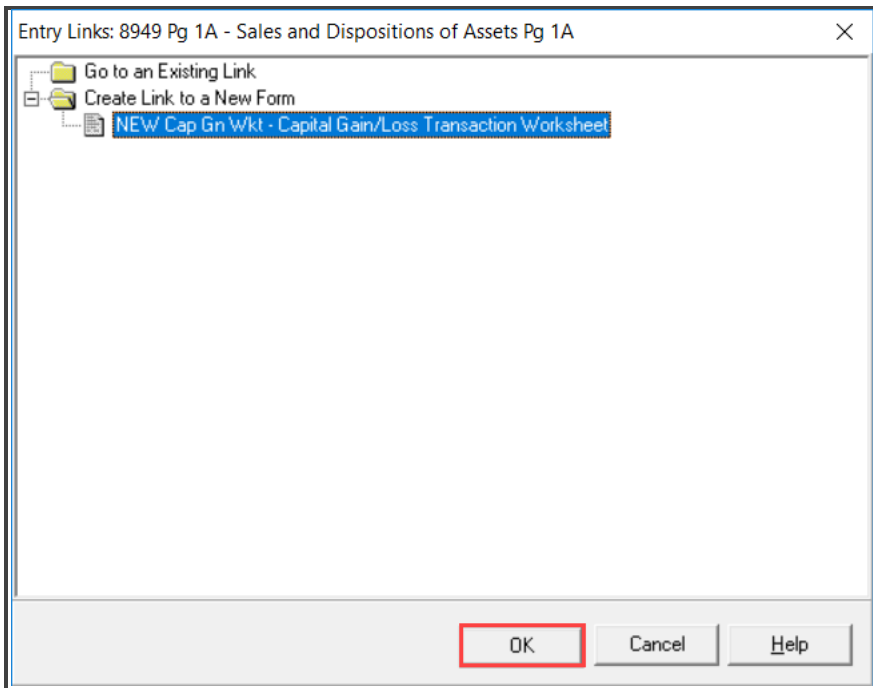
This facsimile form is not approved for filing directly to the IRS. Print IRS form using "Print Return" or "Print Current Form".

4. TaxWise loads the form. From Line 1, click the Link icon.

\* 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)<br>Description<br>of<br>property | T<br>S<br>J | *                        | (b)<br>Date<br>acquired | (c)<br>Date<br>sold or<br>disposed of | (d)<br>Sales<br>price | (e)<br>Cost or<br>other<br>basis | (f)<br>Code | (g)<br>Adjustments<br>to gain<br>or loss | (h)<br>Total<br>gain<br>or loss |
|---|--------------------------------------|-------------|--------------------------|-------------------------|---------------------------------------|-----------------------|----------------------------------|-------------|--|---------------------------------|
|   |                                      |             | <input type="checkbox"/> |                         |                                       | 0.                    | 0.                               |             | 0.                                       | 0.                              |
|   |                                      |             | <input type="checkbox"/> |                         |                                       | 0.                    | 0.                               |             | 0.                                       | 0.                              |
|   |                                      |             | <input type="checkbox"/> |                         |                                       | 0.                    | 0.                               |             | 0.                                       | 0.                              |
|   |                                      |             | <input type="checkbox"/> |                         |                                       | 0.                    | 0.                               |             | 0.                                       | 0.                              |
|   |                                      |             | <input type="checkbox"/> |                         |                                       | 0.                    | 0.                               |             | 0.                                       | 0.                              |
|   |                                      |             | <input type="checkbox"/> |                         |                                       | 0.                    | 0.                               |             | 0.                                       | 0.                              |

5. TaxWise displays the Entry Links dialog box. Select the *New Cap Gn Wkt – Capital Gain/Loss Transaction Worksheet* and click **OK**.



6. TaxWise displays the Capital Gains or Loss Transactions Worksheet.

| US Schedule D   |                  | Capital Gain or Loss Transactions Worksheet |                          |                         |                     |                       |                                  |             |  |                           |             |
|---|------------------|---|--------------------------|-------------------------|---------------------|-----------------------|----------------------------------|-------------|--|---------------------------|-------------|
| <p>1099 column: Enter "A" for short-term transactions reported on Form 1099-B with the basis reported to the IRS.<br/> Enter "B" for short-term transactions reported on Form 1099-B but the basis is not reported to the IRS.<br/> Enter "C" for short-term transactions for which you cannot enter A or B.<br/> Enter "D" for long-term transactions reported on Form 1099-B with the basis reported to the IRS.<br/> Enter "E" for long-term transactions reported on Form 1099-B but the basis is not reported to the IRS.<br/> Enter "F" for long-term transactions for which you cannot enter D or E.</p> |                  |   |                          |                         |                     |                       |                                  |             |  |                           |             |
| * Check if 28% rate gain or (loss).   |                  |   |                          |                         |                     |                       |                                  |             |  |                           |             |
| (a)<br>Description<br>of<br>property  | 1<br>0<br>9<br>9 | T<br>S<br>J                                 | *                        | (b)<br>Date<br>acquired | (c)<br>Date<br>sold | (d)<br>Sales<br>price | (e)<br>Cost or<br>other<br>basis | (f)<br>Code | (g)<br>Adjustments<br>to gain<br>or loss | (h)<br>Gain<br>or<br>loss | S<br>/<br>L |
|   |                  |   | <input type="checkbox"/> |                         |                     | 0.                    | 0.                               |             | 0.                                       | 0.                        |             |
|   |                  |   | <input type="checkbox"/> |                         |                     | 0.                    | 0.                               |             | 0.                                       | 0.                        |             |
|   |                  |   | <input type="checkbox"/> |                         |                     | 0.                    | 0.                               |             | 0.                                       | 0.                        |             |
|   |                  |   | <input type="checkbox"/> |                         |                     | 0.                    | 0.                               |             | 0.                                       | 0.                        |             |

- 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.
- 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.
- Next, complete the **Date acquired** and **Date sold** for the home.

| * Check if 28%                       |                  |             |                          |                         |                     |
|--------------------------------------|------------------|-------------|--------------------------|-------------------------|---------------------|
| (a)<br>Description<br>of<br>property | 1<br>0<br>9<br>9 | T<br>S<br>J | *                        | (b)<br>Date<br>acquired | (c)<br>Date<br>sold |
| Sale of Home                         | F                |             | <input type="checkbox"/> |                         |                     |

- 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.

| (a)<br>Description<br>of<br>property | 1<br>0<br>9<br>9 | T<br>S<br>J | *                        | (b)<br>Date<br>acquired | (c)<br>Date<br>sold | (d)<br>Sales<br>price | (e)<br>Cost or<br>other<br>basis | (f)<br>Code | A |
|--------------------------------------|------------------|-------------|--------------------------|-------------------------|---------------------|-----------------------|----------------------------------|-------------|---|
| Sale of Home                         | F                |             | <input type="checkbox"/> | 01/02/2015              | 03/26/2021          | 0.                    | 0.                               |             |   |
|                                      |                  |             | <input type="checkbox"/> |                         |                     | 0.                    | 0.                               |             |   |
|                                      |                  |             | <input type="checkbox"/> |                         |                     | 0.                    | 0.                               |             |   |
|                                      |                  |             | <input type="checkbox"/> |                         |                     | 0.                    | 0.                               |             |   |

- 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).

12. 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)<br>Description<br>of<br>property | 1<br>0<br>9<br>9 | T<br>S<br>J              | (b)<br>Date<br>acquired | (c)<br>Date<br>sold | (d)<br>Sales<br>price | (e)<br>Cost or<br>other<br>basis | (f)<br>Code | (g)<br>Adjustments<br>to gain<br>or loss | (h)<br>Gain<br>or<br>loss | S<br>/<br>L |
|--------------------------------------|------------------|--------------------------|-------------------------|---------------------|-----------------------|----------------------------------|-------------|--|---------------------------|-------------|
| Sale of Home                         | F                | <input type="checkbox"/> | 01/02/2015              | 03/26/2021          | 500,000.              | 203,500.                         | H           | -250,000.                                | 46,500.                   | L           |
|                                      |                  | <input type="checkbox"/> |                         |                     | 0.                    | 0.                               |             | 0.                                       | 0.                        |             |
|                                      |                  | <input type="checkbox"/> |                         |                     | 0.                    | 0.                               |             | 0.                                       | 0.                        |             |

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

**Part II: Long-term Capital Gains and Losses - Assets Held More Than One Year**

A separate Form 8949 must be completed for each type of transaction. Only transactions with code "F" (1099-B not received) will be calculated on this form.

F  Long-term transactions for which boxes D or E do not apply

If you need to list more than 14 transactions, you can duplicate this form as needed. If you duplicate this form to list more than 14 transactions, you must enter a sequential copy number on each duplicate form. The first duplicate should be numbered 2, the next should be numbered 3, and so on. Enter the copy number for this form here ..... 0

\* 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)<br>Description<br>of<br>property | T<br>S<br>J              | (b)<br>Date<br>acquired | (c)<br>Date<br>sold or<br>disposed of | (d)<br>Sales<br>price | (e)<br>Cost or<br>other<br>basis | (f)<br>Code | (g)<br>Adjustments<br>to gain<br>or loss | (h)<br>Total<br>gain<br>or loss |
|---|--------------------------------------|--------------------------|-------------------------|---------------------------------------|-----------------------|----------------------------------|-------------|--|---------------------------------|
|   | Sale of Home                         | <input type="checkbox"/> | 01/01/2013              | 02/08/2021                            | 500,000.              | 203,500.                         | H           | -250,000.                                | 46,500.                         |
|   |                                      | <input type="checkbox"/> |                         |                                       | 0.                    | 0.                               |             | 0.                                       | 0.                              |
|   |                                      | <input type="checkbox"/> |                         |                                       | 0.                    | 0.                               |             | 0.                                       | 0.                              |
|   |                                      | <input type="checkbox"/> |                         |                                       | 0.                    | 0.                               |             | 0.                                       | 0.                              |
|   |                                      | <input type="checkbox"/> |                         |                                       | 0.                    | 0.                               |             | 0.                                       | 0.                              |
|   |                                      | <input type="checkbox"/> |                         |                                       | 0.                    | 0.                               |             | 0.                                       | 0.                              |
|   |                                      | <input type="checkbox"/> |                         |                                       | 0.                    | 0.                               |             | 0.                                       | 0.                              |

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

**Part II: Long-term Capital Gains and Losses - Generally Assets Held More Than One Year**

Link to page 2 of Form 8949 from line 8b, 9, or 10 below or link to the Capital Gain / Loss worksheet from the long-term sales line.

|   | (d)<br>Sales<br>price | (e)<br>Cost or<br>other<br>basis | (g)<br>Adjustments<br>to gain<br>or loss | (h)<br>Gain or<br>loss |
|---|-----------------------|----------------------------------|--|------------------------|
| <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.                    | 0.                               |  | 0.                     |
| <b>b</b> Totals for all transactions reported on Form(s) 8949 with box D checked . . .  | 0.                    | 0.                               | 0.                                       | 0.                     |
| <b>9</b> Totals for all transactions reported on Form(s) 8949 with box E checked . . .  | 0.                    | 0.                               | 0.                                       | 0.                     |
| <b>10</b> Totals for all transactions reported on Form(s) 8949 with box F checked . . .   | 500,000.              | 203,500.                         | -250,000.                                | 46,500.                |
| <b>Long-term totals</b> . . . . .   | 500,000.              | 203,500.                         | -250,000.                                | 46,500.                |