

## 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. This exclusion is allowed each time that you sell your main home, but generally no more frequently than once every two years.

To qualify for this exclusion of gain, you must meet ownership and use tests.

**Ownership Test:** During the 5-year period ending on the date of the sale, you must have owned the home for at least 2 years.

**Use Test:** During the 5-year period ending on the date of the sale, you must have lived in the home as your main home at least 2 years.

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.

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

Unforeseen circumstances include, for example, divorce or legal separation, natural or man-made disasters resulting in a casualty to your home, or an involuntary conversion of your home.

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, Capital Gains and Losses, of the Form 1040 to report it.