

Example: Sale of Personal Residence | Figuring Your Gain or (Loss)

<u>Description</u>	<u>Source Document(s)</u>	<u>Amount</u>
<u>Selling price of home</u>	Form 1099-S	\$ 1,000,000
Less:		
Selling expenses:		
Commissions (4%)	Closing Disclosure or Settlement Statement	(40,000)
Settlement charges	Closing Disclosure or Settlement Statement	(2,000)
Attorney's fees	Closing Disclosure or Settlement Statement	(1,000)
Costs to get property ready for sale	Various personal receipts	(4,000)
Add back:		
Depreciation expense <i>(if any was claimed)</i>	Prior years' income tax returns	0

<u>Net Amount Realized</u>		\$ 953,000
Less:		
<u>Adjusted cost basis</u>		(375,000)

<u>Net gain or (Loss)</u>		\$ 578,000
Less:		
LTCG Exclusion	1 st Spouse	(250,000)
LTCG Exclusion	2 nd Spouse	(250,000)

<u>Net Taxable Long-Term Capital Gain</u>		\$ 78,000
Less:		
Federal income tax	15%	(11,700)
State income tax	5% <i>(Massachusetts residents only)</i>	(3,900)