

A note from Jean

This month's newsletter will be devoted to the tax consequences of selling a home. This is a continuation of our series devoted to tax issues for families and individuals.

Change and growth are part of life and usually these changes also bring changes in a family's tax situation. We hope you find this month's newsletter useful and if you do have questions or need more information, just call or email us. We will be happy to help in any way we can.

Change and growth are part of business as well. So, we are happy to announce that we are moving into new offices this month to the Altamesa Tower on the corner of South Hulen and Altamesa Boulevard. In our new office suite, each of our employees will have their own office as well as a private conference/meeting room.

This month will be very hectic for us as we move and settle into our new office suite. However, we will never be too unsettled or busy to provide you with answers to your questions. Also, our coffee and soda policy will never change. Just drop by for a visit and see what we mean.

Be on the lookout for our open house to celebrate moving into to our new offices.



Motivational Quote

"Great spirits have always encountered violent opposition from mediocre minds. The mediocre mind is incapable of understanding the man who refuses to bow blindly to conventional prejudices and chooses instead to express his opinions courageously and honestly."

Albert Einstein (1879-1955)

"Main Home", what is it?

Most of the tax code about buying and selling uses the term "main home". But, what is it? Usually, this is the home you live in most of the time is your main home and can be a:

- House,
- Houseboat,
- Mobile home,
- Cooperative apartment, or
- Condominium.

Use and Time

To exclude the gain when you sell your house, you generally must have owned and lived in the property as your main home for at least 2 years during the 5-year period ending on the date of sale.

In addition to the amount of time you live in each home, other factors are relevant in determining which home is your main home. Those factors include the following:

- Your place of employment.
- The location of your family members' main home.
- Your mailing address for bills and correspondence.
- The address listed on your:
 - Federal and state tax returns,
 - Driver's license,
 - Car registration, and
 - Voter registration card.
- The location of the banks you use.
- The location of recreational clubs and religious organizations you belong.

Tax Calendar for July

Business

July 16 – Monthly Payroll Taxes Due

July 20 – Monthly Sales Tax Due

July 31 – Quarterly Payroll Reports Due

Figuring a Gain or Loss on the Sale of a Home

To figure the gain or loss on the sale of your main home, you must know the selling price, the amount realized, and the adjusted basis. Subtract the adjusted basis from the amount realized to get your gain or loss.

Selling price - Selling expenses = Amount realized

Amount realized - Adjusted basis = **Gain or loss**

Selling Price

The selling price is the total amount you receive for your home. It includes money, all notes, mortgages, or other debts assumed by the buyer as part of the sale, and the fair market value of any other property or any services you receive.

Selling expenses include:

- Commissions,
- Advertising fees,
- Legal fees, and
- Loan charges paid by the seller, such as "points."

Determining Basis

You need to know your basis in your home to determine any gain or loss when you sell it. Your basis is its cost if you bought it or built it.

If you got it in some other way (inheritance, gift, etc.), its basis is either its fair market value when you got it or the adjusted basis of the person you got it from. The cost of property is the amount you pay for it in cash, debt obligations, other property, or services.

Purchase

Your basis is its cost to you. This includes the purchase price and certain settlement or closing costs.

Settlement fees or closing costs

When you bought your home, you may have paid settlement fees or closing costs in addition to the contract price of the property. You can include in your basis some of the settlement fees and closing costs you paid for buying the home. You cannot include in your basis the fees and costs for getting a mortgage loan

Some of the settlement fees or closing costs that you can include in your basis are:

- Abstract fees (abstract of title fees),
- Charges for installing utility services,
- Legal fees (including fees for the title search and preparing the sales contract and deed),
- Recording fees,
- Survey fees,
- Transfer or stamp taxes,
- Owner's title insurance, and
- Any amounts the seller owes that you agree to pay, such as:
 - Certain real estate taxes,
 - Back interest,
 - Charges for improvements or repairs,
 - Recording or mortgage fees and
 - Sales commissions.

We are moving to a new office space located at

4701 Altamesa Boulevard, Suite 2-A

Fort Worth, Texas 76133

Our phone numbers will remain the same as well as our email and website addresses.