

# Worksheet 2. How To Figure Your Gain or Loss

If you have questions as you work through these step-by-step instructions, or want examples of costs that can and can't be included, see [Basis Adjustments—Details and Exceptions](#).

- **If married filing jointly**, figure gain or loss for both spouses together. **If single or married filing separately**, figure gain or loss as an individual.
- **If the home you sold had multiple owners**, your gain or loss is the gain or loss on the entire sale multiplied by your percentage of ownership.
- **If you used any portion of the property for business or rental purposes**, go to [Business or Rental Use of Home](#).

### 1. Determine the sale price. This is everything you received for selling your home.

- a. All money (currency, check, wire transfer) ..... a. \_\_\_\_\_
- b. The fair market value of any other property or services you received ..... b. \_\_\_\_\_
- c. The value of any notes, mortgages, or other debts that the buyer agreed to assume (take over) as part of the sale ..... c. \_\_\_\_\_
- d. Any real estate taxes the buyer paid on your behalf ..... d. \_\_\_\_\_
- e. Any amount you received for granting an option to buy your home, if the option was exercised ..... e. \_\_\_\_\_
- f. Add lines 1a through 1e. This is your **sale price** ..... f. \_\_\_\_\_
  - **If you received payment for personal property**, DON'T include it in the sale price.
  - **If you received payment or reimbursement from your employer** because of a job transfer, DON'T include the payment as part of the selling price. Your employer will include it as wages in box 1 of your Form W-2.
  - **If you received Form 1099-S**, the gross proceeds for the sale price should appear in box 2. If box 4 is checked, the sale price included non-cash payments, and you need to determine the value of these and add them to the figure in box 2.
  - **If you didn't receive Form 1099-S**, refer to your real estate transaction documents for the total amount you received for your home.

## Worksheet 2. How To Figure Your Gain or Loss *Continued p. 2*

### 2. Determine your selling expenses. These are the costs directly associated with selling your home.

- a. Any sales commissions (for example, a real estate agent's sales commission) ..... a. \_\_\_\_\_
- b. Any advertising fees ..... b. \_\_\_\_\_
- c. Any legal fees ..... c. \_\_\_\_\_
- d. Any mortgage points or other loan charges you paid that would normally have been the buyer's responsibility ..... d. \_\_\_\_\_
- e. Any other fees or costs to sell your home ..... e. \_\_\_\_\_
- f. Add lines 2a through 2e. These are your **selling expenses** ..... f. \_\_\_\_\_

### 3. Figure your "amount realized" (sale price minus selling expenses).

Line 1f minus line 2f ..... **3.** \_\_\_\_\_

### 4. Determine your "total basis" (the total amount you invested in your home). This includes what you paid for your home as well as other money you may have spent that added to its value.

- a. The amount you paid for your home (or if you built your home, the cost of the land). Include any down payment and any amount you borrowed to pay for the home. For cooperative apartments, include the value of the corporation stock you purchased. If you acquired your home through inheritance, gift, bargain sale, trade, or anything except a fair market purchase, see [Basis Adjustments—Details and Exceptions](#). ..... a. \_\_\_\_\_
- b. Any settlement fees or closing costs you paid when you bought your home, except for financing-related costs (such as seller-paid points). The settlement statement should list the fees related to buying the home. See [Basis Adjustments—Details and Exceptions](#) and [Fees and Closing Costs](#) ..... b. \_\_\_\_\_
- c. Any real estate taxes or other costs you paid on behalf of the seller you bought your home from (and for which the seller never paid you back) ..... c. \_\_\_\_\_
- d. Any amounts you spent on construction or other improvements that are still part of your home at the time of sale (not including costs of maintenance and repairs). See [Basis Adjustments—Details and Exceptions](#). ..... d. \_\_\_\_\_
- e. Any amounts you spent to repair damage to your home or the land on which it sits ..... e. \_\_\_\_\_
- f. Any special assessments for local improvements (such as special tax or condominium association assessments that aren't merely for repairs or maintenance) ..... f. \_\_\_\_\_
- g. Add lines 4a through 4f. This is your **total basis** ..... g. \_\_\_\_\_

Worksheet 2. How To Figure Your Gain or Loss *Continued p. 3*

<b>5. Determine your “basis adjustments” (any payments, credits, or benefits you may need to deduct from your basis).</b>	
a. Any depreciation you took or were allowed to take for use of your home for business or rental purposes .....	a. _____
b. Any casualty losses (such as flood or fire damage) you claimed as a deduction on a federal tax return .....	b. _____
c. Any insurance payments you received or expect to receive for casualty losses .....	c. _____
d. Any payments you received for granting an easement, conservation restriction, or right-of-way .....	d. _____
e. Any energy credits or subsidies that effectively paid you back for improvements you included in your total basis. See <a href="#">Basis Adjustments—Details and Exceptions</a> .....	e. _____
f. Any adoption credits you claimed, or any nontaxable payments from an employer-sponsored adoption assistance program .....	f. _____
g. Any District of Columbia first-time homebuyer credit you claimed .....	g. _____
h. Any real estate taxes the seller paid on your behalf (and for which you never paid the seller back). If you reimburse the seller, it doesn’t affect basis .....	h. _____
i. Any mortgage points the seller paid for you when you bought your home, if one of the following is true .....	i. _____
• You bought your home between December 31, 1991, and April 4, 1994, AND you deducted the points as home mortgage interest in the year paid, or	
• You bought your home after April 3, 1994 (regardless of whether you deducted the points)	
j. Any canceled or forgiven mortgage debt amount that was excluded before January 1, 2017, due to a bankruptcy or insolvency and that you didn’t have to declare as income. (See Pub. 4681.) .....	j. _____
k. Any sales tax you paid on your home (such as for a mobile home or houseboat) and then claimed as a deduction on a federal tax return .....	k. _____
l. The value of any temporary housing the builder of your home provided for you .....	l. _____
• <i>Use this equation:</i> Contract price × Value of temporary housing ÷ (Value of temporary housing + Value of new home)	
m. Any gain you postponed from the sale of a previous home sold before May 7, 1997 .....	m. _____
n. Add lines 5a through 5n. This is your <b>basis adjustment</b> .....	n. _____
<b>6. Figure your “adjusted basis” (total basis minus basis adjustments).</b>	
Line 4g minus line 5n .....	6. _____
• If your <b>adjusted basis is less than zero</b> and you went through a mortgage workout or other process resulting in forgiveness or cancellation of mortgage debt (“discharge of qualified principal residence indebtedness”), don’t count any portion of your canceled debt that is bringing your basis below zero.	
<b>7. Figure your gain or loss (amount realized minus adjusted basis).</b>	
Line 3 minus line 6 .....	7. _____
• If the <b>number is negative</b> (adjusted basis is greater than amount realized), you sold your home at a loss. You can’t deduct this loss, but you don’t need to pay any tax on the money you received from selling your home. Skip to <a href="#">Reporting Your Home Sale</a> , later.	
• If the <b>number is positive</b> , you sold your home at a gain. Skip to <a href="#">How Much Is Taxable?</a> , later.	