Sale of Primary Residence – How to Enter into ProSeries

A taxpayer may have received a 1099-S when they see their house, two-flat, condo, etc. The sale of a Primary Residence is in-scope for Ladder Up – however, if the home (two-flat, condo, etc) was not a primary residence or if it was ever a rental property or used for business (i.e. home office exclusion), the tax return is out-of-scope.

If the taxpayer received a 1099-S, the home sale must be reported on the tax return, even if the proceeds are not taxable.

To report the sale of a home, under Forms, search for “sale” and select “Home Sale Wks”
Taxpayer’s only have to pay taxes on the GAIN on the sale of a home (and part of that gain may be excluded from taxation using Part II of the worksheet). The gain is calculated as: the sale price of the house LESS the selling expenses LESS the Adjusted Basis.

Complete the worksheet as appropriate.

The selling expenses (line 4) may be listed on the HUD-1 Settlement Statement that the taxpayer may bring.

The primary component of the Adjusted Basis of a Home is the purchase price.

If the taxpayer does not have documentation regarding the purchase price of the home, they may report it on the tax return based on their knowledge – but remind the taxpayer that the numbers being reported are their responsibility. The purchase price may also be available via the Cook County Recorder of Deeds at: https://cookrecorder.com

The primary purpose of this worksheet is to accurately report the gain (loss). However, if the gain is to be excluded from taxable income, estimates to the adjustments to basis are acceptable.
If the taxpayer inherited the property, the value of the home on the date of death should be entered as the purchase price on line 1a, and any other basis adjustments should only be made after it became the taxpayer’s primary residence.

The questions in Part II must be addressed by interviewing the taxpayer. If, upon interviewing the taxpayer, the answers are other than as marked below, the tax return is *Out-of-Scope*.

*Note:* If the taxpayer is married, and the gain on the sale is less than $250,000, see your site leader as Ladder Up may still be able to prepare the tax return.

In addition to the Home Sale Worksheet, ProSeries will create **Form 8949 and Schedule D**. However, volunteers should not have to enter any additional numbers or modify anything on these additional Forms In Use in order to exclude up to $250,000 of gain on the sale of the home (or $500,000 if Married Filing Jointly) from their adjusted gross income.