

# More Homeowners Are Asking About the Tax Implications of Selling Their Homes

Taxpayers (like me) appreciate the capital gains exemption on the sale of one's primary residence, but not everyone is familiar with how it works. A single person enjoys a \$250,000 exemption and married couples (filing jointly) enjoy a \$500,000 exemption on the profit they make on the sale of their home, providing they have owned and occupied it for two of the five years preceding its date of sale.

Given the runaway appreciation of homes that you and I have seen in 2020 and 2021, more homeowners are thinking of "cashing out" and wondering how much capital gains tax they may have to pay on the sale of their home.

The exemption applies to the gain over your home's "basis," not

to the sales price. That basis begins with what you paid for your home but is increased by the amount of any improvements you have made to the home as well as the cost of selling it.

Thus, if you paid \$200,000 for your home but you made, say, \$50,000 in improvements (not repairs), your basis jumps to \$250,000. Then add the cost of selling your home (commissions plus title insurance and other closing costs), which should amount to 5 or 6% of the sales price. If you sell your house for, say, \$500,000, your basis would be increased by another \$25-30,000.

Because your gain, in that example, would be under \$250,000, your entire proceeds on the sale of your home would be tax-free, whether you're single or married. For many

sellers, however, the taxable gain could be well in excess of \$250,000 or even \$500,000.

If your spouse died less than two years prior to the closing and you haven't remarried, you can still enjoy the full \$500,000 tax exemption. Also, your basis is "stepped up" for your spouse's half of the home, whether or not you owned your

home as "joint tenants."

Also, if you were deployed at least 50 miles from your home, you can pause the 2-out-of-the-last-5-years rule by up to 10 years.

As with any IRS rule, it's complicated, so you'll want to visit [www.irs.gov/publications/p523](http://www.irs.gov/publications/p523) to read IRS Publication 523. Reading it will be worth your time.

## REAL ESTATE TODAY



By JIM SMITH, Realtor®

## Moving Industry Struggles to Keep Up With Demand

A recent survey of the moving industry ([www.movebuddha.com](http://www.movebuddha.com)) found the following:

**71% of moving companies report experiencing delays in 2021 that exceed what is normal for the peak moving season.**

**67% of moving companies do not have enough drivers to cover demand, which many attribute at least partially to pandemic-related job loss.**

**Nearly half of moving companies are booked out at least three weeks further than in previous seasons.**

**Customer complaints about cancellations have risen 250% this season compared with 2019.**

The survey dealt with both in-state and interstate moves. While we can't help you with interstate, we can help you with in-state

moves. If you buy or sell a home using one of Golden Real Estate's agents, you get free use of our moving truck (similar to a large U-Haul) and access to our moving personnel at \$25/man-hour. And if you use Golden Real Estate to sell your current home *and* buy your new home, we will even cover the labor and fuel costs. In either case, we provide free moving boxes (including those expensive wardrobe boxes), packing paper and bubble wrap. You just pack and un-pack!

Prior to listing sellers appreciate having the use of our truck for transporting stuff to relatives, storage, charities or the dump.

Apparently U-Haul is having trouble meeting demand, too. I know because recently a non-client asked to rent our truck.

## Unique Wide Acres Home Now Active on MLS

This 3-bedroom, 2-bath farmhouse at **13400 W. 10th Avenue** was built in 1937. Every room has either birch or walnut wood paneling, including on the slanted ceilings in the upstairs bedrooms! The kitchen cabinets are not factory built, but built to fit from birch wood by the woodworker who lived here. The living room fireplace is set in a wall of granite. Built-in cabinetry abounds, and there are even built-in desks (of birch) in the upstairs bedrooms. The grounds include multiple fruit trees. I love this house, and you will too! To fully appreciate it, watch my narrated video tour at [www.WideAcresHome.com](http://www.WideAcresHome.com), then call your agent or me for a private showing. **Open house Friday, 4 to 6 pm.**



## Two Lakewood Homes Listed by Jim Swanson

This lovely 3-bedroom, 2-bath home at **5710 W. 3rd Ave.** was built in 1985 by the current owner. It has been recently painted inside and is in move-in condition. Enjoy the wrap-around patio and the large private lot, great for urban gardening. The main floor features a living room and dining space, as well as a large bedroom and full bath. Upstairs has 2 large bedrooms and another full bath. The full unfinished basement has egress windows. The detached garage measures 20'x22'. The adjacent 7,200-square-foot lot is available for \$125,000. **Open Sunday, 11am-2pm.**



The charming home below adjoins the above property (same owner) at **5720 W. 3rd Ave.** It was originally a farm house and was tastefully added onto years ago. Deceptively large, this house has a lot of space, including a huge 29'x12' living room. It also has a 15'x19' kitchen. There are two bedrooms upstairs and one in the basement (with egress window) with its own full bath. There is a bonus room (without closet) upstairs that could be a fourth bedroom, plus a huge family room in the basement. New paint, refinished hardwood floors, newer roof, enclosed porch, gravel driveway and private fenced backyard. Quiet area of mostly single family homes and great access to Denver and Lakewood. **Open house simultaneously with the above listing, Sunday, Aug. 22nd, 11-2.**



## Beautiful Arvada Ranch Listed by Chuck Brown

Looking for a move-in ready home in Arvada? Be sure to check out this 1,764-sq-ft., 4-bedroom, 3-bath fully remodeled brick ranch with finished basement at **6679 Quay St.** in the Lamar Heights neighborhood. This home has beautiful finishes throughout! The main floor features an open concept kitchen that makes entertaining a joy, a master bedroom with a 4-piece en suite bathroom that includes dual sinks and a large walk-in shower, barn doors and a walk-in closet, and a guest room that can easily be used as an office. Downstairs you'll be wowed by the fully finished basement with a large family/rec room and wet bar with fridge, 2 bedrooms, a 3/4 bath, and a closed off laundry room. The backyard is an oasis with multiple zones to entertain: enjoy the patio with shaded pergola, relax in the hot tub, roast marshmallows over the fire pit, or meditate by the water fountain. To top it off, there's a large 2-car detached garage to store your toys! Take a narrated video tour at [www.ArvidaRanch.info](http://www.ArvidaRanch.info). **Open house this Saturday, Aug. 21, 11am-3pm.** Call your agent or Chuck at 303-885-7855 for a showing.



## Jim Smith

Broker/Owner, 303-525-1851  
[Jim@GoldenRealEstate.com](mailto:Jim@GoldenRealEstate.com)  
 17695 S. Golden Rd., Golden 80401

### Broker Associates:

**JIM SWANSON**, 303-929-2727  
**CHUCK BROWN**, 303-885-7855  
**DAVID DLUGASCH**, 303-908-4835  
**TY SCRABLE**, 720-281-6783  
**ANDREA COX**, 720-446-8674



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