

# Sale of Home Scoping Decision Tree

## AARP Tax Aide Boulder/Broomfield

Step 1: Is sale price less than \$250,000/\$500,000? (1)	Yes: In scope No: go to Step 2
Step 2: Does basis include any items other than purchase price (cost) and home improvements? (2)	Yes: Out of Scope No: go to Step 3
Step 3: Are purchase price/cost and home improvements, including cost of improvements, well documented by the TP?	No: Out of Scope Yes: go to Step 4
Step 4: Is gain on sale less than \$250,000/\$500,000?	Yes: In scope No: get approval to do the return from Local Coordinator

(1) Primary home gain on sale exclusion

(2) See IRS Publication 17 & Publication 523 for items that both increase and decrease basis in property and for all rules related to home sale.

Note: there are other sale of home situations that are out of scope. They are:

- Sale of a main home that has been used for business, including rental
- Sale of a main home, where a postponed gain from a previous home or depreciation prior to 5/7/1997 affects the basis
- Sale of a main home used for less than 2 years due to job relocation (reduced exclusion)
- Sale of a main home due to foreclosure or bankruptcy

Refer to Out of Scope document in reference materials and Publication 17 and Publication 523