

Sale of Home — Partial Exclusion Worksheet

See *Sale of Principal Residence* page 6-22, *TheTaxBook*, 1040 Edition/Deluxe Edition.

Use this worksheet only if no automatic disqualifications apply, and take all exceptions into account.

A) Determine if the taxpayer is eligible for the maximum exclusion limit.

Status	The taxpayer is eligible for the maximum exclusion if...	Maximum exclusion	If the taxpayer is not eligible for the maximum exclusion limit, then the taxpayer should...
Married Filing Jointly	Both spouses meet the residence and look-back requirements and one or both spouses meet the ownership requirement.	\$500,000	Determine if either spouse is eligible for the full limit as a single person. If not, determine if either spouse is eligible for a partial exclusion.
Single, Married Filing Separately	The taxpayer meets the residence, ownership, and look-back requirements.	\$250,000	Determine if the taxpayer is eligible for a partial exclusion.
Widowed	1) Sell marital home within two years of the death of spouse. 2) Have not remarried at the time of the sale. 3) Neither the taxpayer nor the taxpayer's late spouse took the exclusion on another home sold less than two years before the date of the current home sale. 4) The taxpayer meets the 2-year ownership and residence requirements (including the taxpayer's late spouse's times of ownership and residence if need be).	\$500,000	Determine if the taxpayer is eligible for the full limit as a single person. If not, determine if the taxpayer is eligible for a partial exclusion.

B) Complete this section only if it is determined that the taxpayer is not eligible for the maximum exclusion but is eligible for a partial exclusion. If the taxpayer is eligible for a partial exclusion, use this section to determine the taxpayer's exclusion limit.

1) Determine the shortest of the following three periods:

1a) Time of residence in the home during the 5-year period leading up to the sale 1a) _____

1b) Time of ownership of the home leading up to the sale 1b) _____

1c) The time that has elapsed between the sale and the date the taxpayer last sold a home for which the exclusion was taken 1c) _____

2) Take the smallest period from Step 1 (use days or months) and divide that number by 730 (if using days) or 24 (if using months) 2) _____

3) Multiply the result from Step 2 by \$250,000. Stop here if not married filing jointly 3) _____

4) Repeat Steps 1—3 for the taxpayer's spouse and add the two results 4) _____

C) The exclusion limit is \$ _____. Unless the taxpayer has taxable gain from business or rental use, only gain in excess of this amount is taxable.