



Dear Taxpayer:

You have indicated that you sold your principal residence in the tax year for which you have asked us to prepare your tax returns.

We recommend that you report the sale on your tax return even if there is no taxable gain on such sale. Unless you provide us with the information on the worksheet (see page 2), we have no idea whether you had a gain and if so, how much of it is excludable.

Reporting the sale facilitates the following objectives:

Any gain (even if nontaxable on your income tax returns) must be reported on your MN property tax return and could affect any property tax refund you are entitled to.

If you plan to sell another home within the next 2 years and are likely to receive a larger gain from the sale of that property, you can undo the choice to have this sale be excludable by amending your return.

If a 1099-S was issued to the IRS or State Department of Revenue, reporting such sale will eliminate the possibility of an inquiry questioning why such sale was not reported.

Showing the transaction on your return, reduces the possibility of an IRS or State inquiry regarding such transaction even in the case where no 1099-S was issued but some other event triggers an examination of your return or the transaction.

If you choose NOT to report the sale on your tax return, please " " the appropriate line, sign your name, print your name, and date the form.

Please return this to our office so we can complete your tax returns.

Sincerely,

Todd Fogelberg, EA

IRS Publication 523 contains additional information regarding the sale of your home.

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Sale of Home Worksheet

Address of Property Sold \_\_\_\_\_

Date of Original Purchase \_\_\_\_\_

Original Purchase Price (excluding closing costs) \_\_\_\_\_

Closing Costs when you bought the home \_\_\_\_\_

Improvements added to the home during occupancy\* \_\_\_\_\_

Date of Sale of Home \_\_\_\_\_

Sale Price excluding selling costs or seller paid closings for buyer \_\_\_\_\_

Closing Costs when you sold the home \_\_\_\_\_

You may refer to the HUD settlement statement from the original purchase of your home as well as the HUD settlement statement from the sale to obtain the above information.

List improvements here or on a separate sheet:

Description	Cost
_____	_____
_____	_____
_____	_____
_____	_____

\_\_\_ *I (We) choose **not** to report the sale of my home on my tax return.*

Taxpayer Signature \_\_\_\_\_ Date \_\_\_\_\_

Taxpayer Printed Name \_\_\_\_\_

Spouse Signature \_\_\_\_\_ Date \_\_\_\_\_

Spouse Printed Name \_\_\_\_\_