

Cost of Waiting for Sellers

DON'T MISS OUT ON TAX-FREE MONEY!

1

YOUR TAX-FREE GAINS ARE CAPPED.

When you sell your property for more than what you paid for it, you have a "capital gain" that could be subject to the capital gains tax. The current tax rate for capital gains on a federal level is anywhere from 0% to 20%, depending on your level of income. You may also be subject to an additional 3.8% "net investment income tax."

However, if you've lived in your house as your primary residence for two full years out of the past five years, you may be able to sell your house without paying any capital gains tax or net investment income tax. The primary residence capital gains tax exclusion is \$250,000 for single taxpayers and \$500,000 for married couples filing a joint tax return. House prices have increased so much in the past several years that many homeowners are at or above their cap.

For example, assume you currently have \$500,000 of tax-free capital gains that you could get by selling your house today. If you wait to sell, and your house value increases by another \$100,000, you may have to pay up to 23.8% in federal capital gains and net investment income tax on that extra \$100,000, plus whatever state taxes you may owe. For more details, see my article called, *How to Get the Primary Residence Capital Gains Tax Exclusion*. Also, please reference [IRS publication 523](#), and speak to a CPA for more details.

2

POTENTIAL INCREASE IN HOUSING COSTS ON YOUR NEXT PROPERTY.

Housing demand is likely to be greater than housing supply for at least another three to four years, according to most economists. That's because we have a housing shortage in America equal to roughly 3-5 million homes. This means house prices are likely to increase during the next several years, especially if interest rates drop and more buyers jump into the market. This means that the competition for your next house could be fierce, and you may be looking at higher housing costs on your replacement home if you wait to sell your current home.

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Contact me
for more info



\$500,000

That's the primary residence
exclusion for married couples.

Source: **Momentifi**



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