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BOOK REVIEW

THE HOME SELLER'S GUIDE TO TAX SAVINGS: SIMPLE WAYS FOR ANY SELLER TO LOWER TAXES TO THE LEGAL MINIMUM

Book by Julian Block
Review by Leisa Aiken

The deflation of the residential real estate bubble has been a 60-second sound bite in the news for months now. Still, many individuals own homes that have significantly appreciated since they purchased them and need to understand the tax consequences of selling a home. If you are seeking information about federal income tax issues for home owners and sellers, *The Home Seller's Guide to Tax Savings* is a terrific reference. Its detailed yet straight-forward approach is ideal for quickly finding the correct answer to a client's complicated real estate question.

The book is logically organized, starting with "Tax Planning for Home Sales" after a pithy introduction. This section is full of details that I have to "look up" when asked about capital gains on home sales. I can easily remember that the exclusion is \$250,000 for single taxpayers and \$500,000 for married taxpayers, and that the seller had to reside in the home for at least 2 of the past 5 years in order to claim the exemption. But I can't list all the exceptions to those rules, and that's the level of detail where *The Home Seller's Guide to Tax Savings* really shines.

The first section provides detailed explanations of the residence and ownership tests and the more complex rules for partial exclusions due to changes in employment location, health problems, or unforeseen circumstances. For example, author Julian Block lists the individuals whose change in employment location may qualify a taxpayer for a partial exclusion if he or she doesn't meet the 2 of 5-year tests. In addition to the taxpayer and taxpayer's spouse, the list includes a coowner of the residence (not required to be related to the taxpayer by blood or marriage) and a person whose main home is the same as the taxpayer's. Similar details are provided that explain when health problems or unforeseen circumstances may allow a taxpayer to exclude part the gain.

The chapters "Strategies to Reduce Profits" and "All About Keeping Records" have checklists and information about recordkeeping that are helpful for any homeowner, especially for individuals trying to calculate and potentially reduce home sale gains. The checklist for capital improvements is extensive. I've been asked several times about what home-related paperwork to save and how long. The answers are clearly outlined in this book.

Three chapters deal with special issues related to condominiums and cooperative apartments, deductions for home owners (including casualty losses and medical deductions), and inherited homes. Each chapter is worth reading if you or your clients encounter these issues.

Finally, there's information about amending returns for those who underestimated their basis or missed a deduction, and some warnings to those who would rely on contacting the IRS or reading IRS publications to get questions answered. There are numerous

examples and citations for IRS revenue rulings and Private Letter Rulings throughout the book.

The “book” is self-published and available through Julian Block’s Website, www.julianblocktaxexpert.com. Absent this review, I can’t imagine reading it from cover-to-cover, but I recommend it for your reference shelf. It could prove invaluable for those negotiating the maze of rules, regulations, and rulings related to the tax issues home owners and sellers face.

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