

Next up in this informational series is Capital Gains! Take a look at the info below and call, text, or email with any questions. Don't forget to ask about the free cost analysis of your home's potential value!

What is a Capital Gains tax and how does it impact you when selling your home?

A capital gains tax is the tax of the increased value on an asset/investment that is reported when the asset/investment is sold.

In real estate terms this increased value is the difference in the price you sold your home for vs. the price you originally paid for your home.

Real estate capital gains are taxed differently from stock investment capital gains and even have large capital gain exemptions for the taxpayer(s).

Did you know...

...if you own your home and live in it for 2+ years that when you sell it, \$250K of your capital gains are excluded from taxable income (\$500K if you are married and file jointly)?

...the newly signed 7% Washington state capital gains tax lists real estate as an exemption?

...most major repairs and improvements to your home can be added to the base cost of your home, helping reduce taxable capital gains?

Real Estate Capital Gains Example

Price you paid for your home in 2010



\$400,000



Profit made from the sale
\$500,000

Price you sold your home for in 2021



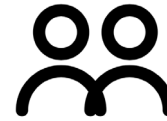
\$900,000

Single Filed Taxpayer

Jointly Filed Taxpayers



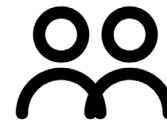
Capital Gain Exemption:
\$250,000



Capital Gain Exemption:
\$500,000



Capital Gains Reported:
\$250,000



Capital Gains Reported:
\$0

Three Key Takeaways About Capital Gains

1. Be aware and educated about the taxes involved in selling your home
2. Always seek financial advise from a trusted finance professional
3. Know the current value of your home and your financial situation to help avoid paying more taxes

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