

Improvements to Real Property

Current tax law provides single homeowners a \$250,000 exclusion (\$500,000 for joint owners) from the gain on the sale of a personal residence; therefore, the need to track home improvements has been eliminated for most taxpayers. However, it continues to be an issue for both high value homeowners generating gains in excess of the exemption amounts as well as residential rental property owners. The gain on the sale of rental property falls outside the exclusion rules and is fully taxable. **(Contact our office about a possible 1031 exchange for rental property, in lieu of an outright sale, in order to defer paying taxes on the capital gain.)**

Improvements

These add to the value of your home, prolong its useful life, adapt it to new uses, adds cost basis to your home and ultimately **reduces the gain on the sale of your property.**

Examples: Adding a recreation room or another bathroom in your unfinished basement, putting up a new fence, putting in new plumbing or wiring, putting on a new roof or paving your unpaved driveway, adding a deck, sunroom or new garage.

Additions

Bedroom
Bathroom
Deck
Garage
Porch Patio

Lawn & Grounds

Landscaping
Driveway
Walkway
Fence
Retaining Wall
Sprinkler System
Swimming Pool

Heating & Air Conditioning

Heating System
Central Air Conditioning
Furnace
Duct Work
Central Humidifier
Filtration System

Plumbing

Septic System
Water Heater
Soft Water System
Filtration System

Insulation

Attic
Walls
Floors
Pipes and Duct Work

Interior Improvements

Built-in Appliances
Kitchen Modernization
Flooring
Wall-to-wall Carpeting

Miscellaneous

Storm Windows, doors
New Roof
Central Vacuum
Wiring Upgrades
Satellite Dish