

# REAL ESTATE



Kelly Creed, Tax Supervisor  
kcreed@rina.com  
(510) 893-6908  
475 - 14th Street, Suite 1200  
Oakland, CA 94612  
www.rina.com



**Q I'm thinking about renting out my personal residence before I sell it. What tax implications should I consider?**

**A** Generally, a taxpayer can exclude \$250,000 (\$500,000 for married persons) of gain on sale of property used as a personal residence two out of five years. However, for sales after December 31, 2008, this exclusion won't apply to years the house was used for non-qualifying purposes (i.e. use other than as a personal residence). The exclusion is reduced for periods of nonqualified use based on the ratio of the aggregate period of nonqualified use during the period the property was owned by the taxpayer compared to the total period the property was owned by the taxpayer.

For example, if a single taxpayer sells property in 2009 used as a personal residence for 2 years (after renting it out for 3 years), she would lose (3/5) of the \$250,000 exclusion, or \$150,000.