

## 2019 Tax Preparation Tips

By, Patrick Burgan



There is a saying that the only thing guaranteed in life is death, taxes and the Patriots will always be in the Super Bowl. Wait a minute! The Patriots aren't in the Super Bowl? Well, would you look at that!

While the remaining two guarantees in life are inevitable, a little preparation may help you keep some money in your pocket when it comes to paying taxes. For a lot of us, buying and selling our homes will be the largest transactions we will see in our lives. In the years these transactions occur tax preparation can get a little overwhelming and a whole lot confusing. To help ease the pain of paying your fair share to our government, hopefully, we can help you to see how a little preparation can go a long way.

While homeownership traditionally comes with an assortment of tax benefits, many things are different this year due to newly implemented tax rules. Here are a few tips that could help you in filing your tax return for last year.

### **LOOK AT THE HUD (STATEMENT)**

If you didn't consult your tax advisor prior to your purchase or sale, it's ok. You'll just need a copy of the HUD statement, also known as a Closing Disclosure, from your most recent purchase/sale. The HUD-1 Settlement Statement/Closing Disclosure is a standardized mortgage lending form which creditors or their closing agents itemize all charges imposed on buyers and sellers in the transaction process. This document should be given to you at the time of the closing of the house. If you don't have it, don't worry! Simply contact your real estate agent or title company and they will be able to provide it for you.

### **CONSULT A TAX ADVISOR**

The most important thing you should do before buying or selling your house is to always consult your tax advisor before making the purchase/sale. Joe Kilgore, a CPA and Partner at HD Davis in Youngstown says, above all, seek advice. "It is very important that you consult with your tax advisor before you buy or sell your house. You may qualify to exclude from your income all or part of any gain from the sale of your main home," says Kilgore. "The IRS does allow an exclusion of capital gains on your personal residence if you meet certain ownership and use tests."

These exclusions include if you are a single taxpayer, the IRS allows up to a \$250,000 exclusion of capital gains on real estate. If you are married filing jointly, the IRS allows up to a \$500,000 exclusion of capital gains on real estate. However, there are situations that, if they apply to you, will exclude you from taking advantage of this tax benefit.

"This is why it is so important to consult a tax advisor when preparing your taxes for 2019 if you are a new homeowner," said Kilgore

Buying your home can be thrilling and a genuinely enjoyable experience that you will always remember, one memory you don't want to carry with you is a memory of not properly filing your taxes. While taxes are inevitable, taking the proper precautions if you purchased or sold a home in 2019 can help save you a lot of time, money and headaches. Not to mention, keeping you stress free and delaying the other inevitable event to give you plenty of time to enjoy a long, happy life in your new home.

*Patrick Burgan is the 2020 President of the Youngstown Columbiana Association of REALTORS®*