



U.S. National 1031 Exchange

PRIMARY RESIDENCE EXCLUSION

This information is given as a courtesy. Please see your accountant or CPA to review your individual eligibility for IRC §1031.

The following is information on the current *primary residence exclusion*.

- \$250,000.00 in gain for an individual, OR \$500,000.00 for a couple filing jointly, if you have owned and lived there for two years, and you may claim the primary residence exclusion every two years.
- On an investment property, **that you did a 1031 exchange into**, it must have been your primary residence for two out of the last five years and as of **October 22, 2004**, you **must own the property for 5 years in order to claim your primary residence.** **Effective January 1, 2009 you must exclude (non-qualified use) time the residence was formerly used as investment, from the gain.**
- To claim your primary residence exclusion on a 2nd home, you must have lived there two *full* years out of the last five years.

Please refer clients to their tax advisor to review the internal revenue code regarding married individuals eligibility, divorced taxpayers, widowed individuals, and hardship relief.

CLAIM OF PERSON(S) AT LEAST 55 YEARS OF AGE MAY TRANSFER PROPERTY TAX BASE-YEAR VALUE UNDER CERTAIN CONDITIONS-one time only.

Section 69.5 of Revenue and Taxation Code of California allows a person(s) at least 55 years of age to transfer base-year value to the replacement dwelling of a primary residence (*intra-county and inter-county, when applicable*) *if the sale price of the replacement dwelling is less.* See general information to clarify exception (105% if replacement dwelling is purchased within one year of sale and 110% if the replacement dwelling is purchased within two years of the sale.)

County where property is located must have adopted the Proposition in order to take advantage of this code. Visit the following web sites to obtain forms and check to see if the county will allow a transfer between parent and child, or grandparent to grandchild. Orange- www.oc.ca.gov/assessor, San Diego- www.sdarcc.com, Los Angeles-www.assessor.co.la.ca.us, Imperial County- www.ImperialCounty.net/assessor and for Santa Barbara call the assessor at 805-568-2550.

Thank you for thinking of U.S. National 1031 Exchange – Barbara Joyce, President