

WILL YOU HAVE TO PAY CAPITAL GAINS TAX ON SALE OF YOUR HOME?

If you have recently sold your home or expect to sell it at a profit, be aware of IRS rules regarding capital gains tax for the sale of a residence.

You may be able to exclude up to \$250,000 of capital gain on the sale of a home **if you meet certain qualifications**. Married taxpayers filing jointly and meeting the qualifications may be able to double their exclusion to \$500,000.

To qualify for these exclusions, **you must meet both the ownership and use tests:**

- ✓ Ownership: during the 5-years before the date of the sale, **you must own the home for at least 2 years.**
- ✓ Use: during the 5 years before the date of the sale, **you must have lived in the home as your principle residence** for at least 2 years.

For a couple filing jointly, even if only one partner meets the ownership test, you can normally claim the married exclusion as long as both meet the use test.

You can generally claim this exclusion each time you sell a home, but not more than once every 2 years. Even if you don't qualify for the full exclusion, certain circumstances may make you eligible for partial exclusions.

If a home sale is in your future, call us to discuss how the sale will affect your tax situation. ☞

TALK TO US ABOUT YOUR BUSINESS PAYROLL NEEDS

Streamline your payroll with our web-based, hassle-free payroll system. Direct deposit and electronic filing included. Call Neil or Cynthia for more information.

SAVE \$\$ WITH AN ENERGY AUDIT

The jump in energy prices this year guarantees that New England residents are going have an expensive winter. To make sure you're not wasting energy dollars, **get an energy audit** of your home and business. NationalGrid offers energy programs for both businesses and individuals.

Your business may qualify for one of several different incentive programs, depending on your company size and other factors. Call NationalGrid's Energy Efficiency line at 1-800-843-3636 for more information.

NationalGrid also offers **free energy audits for homeowners**. An energy professional will inspect your home for energy consumption of all kinds, from the efficiency of your furnace and refrigerator, to the amount of insulation, to the weather tightness of doors and windows. Rebates and other incentives are available for energy improvements. **Low income residents can qualify for weatherization assistance** through the program. Call 1-888-633-7947 for more information.

No matter what kind of work you're planning to save energy this year, whether it's an energy audit, new windows or insulation, or installing an alternative heating source like a wood stove, **don't wait for cold weather to schedule the work**. All kinds of energy service professionals are at their busiest from fall into the winter, when everyone rushes to get ready for winter. Making an appointment now can save you from a long wait later in the fall, and higher energy costs while you wait.



CHANGES IN LIFE & INCOME CAN AFFECT TAX LIABILITY PLAN NOW FOR 2008

If your family or your business have experienced any major changes since you filed your 2007 tax return, now is a good time to review your tax withholdings and quarterly estimates, to make sure they are in line with your projected tax liability for 2008.

Changes that may affect your tax liability include:

- ✓ Significant increase or decrease in your income
- ✓ Purchase or sale of property
- ✓ Change in family status
- ✓ Security transactions – gains or losses
- ✓ Inheritance

If you've experienced any of these changes during the year, call us to review your tax situation, so you don't end up with an overpayment or a big tax bill next year. ☺

This publication is not intended to be financial or tax advice, but is intended only to inform the reader of recent developments. If you require financial or tax advice on a particular matter, please contact us directly at (401) 738-2900, or email info@fradincpa.com

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