Basis Checklist for a Purchased Home

Check each item that applies and gather supporting documents for the home sale.

ORIGINAL COST BASIS

- ☐ Purchase price (existing home). ***Attach the buyer's final closing statement.***
- ☐ New construction: land, construction costs, architect fees, building permits, and utility meter and hookup charges.
- ☐ Legal fees directly related to the purchase or construction.
- ☐ Closing costs: title fees and title insurance, recording fees, survey fees, utility service installation, and transfer taxes.
- ☐ Seller obligations paid by the buyer and not reimbursed, such as back real estate taxes, interest, commissions, and repairs.

IMPROVEMENTS

- ☐ **Structural additions:** bedrooms, bathrooms, garage, deck, patio, second story.
- ☐ **Interior:** built-in appliances, kitchen upgrades, flooring, fireplace, wall-to-wall carpeting.
- ☐ **Exterior:** new roof, new siding, energy-efficient doors and windows.
- ☐ **Lawn and grounds:** permanent landscaping, driveway, walkways, fencing, retaining walls, swimming pool.
- ☐ **Insulation:** attic, walls, floors, pipes, and ductwork.
- ☐ **Systems:** central heating and air conditioning, central vacuum, water filtration, security, sprinklers, septic, solar.
- ☐ **HOA special assessments:** amounts used to improve the property, including assessments funding improvement reserves.
- ☐ **Casualty restoration:** amounts spent to restore the property after a casualty in excess of insurance reimbursements.

BASIS DECREASES

- ☐ Gain deferred under former IRC §1034 on the sale of a prior home before May 7, 1997 (reported on the now-obsolete Form 2119, Sale of Your Home).
- ☐ Deductible casualty losses.
- ☐ Insurance reimbursements received or expected for casualty losses.
- ☐ Amounts received for granting an easement or right-of-way.
- ☐ Depreciation allowed or allowable for business or rental use of the home.
- ☐ Residential energy credits claimed for improvements added to basis.
- ☐ Adoption credit claimed for improvements added to basis (IRC §23(g)).
- ☐ Nontaxable employer adoption assistance used for improvements added to basis.
- ☐ Energy conservation subsidies from a public utility, received after 1992 and excluded from income, used to buy or install energy conservation measures.
- ☐ Adjustments reported on Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment).

RECAPTURE OF CREDITS, SUBSIDIES, AND DEPRECIATION

- ☐ **First-time homebuyer credit:** if claimed in 2008, some or all may be subject to repayment (IRC §36(f)).
- ☐ **Federal mortgage subsidy:** some or all may be subject to recapture (IRC §143(m)).
- ☐ **Depreciation:** if depreciation was allowed or allowable, that amount is recaptured and subject to tax (IRC §1250).

Note: The IRS requires substantiation of basis adjustments. Keep supporting records for each item, such as invoices, proof of payment, and county permits or approvals.