



### Topic 701 - Sale of Your Home

If you have a gain from the sale or exchange of your main home, you may be able to exclude from income all or part of the gain, please refer to [Publication 523](#) for more information on the gain exclusion. The exclusion may be allowed each time you sell or exchange your main home, but generally no more frequently than once every two years. You cannot deduct a loss from the sale of your main home.

If you sold your home under a contract that provides for part or all of the selling price to be paid in a later year, you made an "installment sale." Refer to [Topic 705](#) for more information.

To be eligible for an exclusion, your home must have been owned by you and used as your main home for a period of at least two years out of the five years prior to its sale or exchange. The required two years of ownership and use during the five-year period ending on the date of sale do not have to be continuous. You can meet the ownership and the use tests during different two year periods. However, both tests must be met during the five-year period ending on the date of the sale or exchange.

If you did not meet the ownership and use tests, or if during the two-year period ending on the date of the sale or exchange you sold or exchanged another home at a gain and excluded all or part of that gain, you may be allowed to exclude the gain realized on the sale or exchange of your home if:

- You sold or exchanged your home due to a change in place of employment or health or unforeseen circumstances.

Report the sale or exchange only if you have a gain that is not excluded from your income. If you have a gain that is not excluded you must report it on [Form 1040, Schedule D](#) (PDF).

For additional information, refer to [Publication 523](#), *Selling Your Home*.

If you were on qualified extended duty in the U.S. Armed Services or the Foreign Service you may suspend the five-year test period for up to 10 years. You are on qualified extended duty when, for more than 90 days or for an infinite period, you are:

- At a duty station that is at least 50 miles from the residence sold, or
- Residing under orders in government housing.

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