I thought you might be interested in the section on "How new tax laws affect individuals" from the email below, particularly the section regarding the liberalization of the Homesale Exclusion:

Homesale exclusion liberalized for surviving spouse. A qualifying taxpayer may exclude up to $250,000 ($500,000 for joint return filers) of gain from the sale or exchange of property that the taxpayer has owned and used as his or her principal residence. Married taxpayers filing jointly for the year of sale may exclude up to $500,000 of home-sale gain if (1) either spouse owned the home for at least 2 of the 5 years before the sale; (2) both spouses used the home as a principal residence for at least 2 of the 5 years before the sale; and (3) neither spouse is ineligible for the full exclusion because of the once-every-2-year limit on the exclusion.

Before the late 2007 law changes, the up-to-$500,000 exclusion was available only if a husband and wife filed a joint return for the year of sale. Thus, if the home was sold in a year after the year of a spouse's death—when a joint return would no longer be filed—the surviving spouse could only get a maximum homesale exclusion of $250,000. A new law provides relief for sales and exchanges after Dec. 31, 2007—it allows a surviving spouse to qualify for the up-to-$500,000 exclusion if the sale occurs not later than 2 years after the spouse's death, provided the requirements for the $500,000 exclusion were met immediately before the spouse's death and the survivor has not remarried as of the date of the sale.

George Fotion
Call Realty Company
433 Via Corta
Palos Verdes Estates, CA 90274
(310) 346-6467 cell
(310) 861-8966 fax
gfotion@earthlink.net
www.homeispalosverdes.com
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*A sale is not something you pursue, it is something that happens to you while you are immersed in serving the best interests of your customer-***Author Unknown***