

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:ITA:B04
PLR-137141-11
Date:
February 22, 2012

TY:

In re:

Legend

Residence =

A =

x =

y =

Dear :

This responds to your request for a private letter ruling dated August 27, 2011, regarding determination of the amount realized on the sale of Residence, your former principal residence.

You are married to each other. You purchased Residence in 1998 and sold it in 2010. You received \$x from the purchaser. In connection with the sale, you also received \$y from A.

Section 61(a)(3) of the Internal Revenue Code provides that gross income includes gains derived from dealings in property.

Section 1001(a) provides that the gain from the sale or other disposition of property is the excess of the amount realized over the adjusted basis provided in § 1011 for determining gain. Under § 1001(c), the entire amount of gain or loss must be recognized, except as otherwise provided.

Section 121(a) provides that gain from the sale or exchange of property is not included in gross income if, during the 5-year period ending on the date of the sale or exchange, the taxpayer has owned and used the property as the taxpayer's principal residence for periods aggregating 2 years or more.

Based on the information submitted and representations made, we conclude that for purposes of determining the §121 exclusion for gain on the sale of Residence, your amount realized on the sale of Residence includes both \$x and \$y.

We do not express or imply an opinion on the federal tax consequences of any aspect of these transactions other than those expressed above.

This ruling is directed only to the taxpayers requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

A copy of this letter must be attached to any income tax return (including an amended income tax return) to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

The rulings contained in this letter are based upon information and representations submitted by the taxpayers and accompanied by a penalty of perjury statement executed by the taxpayers. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,

Michael J. Montemurro
Chief, Branch 4
Office of Associate Chief Counsel
(Income Tax & Accounting)