



ELDER LAW AND ESTATE PLANNING

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Brothers want to sell mother's home but don't know date-of-death value for tax purposes

Question: We are three brothers who inherited our mother's home when she passed away in 2016. Once the probate was over, we couldn't decide if we wanted to sell it. We subtlet the house a couple of times, and each of us has vacationed there. Now we've all agreed to sell. Our problem is that with everything that needed to be done following mom's death, none of us thought about getting the house appraised. We know what she originally paid for it but we don't know what the property was worth in 2016, when mom passed on. We need to know that for tax purposes, right?

Answer: Right. As inheritors of the property, the three of you will get a "stepped up" basis for tax purposes. This means that the profit or loss from the sale will be based on what the home was worth on the date of your mother's death – not on what she originally paid. The three of you will divide the capital gains or losses three ways, and the Internal Revenue Service requires it to be reported on your tax returns.

One obvious way to determine the home's date-of-death value is to go to the county tax assessor's office. They will have a number for you from 2016. However, the tax assessor's official assessment will likely

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be lower than actual fair market value. That means that if you use the tax assessor's value to determine capital gains, you could end up paying more in taxes because you will be working with a lower number.

The other option you have is to find an appraiser or real estate agent who could reasonably reconstruct the date-of-death value using historical data, comparables, etc. If you list the property with a broker, he/she may be able to research and reconstruct the date-of-death value, for little or no cost. Good luck.

Joseph Karp and Jonathan Karp are Florida Elder Law and Estate Planning Attorneys. The Karp Law Firm is located in Palm Beach and St. Lucie counties. It assists clients with wills, trusts, Medicaid and VA benefits planning, special needs planning, asset preservation, probate/trust administration, estate litigation, and probate and elder law mediation.