

If You're Selling Your Home Because of an 'Obamacare Tax', You've Been Duped

There's a viral email circulating which urges homeowners to sell their home before January 2013

because of a 3.8% sales tax on real estate hidden in the Affordable Care Act, ("Obamacare"), that goes into effect on January 1st.

I know I'm not the only real estate agent to be contacted by a homeowner about listing his/her home now to avoid that tax. I'd like to believe that none

of my colleagues have accepted a listing under that false pretext.

The viral email states that the National Association of Realtors is aware of this tax and fighting to repeal it. Yes, NAR is aware of the tax, but is not working to repeal it, because the tax doesn't apply to the sale of most taxpayers' homes. NAR has created a web page explaining this tax — find a link to it at www.JimSmithColumns.com.

So that's what the Obamacare

tax is not. What it is, simply, is a millionaire's tax, and here's why.

It is a tax on unearned income. I

used to have unearned income — rental income from an office building in Denver. For five years I lived solely on that income, and I relished the fact that I paid no Social Security or Medicare tax on my income, unlike on earned income (wages or business income).

Other examples of unearned income would be capital gains and stock dividends.

What Obamacare did was apply a 3.8% Medicare tax to unearned income, but only on the amount in excess of \$200,000. Since a taxpayer's primary residence held for at least 2 years is exempt from capital gains tax on any gain up to \$250,000 (single) or \$500,000 (married), and since the gain above those limits would have to exceed \$200,000, it is unlikely that

even an Aspen homeowner would pay this tax on selling their home. But that Aspen homeowner might, like Romney, have millions of dollars in unearned income that would now be subject to the Obamacare tax above that \$200,000 threshold. Right now, their maximum tax on most unearned income is 15%.

Yet, the viral email warns you that if you sell your home for \$100,000, you'll pay a \$3,800 tax because of Obamacare. It is such an outlandish lie, that it cannot go unchallenged, but so far I have only seen NAR challenge it — and well they should, since we Realtors are the ones being approached by scared homeowners who receive that viral email.

Don't you think that if this "sales tax" on home sales were true that Romney and Ryan would be talking it up in debates and commercials?

I just hope that no one sells their home when they don't want to because of this lie.

This Week's Featured New Listings

New on Market: Two West Denver Bungalows

These two homes at 334-338 Newton St. were just listed this week. They're in the Barnum neighborhood west of Knox Court and east of Sheridan. Each has a full basement which is unfinished but is being used as additional living space and could easily be finished. Neither has a garage, but 334 Newton has a ready-made concrete slab with apron suitable for building a 2-car detached garage facing the alley. Both homes are fully rented to excellent tenants but on a month-to-month lease, so the properties are suitable for both an investor and an owner-occupant. A first-time home buyer can buy one of these homes for \$1,000 down through CHFA. Ask me for details.



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