Key Takeaways

- Most New York homeowners selling a primary residence qualify for a $250K–$500K capital gains tax exemption, which can eliminate the biggest potential tax expense.
- Beyond capital gains, sellers must plan for multiple overlooked taxes and fees (transfer taxes, mortgage satisfaction fees, prorated property taxes) that can quickly reduce net proceeds.
- Knowing your eligibility for exemptions, residency rules, and cost-basis adjustments (like home improvements and step-up in basis) can save tens of thousands when selling a house in New York.

When selling a house in New York, a lot of people focus on the sale price and real estate agent commissions. But what they might not be thinking about are the different types of New York state taxes on selling a house. And trust us… they add up quickly!

There are a lot of tax implications that you need to be aware of when selling your home and depending on the situation they can have a real impact on your bottom line. Let's take a closer look at the taxes to sell your home and dig deeper into how taxes are involved in selling a house in New York.

How Much Taxes Do You Pay When You Sell a House?

When deciding to sell your house, it's important to understand what *types* of tax implications there might be. Typically, sellers tend to think of capital gains tax – the tax you pay on the *profit* of your home, is the only tax that you'll be responsible for.

Here are the other types of taxes to keep an eye on. In the sections below, we'll go into depth about the tax. We'll also show you what the tax estimate would be if you're selling a $500k house on Long Island.

1. Capital gains tax
2. New York State real estate transfer tax
3. Local transfer taxes
4. Out of state resident taxes
5. Mortgage satisfaction and/or recording fees
6. Property taxes (tip: you might have to pay property taxes when sell, too!)

Capital Gains Taxes on Real Estate in New York

The most important tax issue to be aware of when buying or selling a home in New York is capital gains. Capital gains are defined as the profits you make as a result of a real estate or property purchase.

What is capital gains?
The easiest way to think about capital gains is: the difference between the purchase price and the selling price of your property.

The amount of capital gains tax on your sale depends on various numbers and conditions. They include everything from the condition of the property to whether or not the buyer is a legal resident of the United States. Each different adjusts the percentage. There are also plenty of deductions available, including the fees paid for the origination of the loan application, closing costs, and points paid back on a loan to get a lower rate on the mortgage.

Generally speaking, capital gains taxes are around 15% for U.S. residents living in the State of New York. If the house is located within New York City, you have to account for another 10% in NYC taxes. However, it's possible that you qualify for an exemption.

If the house was the seller's primary residence for at least two years within the last five years, they qualify for a capital gains exclusion of $250,000 for an individual and $500,000 for a married couple.

It's good to know how to report capital gains taxes as well. You'll find them on Schedule D of your IRS form. Make sure to differentiate between long-term and short-term capital gains, as they vary based on the length you owned the property and your household income.

- If the property was owned for one year or less, the owner should report it as a short-term capital gain.
- If it was owned for longer than a year, it qualifies as a long-term capital gain.

One of the key takeaways from all of this is that it benefits the owner to live in the residence for at least one year before deciding to sell the house. If you do, you will pay less in capital gain from the sale of the house.