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**Reg. Section 1.121-4(j).**

Exclusion of gain from sale or exchange of a principal residence.

...

(j) Election to apply regulations retroactively. Taxpayers who would otherwise qualify under §§1.121-1 through 1.121-4 to exclude gain from a sale or exchange of a principal residence before December 24, 2002, but on or after May 7, 1997, may elect to apply §§1.121-1 through 1.121-4 for any years for which the period of limitation under section 6511 has not expired. The taxpayer makes the election under this paragraph (j) by filing a return for the taxable year of the sale or exchange that does not include the gain from the sale or exchange of the taxpayer's principal residence in the taxpayer's gross income. Taxpayers who have filed a return for the taxable year of the sale or exchange may elect to apply the provisions of these regulations for any years for which the period of limitation under section 6511 has not expired by filing an amended return.