

Issue one copy of this notice with each copy of Publication 17



Department of the Treasury
Internal Revenue Service
www.irs.ustreas.gov

Notice 1217

(Rev. January 1999)

CORRECTION to Publication 17, Your Federal Income Tax

Within **Chapter 8**, Interest Income

Page 57, column 3, The fourth sentence of the second paragraph under **Series EE and Series I bonds** should read:

The original 10-year maturity period of series E bonds has been extended to 40 years for bonds issued before December 1965 and to 30 years for bonds issued after November 1965.

Within **Chapter 16**, Selling Your Home:

Page 110, column 2, Example 2 is incorrect.
Example 2 should read:

Example 2 - use test not met. Carol bought a house in 1989. She lived in it until January 31, 1996, when she moved out and put it up for rent. The house was rented from March 1, 1996, until May 31, 1999. Carol moves back into the house on June 1, 1999, and lives there until she sells it on September 30, 1999. During the 5-year period ending on the date of the sale (October 1, 1994 - September 30, 1999). Carol lives in the house for less than 2 years as shown in the following table.

<u>Five Year Period</u>	<u>Used as Home</u>	<u>Used as Rental</u>
10/1/94 - 1/31/96	16 months	
2/1/96 - 5/31/99		40 months
6/1/99 - 9/30/99	<u>4 months</u>	
	20 months	40 months

Carol cannot exclude any of the gain on the sale, unless she sold the house due to a change in health or place of employment, as explained under *Reduced Exclusion*, earlier.

Page 110, column 2, Example 3 is incorrect.
Example 3 should read:

Example 3 - partial business use before the year of sale. In 1993 Harry bought a house. He used $\frac{3}{4}$ of the house as his main home and $\frac{1}{4}$ for business purposes. On October 31, 1998, Harry retired and started using all of the house as his main home. On November 1, 1999, he sold the house at a gain.

During the 5-year period ending on the date of sale, Harry met the 2-year use test only for $\frac{3}{4}$ of the house. Only gain from that part of the house qualifies for the exclusion, unless he sold the house due to a change in health (or place of employment), as explained under *Reduced Exclusion*, earlier.

Catalog Number 26929W