



Who Would Benefit from Eliminating Capital Gains Taxes on Home Sales?

Published: July 22, 2025

Key Takeaways

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Current law allows for up to \$500,000 of capital gains on primary residences to be excluded from tax. Those with gains above exemption are wealthier, higher-income, and older than homeowners below the threshold. In 2022, the average net worth for this group was \$5.7 million.

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In 2022, only about 10% of homeowners had gains exceeding this exemption. Recent home price appreciation means this figure might be slightly higher now.

Note: the code used to produce the calculations in this report can be found [here](#).

Reports indicate that President Trump is considering a proposal to eliminate capital gains taxes on primary-residence home sales. Under current law, homeowners can generally exclude up to \$250,000 in capital gains from the sale of their primary residence (\$500,000 for married couples). Therefore, fully exempting sales of primary residences from capital gains tax would only benefit those with gains above these thresholds.

This post asks: what do these homeowners above the current-law exemption thresholds—those who would benefit from this proposal—look like?

To answer this question, we analyze data from the Federal Reserve’s 2022 Survey of Consumer Finances (SCF), looking at the characteristics of homeowners whose primary-residence unrealized capital gains exceed current law exemptions. The results of our tabulations, shown in Table 1 below, suggest several important dynamics:

- **Only a small fraction of homeowners would benefit.** In 2022, about 10% of homeowner households had primary-residence capital gains above the current-law exemption. (Home price appreciation since 2022 means that this number is likely somewhat higher now; the National Association of Realtors estimates the figure is 15 percent.)
- **Those who would benefit are wealthier, higher-income, and older on average.** In 2022, homeowners with gains above the exemption had an average net worth of \$5.7 million. For homeowners below the exemption, this number was just over \$1 million. For renters, it was about \$150,000.
- **For those who benefit, tax savings would average about \$100,000.** The average home value of those with capital gains above the exemption was about \$1.4 million in 2022, and the average taxable capital gains on those homes was roughly \$430,000. Assuming these taxpayers face the top capital gains rate of 23.8%, the average tax savings would amount to around \$100,000.

Table 1. Household Characteristics by Homeownership and Capital Gains Status

Metric	Non-Homeowners	Homeowners	
		Below Exemption	Above Exemption
Share of homeowners	N/A	89.7%	10.3%
Average net worth	\$153,000	\$1,046,000	\$5,707,000
Average home value	N/A	\$364,000	\$1,410,000
Average home equity	N/A	\$238,000	\$1,189,000
Average income	\$72,000	\$148,000	\$431,000
Average age	45.0	55.3	64.7

"Below/Above Exemption" refers to primary-residence capital gains below/above current-law exemption thresholds (\$250K/\$500K). Dollar amounts are rounded to the nearest \$1,000.

Table: The Budget Lab • Source: 2022 Survey of Consumer Finances. • [Get the data](#) • Created with [Datawrapper](#)