

**re•source** (*ri-sôrs*), *n.* **1.** a source of supply or support; an available means. **2.** a source of information or expertise.  
– *SYN.* see **Placer Title Company.**

# Changes In Tax Reporting Requirements

**Real estate reporting on Form 1099-S:** Under prior law (Sec. 6045(e) of the I.R.C.), real estate reporting persons filed for most real property transactions, information on gross proceeds, and state real property tax proration amounts associated with a sale on Form 1099-S. The new law provides that real estate reporting persons generally need not file information reports (Form 1099-S) for sale or exchanges of principal residences with a sale price at or below \$250,000 for a single individual (or at or below \$500,000 if the seller is married). As long as the person reporting obtains a certification from the seller in a form acceptable to the Secretary of the Treasury that the property (1) is the principal residence and (2) the full amount of the gain on such sale or exchange can be excluded. Consequently, closers should continue to collect information necessary to file Form 1099-S until Treasury issues an “acceptable” certification form.

**Capital gains for home sales:** Under prior law, taxpayers can generally rollover the gain on the sale of a personal residence into the cost of a replacement residence without paying any capital gains tax. Taxpayers over age 55 are also provided with a one-time opportunity to exclude up to \$125,000 of gain on the sale of a personal residence. Under prior law, taxpayers track their gain and file Form 2119 to report the transaction with their annual tax returns. Under the new law (Sec. 312 of the “Taxpayer Relief Act of 1997”), taxpayers are generally able to exclude up to \$250,000 of the gain (\$500,000 if married filing jointly) from the sale or exchange of a principal residence. The provision is generally effective for the sale after May 6, 1997 although a taxpayer may elect to take prior capital gains treatment if there is a valid contract in effect on August 5. The exclusion can be used only once every two years, and there are many limitations in qualifying for the capital gains exclusion, such as a requirement that the property should have been used as a principal residence for two of the last five years, denial of the exclusion to expatriates, and a requirement for depreciation recapture for home offices and rentals.

