

Let us demystify the real estate sales process for you

If you sold your property in 2023, here are some things you need to know.

The sale of your property may be deemed "reportable" to the IRS and you may be responsible for paying capital gains taxes on the profit.

For the sale to be excluded from being reported to the IRS, you must meet the following requirements.

1. You owned the home as your principal residence for 2 of the past 5 years.
2. You have not sold another principal residence in the past 2 years.
3. You did not use any portion of the residence for business or rental purposes.
4. You are selling your property for \$250,000 or less if you're single, or for \$500,000 or less if you're married.
5. You did not buy the residence as part of a [1031 exchange](#) less than 5 years ago.

Receive something like this in the mail?

CORRECTED (if checked)

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		1 Date of closing	OMB No. 1545-0997 Form 1099-S (Rev. January 2022)	Proceeds From Real Estate Transactions
TRANSFEROR'S TIN		2 Gross proceeds \$ _____	For calendar year 20____	
FILER'S TIN	TRANSFEROR'S TIN	3 Address (including city, state, and ZIP code) or legal description		Copy B For Transferor This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.
TRANSFEROR'S name		4 Transferor received or will receive property or services as part of the consideration (if checked) . . . ▶ <input type="checkbox"/>		
Street address (including apt. no.)		5 If checked, transferor is a foreign person (nonresident alien, foreign partnership, foreign estate, or foreign trust) ▶ <input type="checkbox"/>		
City or town, state or province, country, and ZIP or foreign postal code		6 Buyer's part of real estate tax \$ _____		
Account number (see instructions)				

Form **1099-S** (Rev. 1-2022) (keep for your records) www.irs.gov/Form1099S Department of the Treasury - Internal Revenue Service

1099-S forms, and what they mean:

If you received something like this in the mail, and it did not come from Bacon Wilson, **do not throw it away!** This will come from the attorney who represented the buyer who

purchased your property from you. Vice versa, if you buy a home with an attorney at Bacon Wilson, we will send this to the person who sold the home.

- If you sell your house in a year or less (after already owning it) the short-term capital gains tax (the tax on the profit of your property) will be taxed as "ordinary income". This could be as high as 37%!
- If you have owned your property for over a year, you could be taxed at 0%, 15%, or even 20%. This will all depend on your tax bracket.
[View what tax bracket you fall under here](#)
- Remember that the individual buying the property also has an attorney, and that attorney will always send the 1099-S to the seller. So even if you worked with us on a real estate transaction, you may not receive a 1099-S from our office.
[Learn more about 1099-S forms](#)

Complimentary Homestead Check

Is your home protected? If you're unsure, we can help!

The Homestead Act protects your primary residence. This includes wherever you consider your primary place of residence.

If you live in the state of Massachusetts, you will automatically receive up to \$125,000 in homestead exemption. By filing a Declaration of Homestead, you increase your protection up to \$500,000 against unsecured creditors.

If you are a new client at Bacon Wilson, our Residential Real Estate department will be offering COMPLIMENTARY homestead checks to see if you currently have one from now until March 31st.

- This is perfect if you are unsure of the status of your homestead.
- If you're planning on selling your home within the next year.
- To protect your home equity from creditors.
- If a creditor has a lien on your property, they may have the ability to foreclose on your property if there is no Declaration of Homestead. This means they can auction off your home to pay the debts that you owe.
[More information regarding the Declaration of Homestead](#)

Mention this email to your real estate attorney to claim your complimentary homestead check!



Francis R. Mirkin



Donna L. Wexler



Brian R. Rucki

We would be happy to help you with any questions or concerns you have about your real estate transactions, 1099-S forms, or your potential capital gains taxes.