



TO: Fiscal Officers of All State Agencies

DATE: September 19, 1995

SUBJECT: IRS Form 1099-S Filing Requirements for Real Property Transactions

Number: 71

All State agencies who purchase real estate of \$600 or more are subject to Internal Revenue Service (IRS) Form 1099-S filing requirements. The IRS requires Form 1099-S informational returns be filed if the transaction consists in whole or in part of the sale or exchange for money, indebtedness, property, or services, of any present or future ownership interest in any of the following:

1. Improved or unimproved land, including air space.
2. Inherently permanent structures, including any residential, commercial, or industrial building.
3. A condominium unit and its appurtenant fixtures and common elements, including land.
4. Stock in a cooperative housing corporation.

For reporting purposes, a sale or exchange includes any transaction properly treated as a sale or exchange for federal income tax purposes, even if the transaction is not currently taxable. Exchanges which are considered to be involuntary conversions resulting from the sale of real estate under threat or imminence of seizure, requisition, or condemnation are also generally treated as reportable transactions.

The IRS has designated certain sale or exchanges of real estate to be excluded from Form 1099-S reporting requirements. Any real estate transaction in which the transferor (seller) is a corporation, governmental unit, including a foreign government or an international organization, or an exempt volume transferor are excluded from Form 1099-S reporting requirements. For Form 1099-S reporting purposes an exempt volume transferor is someone who sold or exchanged during the year, who expects to sell or exchange during the year, or who did sell or exchange in either of the two previous years, at least 25 separate items of reportable real estate to at least 25 separate transferees.



State agencies required to file Form 1099-S must request the transferor's Taxpayer Identification Number (TIN) no later than the time of closing. The transferor is required to furnish his or her TIN and to certify that the TIN is correct.

The IRS requires that the filer furnish to the transferor Copy B of Form 1099-S by January 31st of each calendar year. In addition, filing agencies are required to file Copy A of Form 1099-S with the IRS by February 28th of each calendar year. The IRS prohibits any person required to file Form 1099-S from separately charging any customer a fee for complying with the requirements to file Form 1099-S.

Specific information needed to complete the IRS Proceeds From Real Estate Transactions Form 1099-S can be obtained from the **Instructions for Forms 1099, 1098, 5498, and W-2G**. If you have any questions concerning this bulletin, please contact Lesslie Morgan, Supervisor of Collections and Tax Reporting, (217) 785-2465.

This bulletin and other information are available electronically from the Comptroller Bulletin Board System at (217) 785-7678.