

Exception to information reporting requirement for sales and exchanges of a principal residence

There is an exception to the real estate reporting requirements for certain sales or exchanges of personal residences. Under this exception, you do not have to prepare a Form 1099 for sales or exchanges of a principal residence for \$250,000 or less—\$500,000 or less if the seller is married.

To qualify for this exception from filing Forms 1099, you must receive written certifications from the seller that the property was his principal residence and that the gain on the sale is excludable from the seller's gross income. IRS has detailed the acceptable content and format of these certifications.

These rules are very specific about how these certifications are to be worded.