

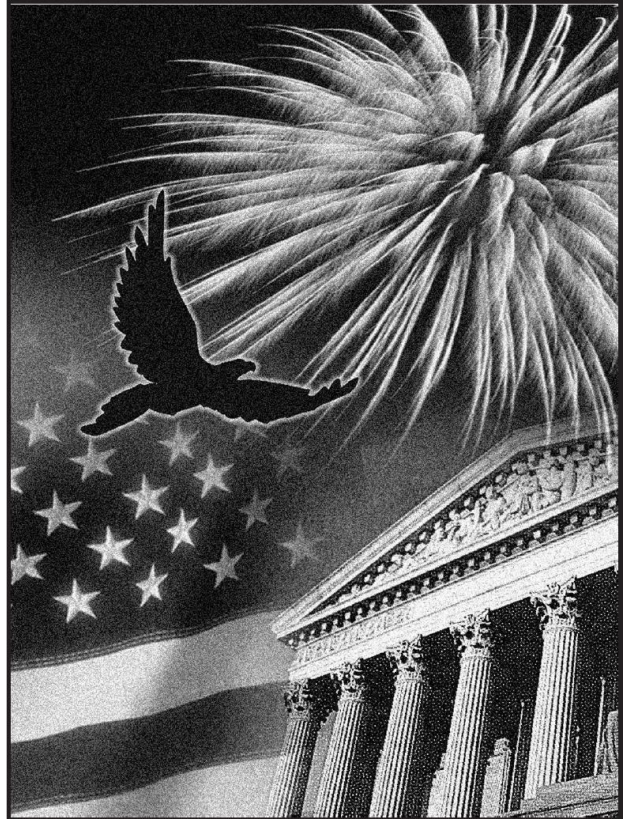
# Publication 537

## Installment Sales

For use in preparing

**2024** Returns

Volume 3 of 3



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**Figuring gain on repossession.** Your gain on repossession is the difference between the following amounts.

- The total payments received, or considered received, on the sale.
- The total gain already reported as income.

See the earlier discussions under *Payments Received or Considered Received* for items considered payment on the sale.

***Limit on taxable gain.*** Taxable gain is limited to your gross profit on the original sale minus the sum of the following amounts.

- The gain on the sale you reported as income before the repossession.
- Your repossession costs.

This method of figuring taxable gain, in essence, treats all payments received on the sale as income but limits your total taxable gain to the gross profit you originally expected on the sale.

***Indefinite selling price.*** The limit on taxable gain doesn't apply if the selling price is indefinite and can't be determined at the time of repossession. For example, a selling price stated as a percentage of the profits to be realized from the buyer's development of the property is an indefinite selling price.

***Character of gain.*** The taxable gain on repossession is ordinary income or capital gain, the same as the gain on the original sale. However, if you didn't report the sale on the installment method, the gain is ordinary income.

***Repossession costs.*** Your repossession costs include money or property you pay to reacquire the real property. This includes amounts paid to the buyer of the property, as well as amounts paid to others for such items as those listed below.

- Court costs and legal fees.
- Publishing, acquiring, filing, or recording of title.

- Lien clearance.

Repossession costs don't include the FMV of the buyer's obligations to you that are secured by the real property or the costs of reacquiring those obligations.



Use Worksheet D to determine the taxable gain on a repossession of real property reported on the installment method.

**Example.** You sold a tract of land in January 2022 for \$25,000. You accepted a \$5,000 down payment, plus a \$20,000 mortgage secured by the property and payable at the rate of \$4,000 annually plus interest (9.5%). The payments began on January 3, 2023. Your adjusted basis in the property was \$19,000 and you reported the transaction as an installment sale. Your selling expenses were \$1,000. You figured your gross profit as follows.

Selling price . . . . .	\$25,000
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Minus:

Adjusted basis . . . .	\$19,000
------------------------	----------

Selling expenses . . .	<u>1,000</u>	<u>20,000</u>
------------------------	--------------	---------------

Gross profit . . . . .	<u><u>\$5,000</u></u>
------------------------	-----------------------

For this sale, the contract price equals the selling price. The gross profit percentage is 20% (\$5,000 gross profit ÷ \$25,000 contract price).

In 2022, you included \$1,000 in income (20% (0.20) × \$5,000 down payment). In 2023, you reported a profit of \$800 (20% (0.20) × \$4,000 annual installment). In 2024, the buyer defaulted and you repossessed the property. You paid \$500 in legal fees to get the property back. Your taxable gain on the repossession is figured as illustrated in Example—Worksheet D.

Worksheet D. **Taxable Gain on Repossession of Real Property**

Keep for Your Records 

**Note.** Use this worksheet to determine taxable gain on the repossession of real property if you used the installment method to report the gain on the original sale.

1.	Enter the total of all payments received or treated as received before repossession .....	
2.	Enter the total gain already reported as income .....	
3.	Subtract line 2 from line 1. This is your gain on the repossession .....	
4.	Enter your gross profit on the original sale .....	
5.	Enter your costs of repossessing the property .....	
6.	Add line 2 and line 5 .....	
7.	Subtract line 6 from line 4 .....	
8.	Enter the lesser of line 3 or line 7. This is your taxable gain on the repossession .....	

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Example—Worksheet D.

## **Taxable Gain on Repossession of Real Property**

**Note.** Use this worksheet to determine taxable gain on the repossession of real property if you used the installment method to report the gain on the original sale.

- |  |              |
|--|--------------|
| 1. Enter the total of all payments received or treated as received before repossession . . . . . | <u>9,000</u> |
| 2. Enter the total gain already reported as income . . . . .                                     | <u>1,800</u> |
| 3. Subtract line 2 from line 1. This is your gain on the repossession                            | <u>7,200</u> |
| 4. Enter your gross profit on the original sale . . . . .  | <u>5,000</u> |
| 5. Enter your costs of repossessing the property . . . .   | <u>500</u>   |
| 6. Add line 2 and line 5 . . . . .   | <u>2,300</u> |

7. Subtract line 6 from line 4 . . .	<u>2,700</u>
8. Enter the lesser of line 3 or line 7. This is your taxable gain on the repossession . . . . .	<u>2,700</u>

**Basis.** Your basis in the repossessed property is determined as of the date of repossession. It's the sum of the following amounts.

- Your adjusted basis in the installment obligation.
- Your repossession costs.
- Your taxable gain on the repossession.

To figure your adjusted basis in the installment obligation at the time of repossession, multiply the unpaid balance by the gross profit percentage. Subtract that amount from the unpaid balance.



Use Worksheet E to determine the basis of real property repossessed.

**Example.** Assume the same facts as in the previous example. The unpaid balance of the installment obligation (the \$20,000 note) is \$16,000 at the time of repossession because the buyer made a \$4,000 payment. The gross profit percentage on the original sale was 20%. Therefore, \$3,200 ( $20\% (0.20) \times \$16,000$  still due on the note) is unrealized profit. You figure your basis in the repossessed property as illustrated in Example—Worksheet E.

Example—Worksheet E.

### **Basis of Repossessed Real Property**

**Note.** Use this worksheet to determine your basis in the repossessed real property.

1. Enter the unpaid balance on the installment obligation . . . . . 16,000
2. Enter your gross profit percentage for the installment sale . . . . . 20%  
(0.20)

- |   |               |
|---|---------------|
| 3. Multiply line 1 by line 2. This is your unrealized profit . . . . .  | <u>3,200</u>  |
| 4. Subtract line 3 from line 1. This is your adjusted basis in the installment obligation on the date of the repossession . . . . . | <u>12,800</u> |
| 5. Enter your taxable gain on the repossession . . . . .  | <u>2,700</u>  |
| 6. Enter your costs of repossessing the property . . . . .  | <u>500</u>    |
| 7. Add lines 4, 5, and 6. This is your basis in the repossessed real property . . . . .   | <u>16,000</u> |

**Holding period for resales.** If you resell the repossessed property, the resale may result in a capital gain or loss. To figure whether the gain or loss is long term or short term, your holding period includes the period you owned the property before the original sale plus the period after the repossession.

It doesn't include the period the buyer owned the property.

If the buyer made improvements to the reacquired property, the holding period for these improvements begins on the day after the date of repossession.

**Bad debt.** If you repossess real property under these rules, you can't take a bad debt deduction for any part of the buyer's installment obligation. This is true even if the obligation isn't fully satisfied by the repossession.

If you took a bad debt deduction before the tax year of repossession, you're considered to have recovered the bad debt when you repossess the property. You must report the bad debt deduction taken in the earlier year as income in the year of repossession.

However, if any part of the earlier deduction didn't reduce your tax, you don't have to report that part as income. Your adjusted basis in the installment obligation is increased

by the amount you report as income from recovering the bad debt.

## **Interest on Deferred Tax**

Generally, you must pay interest on the deferred tax related to any obligation that arises during a tax year from the disposition of property under the installment method if both of the following apply.

- The property had a sales price over \$150,000. In determining the sales price, treat all sales that are part of the same transaction as a single sale.
- The total balance of all nondealer installment obligations arising during, and outstanding at the close of, the tax year is more than \$5 million.

Worksheet E. **Basis of Repossessed Real Property**

*Keep for Your Records* 

**Note.** Use this worksheet to determine your basis in the repossessed real property.

1.	Enter the unpaid balance on the installment obligation .....	<hr/>
2.	Enter your gross profit percentage for the installment sale .....	<hr/>
3.	Multiply line 1 by line 2. This is your unrealized profit .....	<hr/>
4.	Subtract line 3 from line 1. This is your adjusted basis in the installment obligation on the date of the repossession .....	<hr/>
5.	Enter your taxable gain on the repossession .....	<hr/>
6.	Enter your costs of repossessing the property .....	<hr/>
7.	Add lines 4, 5, and 6. This is your basis in the repossessed real property .....	<hr/>

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**Subsequent years.** You must pay interest in subsequent years if installment obligations that originally required interest to be paid are still outstanding at the close of a tax year.

**Exceptions.** This interest rule doesn't apply to dispositions of:

- Farm property,
- Personal-use property by an individual,
- Personal property before 1989, or
- Real property before 1988.

**How to figure interest on deferred tax.**

First, find the underpayment rate in effect for the month with or within which your tax year ends. The underpayment rate is published quarterly in the Internal Revenue Bulletin, available at [IRS.gov/irb](https://www.irs.gov/irb). Then compute the deferred tax liability. The deferred tax liability is equal to the balance of the unrecognized gain at the end of the tax year multiplied by your maximum tax rate (ordinary or capital

gain, as appropriate) in effect for the tax year. Note, you will need to determine the gross profit percentage of the installment sale to calculate the amount of the gain that has not been recognized. Next you will need to compute the applicable percentage. The applicable percentage is the aggregate face amount of obligations outstanding as of the close of the tax year in excess of \$5 million divided by the aggregate face amount of obligations outstanding as of the close of the tax year. To determine the interest on the deferred tax you owe, multiply your deferred tax liability by the applicable percentage by the underpayment rate.

# Computation Under Section 453A

Section 453A(c)(2) Interest on Deferred Tax Liability	=	Section 453A(c)(3) Deferred Tax Liability (See Step 1 below)	x	Section 453A(c)(4) Applicable Percentage (See Step 2 below)	x	Section 453A(c)(2)(B) Underpayment Rate (Step 3)
<div> <div>Step 1: 2021 Compute the Deferred Tax Liability</div> <div> <div>= The amount of gain with respect to an obligation which has not been recognized as of the close of such tax year</div> <div> <div>Form 6252, line 7, Selling price minus liabilities assumed</div> <div>– Form 6252, line 21, Payments received in current year</div> <div>2021 Deferred Obligation</div> <div>15,000,000</div> <div>(1,000,000)</div> <div>14,000,000</div> </div> <div> <div>x Form 6252, line 19, Gross profit percentage</div> <div>(((\$15,000,000 – \$500,000)/\$15,000,000)</div> <div>96.6670%</div> </div> <div> <div>The amount of gain that has not been recognized</div> <div>x Maximum capital gains tax rate</div> <div>13,533,380</div> <div>21%</div> </div> <div> <div>Deferred Tax Liability</div> <div>2,842,010</div> </div> </div> </div> <div> <div>The maximum rate of tax for ordinary income or long-term capital gain, as applicable for such tax year</div> <div>x</div> </div>						

**Step 2: Compute the Applicable Percentage**

The applicable percentage is computed in the year of sale and is used for all subsequent years.

Aggregate face amount of obligations arising in a tax year and outstanding as of the close of such tax year from dispositions with sales price > \$150,000	–	\$5,000,000 Excluded obligation limit per section 453A(b)(2)(B) & section 453A(c)(4)(A)
Aggregate face amount of obligations arising in a tax year and outstanding as of the close of such tax year from dispositions with sales price > \$150,000		
Form 6252, line 7, Selling price minus liabilities assumed		15,000,000
– Form 6252, line 21, Payments received in current year		(1,000,000)
2021 Deferred Obligation		14,000,000
(14,000,000 – 5,000,000)	=	64.2857%
14,000,000		

**Step 3: Determine the Underpayment Rate**

The underpayment rate as of December 31, 2021, was 3%. The underpayment rate under section 453A(c)(2)(B) is the underpayment rate determined under section 6621(a)(2).

**Step 4: Compute the Interest Due (Additional Tax) on the Deferred Tax Liability**

=            Deferred Tax Liability            x            Applicable Percentage            x            Underpayment Rate

Deferred Tax Liability	2,842,010
x Applicable Percentage	64.2857%
x Underpayment Rate	3.00%
<b>2021 453A additional tax</b>	<b>\$54,810.18</b>

**2022 Deferred Tax Liability calculation:**

2021 Deferred Obligation	14,000,000
– 2022 Payment received	(5,000,000)

2022 Deferred Obligation	9,000,000
x Gross Profit Percentage	96.6670%

The amount of gain that has not been recognized	8,700,030
x Maximum capital gains tax rate	21%

<b>2022 Deferred Tax Liability</b>	<b>1,827,006</b>
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**2022 Section 453A Calculation:**

Deferred Tax Liability	1,827,006
x Applicable Percentage	64.2857%
x Underpayment Rate	3.00%
<b>2022 Section 453A additional tax</b>	<b>\$35,235</b>

**2023 Section 453A Calculation:** Note is paid off in full, so no deferred tax liability

Deferred Tax Liability	0
x Applicable Percentage	64.2857%
x Underpayment Rate	N/A
<b>2023 Section 453A additional tax</b>	<b>\$0</b>

**Computation Under Section 453A**

<b>Section 453A(c)(2)</b> Interest on Deferred Tax Liability	=	<b>Section 453A(c)(3)</b> Deferred Tax Liability (Step 1 below)	x	<b>Section 453A(c)(4)</b> Applicable Percentage (Step 2 below)	x	<b>Section 453A(c)(2)(B)</b> Underpayment Rate (Step 3)
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**Step 1: Compute the Deferred Tax Liability**

<b>Section 453A(c)(3)(A)</b> The amount of gain with respect to an obligation which has not been recognized as of the close of such tax year	=	<b>Section 453A(c)(3)(8)</b> The maximum rate of tax for ordinary income or long-term capital gain, as applicable for such tax year
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**Step 2: Compute the Applicable Percentage**

Aggregate face amount of obligations arising in a tax year and outstanding as of the close of such tax year from dispositions with sales price > \$150,000	=	$\frac{\text{Aggregate face amount of obligations arising in a tax year and outstanding as of the close of such tax year from dispositions with sales price > \$150,000} - 5,000,000}{\text{Aggregate face amount of obligations arising in a tax year and outstanding as of the close of such tax year from dispositions with sales price > \$150,000}}$
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**Note.** The Applicable Percentage is computed in the initial year the installment sale arises. It does not change as payments are made in subsequent years.

**Step 3: Determine the Underpayment Rate**

<b>Step 4: Compute the Interest Due (Additional Tax) on the Deferred Tax Liability</b>	=	Deferred Tax Liability	x	Applicable Percentage	x	Underpayment Rate
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**Section 453A Example.** Below is an example of the computation. ABC, Inc., a calendar year taxpayer, sold intellectual property with a \$0 basis to an unrelated party on November 15, 2021, for \$15 million on the installment method (a payment is due after the year of sale). ABC, Inc., incurred \$500,000 of expenses related to the sale. The installment sale contract requires the following payments.

- 2021: \$1 million.
- 2022: \$5 million.
- 2023: \$9 million—Note is paid off.

For information on interest on dealer sales of timeshares and residential lots under the installment method, see section 453(l).

**How to report the interest.** Enter the interest as additional tax on your tax return. Individuals report the amount on Schedule 2 (Form 1040), line 15.

U.S. corporations report the interest on Form 1120, Schedule J, line 9f.

Foreign corporations using Form 1120-F include the interest on the other taxes line (Form 1120-F, Schedule J, line 8f).

Corporations can deduct the interest in the year it's paid or accrued. For individuals and other taxpayers, this interest isn't deductible. Follow the instructions for your tax return.

## **Special Rules for Capital Gains Invested in QOF**

If you have a capital gain, you can invest that gain into a QOF and elect to defer part or all of the gain that is otherwise includible in income. The gain is deferred until you sell or exchange the investment in the QOF or December 31, 2026, whichever is earlier. You may also be able to permanently exclude the gain from the sale or exchange of any investment in a QOF if the investment is held for at least 10 years. For information about



what types of gains entitle you to elect these special rules, see the Instructions for Schedule D for your tax return. Report the eligible gain on the form and in the manner otherwise instructed. See the Instructions for Form 8949 on how to report your election to defer eligible gains invested in a QOF.

## **Reporting an Installment Sale**

**Form 6252.** Use Form 6252 to report income from an installment sale under the installment method. The form is used to report the sale in the year it takes place and to report payments received in later years. Also, if you sold property to a related person, you may have to file the form each year until the installment debt is paid off, whether or not you receive a payment in that year.

**Which parts to complete.** Complete lines 1 through 4, Part I, and Part II for each year of the installment agreement. Complete Form

6252 for each year of the installment agreement, including the year of final payment, even if a payment wasn't received during the year.

Note: If the property was sold to a related party, also complete Part III for the year of sale and 2 years after the year of sale unless you received the final payment during the tax year.

If the related person to whom you sold your property disposes of it, you may have to immediately report the rest of your gain in Part III. See *Sale and Later Disposition*, earlier, for more information.

***Several assets.*** If you sell two or more assets in one installment sale, you may have to separately report the sale of each asset. The same is true if you sell all the assets of your business in one installment sale. See *Single Sale of Several Assets* and *Sale of a Business*, earlier.

If you have only a few sales to separately report, use a separate Form 6252 for each one. However, if you have to separately report the sale of multiple assets that you sold together, prepare only one Form 6252 and attach a schedule with all the required information for each asset. Complete Form 6252 by following the steps listed below.

1. Answer the questions at the top of the form.
2. In the year of sale, don't complete Part I. Instead, write "See attached schedule" in the margin.
3. For Part II, enter the total for all the assets on lines 24, 25, and 26.
4. For Part III, answer all the questions that apply. If none of the exceptions under question 29 apply, enter the totals on lines 35, 36, and 37 for the disposed assets.

***Special situations.*** If you're reporting payments from an installment sale as income in respect of a decedent or as a beneficiary of a trust, including a partial interest in such a sale, you may not be able to provide all the information asked for on Form 6252. To the extent possible, follow the instructions given above and provide as many details as possible in a statement attached to Form 6252.

For more information on how to complete Form 6252, see the form instructions.

**Other forms.** The gain from Form 6252 is entered on Schedule D (Form 1040), Form 4797, or both.

***Schedule D (Form 1040).*** Enter the gain figured on Form 6252 (line 26) for personal-use property (capital assets) on Schedule D (Form 1040) as a short-term gain (line 4) or long-term gain (line 11). If your gain from the installment sale qualifies for long-term capital gain treatment in the year of sale, it will

continue to qualify in later tax years. Your gain is long term if you owned the property for more than 1 year when you sold it.

Although the references in this publication are to the Schedule D (Form 1040), the rules discussed also apply to Schedule D (Form 1041), Schedule D (Form 1065), Schedule D (Form 1120), and Schedule D (Form 1120-S).

**Form 4797.** An installment sale of property used in your business or that earns rent or royalty income may result in a capital gain, an ordinary gain, or both. All or part of any gain from the disposition of the property may be ordinary gain from depreciation recapture. For trade or business property held for more than 1 year, enter the amount from line 26 of Form 6252 on Form 4797, line 4. If the property was held 1 year or less or you have an ordinary gain from the sale of a noncapital asset (even if the holding period is more than 1 year), enter this amount on Form 4797, line 10, and write "From Form 6252."

**Sale of your home.** If you sell your home, you may be able to exclude all or part of the gain on the sale. See Pub. 523 for information about excluding the gain. If the sale is an installment sale, any gain you exclude isn't included in gross profit when figuring your gross profit percentage.

***Seller-financed mortgage.*** If you finance the sale of your home to an individual, both you and the buyer may have to follow special reporting procedures.

When you report interest income received from a buyer who uses the property as a personal residence, enter the buyer's name, address, and social security number (SSN) on line 1 of Schedule B (Form 1040). For more information, see the Instructions for Schedule B (Form 1040).

When deducting the mortgage interest, the buyer must enter your name, address, and SSN on line 8b of Schedule A (Form 1040).

You must provide the buyer with your SSN. If either you or the buyer fails to include the other person's SSN, a penalty will be assessed.

## **How To Get Tax Help**

If you have questions about a tax issue; need help preparing your tax return; or want to download free publications, forms, or instructions, go to [IRS.gov](https://www.irs.gov) to find resources that can help you right away.

### **Preparing and filing your tax return.**

After receiving all your wage and earnings statements (Forms W-2, W-2G, 1099-R, 1099-MISC, 1099-NEC, etc.); unemployment compensation statements (by mail or in a digital format) or other government payment statements (Form 1099-G); and interest, dividend, and retirement statements from banks and investment firms (Forms 1099), you have several options to choose from to prepare and file your tax return. You can

prepare the tax return yourself, see if you qualify for free tax preparation, or hire a tax professional to prepare your return.

**Free options for tax preparation.** Your options for preparing and filing your return online or in your local community, if you qualify, include the following.

- **Direct File.** Direct File is a permanent option to file individual federal tax returns online—for free—directly and securely with the IRS. Direct File is an option for taxpayers in participating states who have relatively simple tax returns reporting certain types of income and claiming certain credits and deductions. While Direct File doesn't prepare state returns, if you live in a participating state, Direct File guides you to a state-supported tool you can use to prepare and file your state tax return for free. Go to [IRS.gov/DirectFile](https://www.irs.gov/DirectFile) for more information, program updates, and frequently asked questions.



- **Free File.** This program lets you prepare and file your federal individual income tax return for free using software or Free File Fillable Forms. However, state tax preparation may not be available through Free File. Go to [IRS.gov/FreeFile](https://www.irs.gov/FreeFile) to see if you qualify for free online federal tax preparation, e-filing, and direct deposit or payment options.
- **VITA.** The Volunteer Income Tax Assistance (VITA) program offers free tax help to people with low-to-moderate incomes, persons with disabilities, and limited-English-speaking taxpayers who need help preparing their own tax returns. Go to [IRS.gov/ VITA](https://www.irs.gov/VITA), download the free IRS2Go app, or call 800-906-9887 for information on free tax return preparation.
- **TCE.** The Tax Counseling for the Elderly (TCE) program offers free tax help for all taxpayers, particularly those who

are 60 years of age and older. TCE volunteers specialize in answering questions about pensions and retirement-related issues unique to seniors. Go to [IRS.gov/TCE](https://www.irs.gov/TCE) or download the free IRS2Go app for information on free tax return preparation.

- **MilTax.** Members of the U.S. Armed Forces and qualified veterans may use MilTax, a free tax service offered by the Department of Defense through Military OneSource. For more information, go to [MilitaryOneSource](https://www.militaryonesource.com/miltax) ([MilitaryOneSource.mil/MilTax](https://www.militaryonesource.com/miltax)).

Also, the IRS offers Free Fillable Forms, which can be completed online and then e-filed regardless of income.

**Using online tools to help prepare your return.** Go to [IRS.gov/Tools](https://www.irs.gov/Tools) for the following.

- [IRS.gov/DirectFile](https://www.irs.gov/DirectFile) offers an Eligibility Checker to help you determine if Direct File is the right choice for your tax filing needs.
- The [Earned Income Tax Credit Assistant \(IRS.gov/ EITCAssistant\)](https://www.irs.gov/EITCAssistant) determines if you're eligible for the earned income credit (EIC).
- The [Online EIN Application \(IRS.gov/EIN\)](https://www.irs.gov/EIN) helps you get an employer identification number (EIN) at no cost.
- The [Tax Withholding Estimator \(IRS.gov/W4App\)](https://www.irs.gov/W4App) makes it easier for you to estimate the federal income tax you want your employer to withhold from your paycheck. This is tax withholding. See how your withholding affects your refund, take-home pay, or tax due.

- The [First-Time Homebuyer Credit Account Look-up \(IRS.gov/HomeBuyer\)](https://www.irs.gov/first-time-homebuyer-credit-account-look-up) tool provides information on your repayments and account balance.
- The [Sales Tax Deduction Calculator \(IRS.gov/ SalesTax\)](https://www.irs.gov/sales-tax-deduction-calculator) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040).



**Getting answers to your tax questions.** On IRS.gov, you can get up-to-date information on current events and changes in tax law.

- [IRS.gov/Help](https://www.irs.gov/help): A variety of tools to help you get answers to some of the most common tax questions.
- [IRS.gov/ITA](https://www.irs.gov/ita): The Interactive Tax Assistant, a tool that will ask you questions and, based on your input, provide answers on a number of tax topics.

- [IRS.gov/Forms](https://www.irs.gov/forms): Find forms, instructions, and publications. You will find details on the most recent tax changes and interactive links to help you find answers to your questions.
- You may also be able to access tax information in your e-filing software.

**Need someone to prepare your tax return?** There are various types of tax return preparers, including enrolled agents, certified public accountants (CPAs), accountants, and many others who don't have professional credentials.

If you choose to have someone prepare your tax return, choose that preparer wisely. A paid tax preparer is:

- Primarily responsible for the overall substantive accuracy of your return,
- Required to sign the return, and

- Required to include their preparer tax identification number (PTIN).



*Although the tax preparer always signs the return, you're ultimately responsible for providing all the information required for the preparer to accurately prepare your return and for the accuracy of every item reported on the return. Anyone paid to prepare tax returns for others should have a thorough understanding of tax matters. For more information on how to choose a tax preparer, go to [Tips for Choosing a Tax Preparer](#) on IRS.gov.*

**Employers can register to use Business Services Online.** The Social Security Administration (SSA) offers online service at [SSA.gov/employer](https://ssa.gov/employer) for fast, free, and secure W-2 filing options to CPAs, accountants, enrolled agents, and individuals who process Form W-2, Wage and Tax Statement; and Form W-2c, Corrected Wage and Tax Statement.

**Business tax account.** If you are a sole proprietor, a partnership, or an S corporation, you can view your tax information on record with the IRS and do more with a business tax account. Go to [IRS.gov/businessaccount](https://www.irs.gov/businessaccount) for more information.

**IRS social media.** Go to [IRS.gov/SocialMedia](https://www.irs.gov/SocialMedia) to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are our highest priority. We use these tools to share public information with you. **Don't** post your social security number (SSN) or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- [Youtube.com/irsvideos.](https://www.youtube.com/irsvideos)
- [Youtube.com/irsvideomultilingua.](https://www.youtube.com/irsvideomultilingua)
- [Youtube.com/irsvideosASL.](https://www.youtube.com/irsvideosASL)

**Online tax information in other languages.** You can find information on [IRS.gov/MyLanguage](https://www.irs.gov/MyLanguage) if English isn't your native language.

**Free Over-the-Phone Interpreter (OPI) Service.** The IRS is committed to serving taxpayers with limited-English proficiency (LEP) by offering OPI services. The OPI Service is a federally funded program and is available at Taxpayer Assistance Centers (TACs), most IRS offices, and every VITA/TCE tax return site. The OPI Service is accessible in more than 350 languages.



**Accessibility Helpline available for taxpayers with disabilities.** Taxpayers who need information about accessibility services can call 833-690-0598. The Accessibility Helpline can answer questions related to current and future accessibility products and services available in alternative media formats (for example, braille, large print, audio, etc.). The Accessibility Helpline does not have access to your IRS account. For help with tax law, refunds, or account-related issues, go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp).

**Alternative media preference.** Form 9000, Alternative Media Preference, or Form 9000(SP) allows you to elect to receive certain types of written correspondence in the following formats.

- Standard Print.
- Large Print.
- Braille.
- Audio (MP3).

- Plain Text File (TXT).
- Braille Ready File (BRF).

**Disasters.** Go to [IRS.gov/DisasterRelief](https://www.irs.gov/DisasterRelief) to review the available disaster tax relief.

**Getting tax forms and publications.** Go to [IRS.gov/Forms](https://www.irs.gov/Forms) to view, download, or print all the forms, instructions, and publications you may need. Or, you can go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to place an order.

**Mobile-friendly forms.** You'll need an IRS Online Account (OLA) to complete mobile-friendly forms that require signatures. You'll have the option to submit your form(s) online or download a copy for mailing. You'll need scans of your documents to support your submission. Go to [IRS.gov/MobileFriendlyForms](https://www.irs.gov/MobileFriendlyForms) for more information.

**Getting tax publications and instructions in eBook format.** Download and view most tax publications and instructions (including

the Instructions for Form 1040) on mobile devices as eBooks at [IRS.gov/eBooks](https://www.irs.gov/eBooks).

IRS eBooks have been tested using Apple's iBooks for iPad. Our eBooks haven't been tested on other dedicated eBook readers, and eBook functionality may not operate as intended.

**Access your online account (individual taxpayers only).** Go to [IRS.gov/Account](https://www.irs.gov/Account) to securely access information about your federal tax account.

- View the amount you owe and a breakdown by tax year.
- See payment plan details or apply for a new payment plan.
- Make a payment or view 5 years of payment history and any pending or scheduled payments.

- Access your tax records, including key data from your most recent tax return, and transcripts.
- View digital copies of select notices from the IRS.
- Approve or reject authorization requests from tax professionals.
- View your address on file or manage your communication preferences.

**Get a transcript of your return.** With an online account, you can access a variety of information to help you during the filing season. You can get a transcript, review your most recently filed tax return, and get your adjusted gross income. Create or access your online account at [IRS.gov/ Account](https://www.irs.gov/Account).

**Tax Pro Account.** This tool lets your tax professional submit an authorization request to access your individual taxpayer IRS OLA. For more information, go to [IRS.gov/ TaxProAccount](https://www.irs.gov/TaxProAccount).

**Using direct deposit.** The safest and easiest way to receive a tax refund is to e-file and choose direct deposit, which securely and electronically transfers your refund directly into your financial account. Direct deposit also avoids the possibility that your check could be lost, stolen, destroyed, or returned undeliverable to the IRS. Eight in 10 taxpayers use direct deposit to receive their refunds. If you don't have a bank account, go to [IRS.gov/](https://www.irs.gov/)

[DirectDeposit](#) for more information on where to find a bank or credit union that can open an account online.

## **Reporting and resolving your tax-related identity theft issues.**

- Tax-related identity theft happens when someone steals your personal information to commit tax fraud. Your taxes can be affected if your SSN is used to file a fraudulent return or to claim a refund or credit.

- The IRS doesn't initiate contact with taxpayers by email, text messages (including shortened links), telephone calls, or social media channels to request or verify personal or financial information. This includes requests for personal identification numbers (PINs), passwords, or similar information for credit cards, banks, or other financial accounts.
- Go to [IRS.gov/IdentityTheft](https://www.irs.gov/identitytheft), the IRS Identity Theft Central webpage, for information on identity theft and data security protection for taxpayers, tax professionals, and businesses. If your SSN has been lost or stolen or you suspect you're a victim of tax-related identity theft, you can learn what steps you should take.
- Get an Identity Protection PIN (IP PIN). IP PINs are six-digit numbers assigned to taxpayers to help prevent the misuse of their SSNs on fraudulent federal income

tax returns. When you have an IP PIN, it prevents someone else from filing a tax return with your SSN. To learn more, go to [IRS.gov/IPPIN](https://www.irs.gov/IPPIN).

## **Ways to check on the status of your refund.**

- Go to [IRS.gov/Refunds](https://www.irs.gov/Refunds).
- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 800-829-1954.



*The IRS can't issue refunds before mid-February for returns that claimed the EIC or the additional child tax credit (ACTC). This applies to the entire refund, not just the portion associated with these credits.*

**Making a tax payment.** Payments of U.S. tax must be remitted to the IRS in U.S. dollars. [Digital assets](#) are **not** accepted. Go to

[IRS.gov/Payments](https://www.irs.gov/payments) for information on how to make a payment using any of the following options.

- [IRS Direct Pay:](#) Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.
- [Debit Card, Credit Card, or Digital Wallet:](#) Choose an approved payment processor to pay online or by phone.
- [Electronic Funds Withdrawal:](#) Schedule a payment when filing your federal taxes using tax return preparation software or through a tax professional.
- [Electronic Federal Tax Payment System:](#) This is the best option for businesses. Enrollment is required.
- [Check or Money Order:](#) Mail your payment to the address listed on the notice or instructions.



- [Cash](#): You may be able to pay your taxes with cash at a participating retail store.
- [Same-Day Wire](#): You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and time frames.

**Note.** The IRS uses the latest encryption technology to ensure that the electronic payments you make online, by phone, or from a mobile device using the IRS2Go app are safe and secure. Paying electronically is quick, easy, and faster than mailing in a check or money order.

**What if I can't pay now?** Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for more information about your options.

- Apply for an [online payment agreement](https://www.irs.gov/opa) ([IRS.gov/ OPA](https://www.irs.gov/opa)) to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once

you complete the online process, you will receive immediate notification of whether your agreement has been approved.

- Use the [Offer in Compromise Pre-Qualifier](#) to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to [IRS.gov/OIC](#).

**Filing an amended return.** Go to [IRS.gov/Form1040X](#) for information and updates.

**Checking the status of your amended return.** Go to [IRS.gov/WMAR](#) to track the status of Form 1040-X amended returns.



*It can take up to 3 weeks from the date you filed your amended return for it to show up in our system, and processing it can take up to 16 weeks.*

**Understanding an IRS notice or letter you've received.** Go to [IRS.gov/Notices](https://www.irs.gov/Notices) to find additional information about responding to an IRS notice or letter.

**IRS Document Upload Tool.** You may be able use the Document Upload Tool to respond digitally to eligible IRS notices and letters by securely uploading required documents online through IRS.gov. For more information, go to [IRS.gov/DUT](https://www.irs.gov/DUT).

**Schedule LEP.** You can use Schedule LEP (Form 1040), Request for Change in Language Preference, to state a preference to receive notices, letters, or other written communications from the IRS in an alternative language. You may not immediately receive written communications in the requested language. The IRS's commitment to LEP taxpayers is part of a multi-year timeline that began providing translations in 2023. You will continue to receive communications, including notices

and letters, in English until they are translated to your preferred language.

**Contacting your local TAC.** Keep in mind, many questions can be answered on IRS.gov without visiting a TAC. Go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp) for the topics people ask about most. If you still need help, TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment, so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to [IRS.gov/TACLocator](https://www.irs.gov/TACLocator) to find the nearest TAC and to check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

Below is a message to you from the Taxpayer Advocate Service, an independent organization established by Congress.

# **The Taxpayer Advocate Service (TAS) Is Here To Help You**

## **What Is the Taxpayer Advocate Service?**

The Taxpayer Advocate Service (TAS) is an independent organization within the Internal Revenue Service (IRS). TAS helps taxpayers resolve problems with the IRS, makes administrative and legislative recommendations to prevent or correct the problems, and protects taxpayer rights. We work to ensure that every taxpayer is treated fairly and that you know and understand your rights under the Taxpayer Bill of Rights. We are Your Voice at the IRS.

## **How Can TAS Help Me?**

TAS can help you resolve problems that you haven't been able to resolve with the IRS on your own. Always try to resolve your problem with the IRS first, but if you can't, then come to TAS. Our services are free.

- TAS helps all taxpayers (and their representatives), including individuals, businesses, and exempt organizations. You may be eligible for TAS help if your IRS problem is causing financial difficulty, if you've tried and been unable to resolve your issue with the IRS, or if you believe an IRS system, process, or procedure just isn't working as it should.
- To get help any time with general tax topics, visit [www.TaxpayerAdvocate.IRS.gov](http://www.TaxpayerAdvocate.IRS.gov). The site can help you with common tax issues and situations, such as what to do if you make a mistake on your return or if you get a notice from the IRS.
- TAS works to resolve large-scale (systemic) problems that affect many taxpayers. You can report systemic issues at [www.IRS.gov/SAMS](http://www.IRS.gov/SAMS). (Be sure not to include any personal identifiable information.)

## **How Do I Contact TAS?**

TAS has offices in every state, the District of Columbia, and Puerto Rico. To find your local advocate's number:

- Go to [www.TaxpayerAdvocate.IRS.gov/Contact-Us](http://www.TaxpayerAdvocate.IRS.gov/Contact-Us),
- Check your local directory, or
- Call TAS toll free at 877-777-4778.

## **What Are My Rights as a Taxpayer?**

The Taxpayer Bill of Rights describes ten basic rights that all taxpayers have when dealing with the IRS. Go to [www.TaxpayerAdvocate.IRS.gov/Taxpayer-Rights](http://www.TaxpayerAdvocate.IRS.gov/Taxpayer-Rights) for more information about the rights, what they mean to you, and how they apply to specific situations you may encounter with the IRS. TAS strives to protect taxpayer rights and ensure the IRS is administering the tax law in a fair and equitable way.

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To help us develop a more useful index, please let us know if you have ideas for index entries. See “Comments and Suggestions” in the “Introduction” for the ways you can reach us.

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