

# Title

## **FREQUENTLY ASKED ^ QUESTIONS**

December 2012

**Q Is there a new tax on real estate transfers going into effect on January 1, 2013 under the health care reform law (Affordable Care Act) which was enacted in 2010?**

A No.

While the Affordable Care Act does include a tax increase which may affect a limited number of real estate transferors, the tax is a capital gain tax, not a transfer tax. This means that the tax is calculated and paid at the time the taxpayer prepares his/her federal tax return (usually at the end of the year), not at the time real estate is transferred.

This tax appears to affect high income households (single filers earning more than \$200,000 per year and joint filers earning more than \$250,000 annually) that realize a substantial gain on the sale of an asset (greater than \$250,000 for single filers and \$500,000 for joint filers).

Insofar as this is not a title issue, no exception or informational note should be included in any title evidence issued by a title company or agent. Parties inquiring about this issue should be directed to their tax professional.

As always, feel free to address any questions to a member of our underwriting staff.