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FLORIDA BULLETIN 88 - 7

TO: ALL MINNESOTA TITLE AGENTS
FROM: KEVIN D. THOMAS
State Counsel
Florida State Office
DATE: November 18, 1988
RE: FEDERAL LAW PROHIBITS SEPARATE 1099 CHARGES

The Internal Revenue Service currently requires persons responsible for closing certain real estate transactions to provide the IRS and the customer with an information return (Form 1099) in connection with the transaction. In some parts of the state the person responsible for the closing makes a separate charge to the customer for the cost of preparing and filing this information return.

- * Effective November 10, 1988 federal law prohibits "separate" charges to a customer for complying with any requirement relating to the IRS's real estate reporting rules.

The new law reads as follows:

Prohibition of separate charges for filing return--It shall be unlawful for any real estate reporting person to separately charge any customer for complying with any requirement..." relating to the real estate reporting rules.

This new law clearly prohibits any sort of separate charge to the customer that is related to costs incurred in connection with your complying with the IRS reporting requirements. A charge may not appear as a separate line item on a HUD 1 or other settlement statement.

- * Per Technical Corrections and Miscellaneous Revenue Act of 1988 Signed into law by the President on 11/10/88. (Formerly House Bill HR 4333).

KDT/mja