Form **6252**

Department of the Treasury
Internal Revenue Service

Installment Sale Income

Attach to your tax return.

Use a separate form for each sale or other disposition of property on the installment method.

Go to *www.irs.gov/Form6252* for the latest information.

OMB No. 1545-0228

2025

Attachment Sequence No. **67**

Name(s) shown on return

Identifying number

1	Description of property			
2a	Date acquired (mm/dd/yyyy)	**b**	Date sold (mm/dd/yyyy)	
3	Was the property sold to a related party? See instructions. If "Yes," complete Part III for the year of sale and 2 years after the year of the sale unless you received the final payment during the tax year		☐ **Yes**	☐ **No**
4	Can the total selling price be determined by the close of the tax year in which such sale or other disposition occurs?		☐ **Yes**	☐ **No**

Part I Gross Profit and Contract Price. Complete this part for all years of the installment agreement.

5	Selling price including mortgages and other debts. **Don't** include interest, whether stated or unstated		**5**	
6	Mortgages, debts, and other liabilities the buyer assumed or took the property subject to (see instructions)	**6**		
7	Subtract line 6 from line 5	**7**		
8	Cost or other basis of property sold	**8**		
9	Depreciation allowed or allowable	**9**		
10	Adjusted basis. Subtract line 9 from line 8	**10**		
11	Commissions and other expenses of sale	**11**		
12	Income recapture from Form 4797, Part III (see instructions)	**12**		
13	Add lines 10, 11, and 12		**13**	
14	Subtract line 13 from line 5. If zero or less, **don't** complete the rest of this form. See instructions		**14**	
15	If the property described on line 1 above was your main home, enter the amount of your excluded gain. See instructions. Otherwise, enter -0-		**15**	
16	**Gross profit.** Subtract line 15 from line 14		**16**	
17	Subtract line 13 from line 6. If zero or less, enter -0-		**17**	
18	**Contract price.** Add line 7 and line 17		**18**	

Part II Installment Sale Income. Complete this part for all years of the installment agreement.

19	Gross profit percentage (expressed as a decimal amount). Divide line 16 by line 18. (For years after the year of sale, see instructions.)		**19**	
20	If this is the year of sale, enter the amount from line 17. Otherwise, enter -0-		**20**	
21	Payments received during year (see instructions). **Don't** include interest, whether stated or unstated		**21**	
22	Add lines 20 and 21		**22**	
23	Payments received in prior years (see instructions). **Don't** include interest, whether stated or unstated	**23**		
24	**Installment sale income.** Multiply line 22 by line 19. This amount cannot be less than zero. See instructions		**24**	
25	Enter the part of line 24 that is ordinary income under the recapture rules. See instructions		**25**	
26	Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797. See instructions		**26**	

Part III Related Party Installment Sale Income. Don't complete if you received the final payment this tax year.

27 Name, address, and taxpayer identifying number of related party

28 Did the related party resell or dispose of the property ("second disposition") during this tax year? ☐ **Yes** ☐ **No**

29 **If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check the box that applies.**

a ☐ The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (mm/dd/yyyy)

b ☐ The first disposition was a sale or exchange of stock to the issuing corporation.

c ☐ The second disposition was an involuntary conversion and the threat of conversion occurred after the first disposition.

d ☐ The second disposition occurred after the death of the original seller or buyer.

e ☐ It can be established to the satisfaction of the IRS that tax avoidance wasn't a principal purpose for either of the dispositions. If this box is checked, attach an explanation. See instructions.

30	Selling price of property sold by related party (see instructions)	**30**	
31	Enter contract price from line 18 for year of first sale	**31**	
32	Enter the **smaller** of line 30 or line 31	**32**	
33	Total payments received by the end of this tax year (see instructions)	**33**	
34	Subtract line 33 from line 32. If zero or less, enter -0-	**34**	
35	Multiply line 34 by the gross profit percentage on line 19 for year of first sale	**35**	
36	Enter the part of line 35 that is ordinary income under the recapture rules. See instructions	**36**	
37	Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797. See instructions	**37**	

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 6252 and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/Form6252*.

Purpose of Form

Use Form 6252 to report an installment sale under the installment method. File Form 6252 for the year of the disposition and all subsequent years, regardless of whether a payment is received in such year, until and including the year final payment is received or the obligation is disposed of. Generally, an installment sale is a disposition of property where at least one payment is received after the end of the tax year in which the disposition occurs. Ordinarily, an installment sale doesn't include a disposition of personal property by a person who regularly sells or otherwise disposes of personal property of the same type, or a disposition of real property that is held by the taxpayer for sale to customers in the ordinary course of the taxpayer's trade or business. However, gain on some dispositions by dealers in real property or farmers who dispose of any property used or produced in the trade or business of farming may be reported on the installment method.

Don't file Form 6252 for sales that don't result in a gain, even if you will receive a payment in a tax year after the year of sale. Instead, report the entire sale on Form 4797, Sales of Business Property; Form 8949, Sales and Other Dispositions of Capital Assets; or the Schedule D for your tax return, whichever applies.

Don't file Form 6252 to report sales during the tax year of stock or securities traded on an established securities market. Instead, treat all payments as received during the year of sale.

Don't file Form 6252 if you elect not to report the sale on the installment method. To elect out, report the selling price on a timely filed return (including extensions) on Form 4797, Form 8949, or the Schedule D for your tax return, whichever applies. If you filed your original return on time without making the election, you can make the election on an amended return filed no later than 6 months after the due date of your tax return, excluding extensions. Enter "Filed pursuant to section 301.9100-2" at the top of the amended return.

Which Parts To Complete

For All Years

Complete lines 1 through 4, Part I, and Part II. Complete these requirements for 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.

Special Rules

Interest

If any part of an installment payment you received is for interest or original issue discount, report that income on the appropriate form or schedule for the tax year the interest or original issue discount is includible in your income. Don't report interest received, carrying charges received, original issue discount, or unstated interest on Form 6252. See Pub. 537, Installment Sales, for details on unstated interest and original issue discount.

Installment Sales to Related Party

A special rule applies to a first disposition (sale or exchange) of property under the installment method to a related party who then makes a second disposition (sale, exchange, gift, or cancellation of installment note) before making all payments on the first disposition. For this purpose, a related party includes your spouse, child, grandchild, parent, or sibling; or a related corporation, S corporation, partnership, estate, or trust. See section 453(f)(1) for more details.

Under this rule, treat part or all of the amount the related party realized (or the fair market value (FMV) if the disposed property isn't sold or exchanged) from the second disposition as if you received it from the first disposition at the time of the second disposition. Figure the gain, if any, on lines 30 through 37. This rule doesn't apply if any of the conditions listed on line 29 are met.

Sale of Depreciable Property to Related Person

Generally, if you sell depreciable property to a related person (as defined in section 453(g)(3)), you can't report the sale using the installment method. For this purpose, depreciable property is any property that (in the hands of the person or entity to whom you transfer it) is subject to the allowance for depreciation. However, you can use the installment method if you can show to the satisfaction of the IRS that avoidance of federal income taxes wasn't one of the principal purposes of the sale (for example, no significant tax deferral benefits will result from the sale). If the installment method doesn't apply, report the sale on Form 4797, Form 8949, or Schedule D, whichever applies. Treat all payments you will receive as if they were received in the year of sale. Use FMV for any payment that is contingent as to amount. If the FMV can't be readily determined, basis is recovered ratably.

Pledge Rule

For certain dispositions under the installment method, if an installment obligation is pledged as security on a debt, the net proceeds of the secured debt are treated as payment on the installment obligation. However, the amount treated as payment can't be more than the excess of the total installment contract price over any payments received under the contract before the secured debt was obtained.

An installment obligation is pledged as security on a debt to the extent that payment of principal and interest on the debt is directly secured by an interest in the installment obligation. For sales after December 16, 1999, payment on a debt is treated as directly secured by an interest in an installment obligation to the extent an arrangement allows you to satisfy all or part of the debt with the installment obligation.

The pledge rule applies to any installment sale after 1988 with a sales price of over $150,000 except:

- Personal-use property disposed of by an individual,
- Farm property, and
- Timeshares and residential lots.

However, the pledge rule doesn't apply to pledges made after December 17, 1987, if the debt is incurred to refinance the principal amount of a debt that was outstanding on December 17, 1987, and was secured by nondealer installment obligations on that date and at all times after that date until the refinancing. This exception doesn't apply to the extent that the principal amount of the debt resulting from the refinancing exceeds the principal amount of the refinanced debt immediately before the refinancing. Also, the pledge rule doesn't affect refinancing due to the calling of a debt by the creditor if the debt is then refinanced by a person other than this creditor or someone related to the creditor.

Interest on Deferred Tax

Generally, you must pay interest on the deferred tax related to any obligation, including contingent obligations, that arises during a tax year from the disposition of property under the installment method if:

- The property had a sales price over $150,000; and
- The aggregate balance of all nondealer installment obligations arising during, and outstanding at the close of, the tax year is more than $5 million.

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

The interest rules don't apply to dispositions of:

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

See section 453(l) for more information on the sale of timeshares and residential lots under the installment method.

How to report the interest. The interest isn't figured on Form 6252. See Pub. 537 for details and an example on how to report the interest under section 453A.

Gain or Loss From Disposition of Installment Obligations

If the installment obligation was satisfied at other than its face value or was distributed, transmitted, sold, or otherwise disposed of during the year, see section 453B for possible tax implications. Some examples of dispositions include, but are not limited to, a sale, gift, or cancellation of an installment obligation, repossession in satisfaction of an installment obligation, and distribution of an installment obligation to a shareholder. For a taxable section 453B disposition, report the gain or loss on Form 4797, Form 8949, or Schedule D (Form 1040).

Capital Gains

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 you would otherwise include in income. The gain is deferred until you sell or exchange the investment, you experience an inclusion event with respect to the investment, or December 31, 2026, whichever is earlier. You may also be able to permanently exclude gain from the sale or exchange of an 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 (Form 1040). Report the eligible gain on the form and in the manner otherwise instructed. See the Form 8949 instructions on how to report your election to defer eligible gains invested in a QOF. If you held a qualified investment in a QOF at any time during the year, you must file your return with Form 8997 attached. See the Form 8997 instructions.

Additional Information

See Pub. 537 for additional information, including details about reductions in selling price, the single sale of several assets, like-kind exchanges, dispositions of installment obligations, and repossessions.

Specific Instructions

Part I—Gross Profit and Contract Price

Line 1

Enter a code from the list below and describe the installment sale property.

Code:

1. Sale property is timeshare or residential lot.
2. Sale by an individual of personal-use property (within the meaning of section 1275(b)(3)).
3. Sale of any property used or produced in the trade or business of farming (within the meaning of section 2032A(e)(4) or (5)).
4. All other installment sales not listed.

Line 4

If you engaged in a sale or other disposition of property and cannot determine the total selling price by the close of the tax year in which the sale or other disposition occurs, the sale or other disposition is a contingent payment sale. See Temporary Regulations section 15a.453-1(c) for more information on contingent payment sales. If the sale is a contingent payment sale because the total selling price cannot be determined by the close of the year in which the installment sale occurs, check "No" on line 4. If you checked "**No**," the answer for all subsequent years must be "**No**." See *Line 5* below on how to report a contingent payment sale.

Line 5

Enter the total of any money, the face amount of the installment obligation, and the FMV of other property or services that you received or will receive in exchange for the property sold. Include on line 5 any existing mortgage or other debt the buyer assumed or took the property subject to. Don't include stated interest, unstated interest, any amount recomputed or recharacterized as interest, or original issue discount.

If there is a contingent payment sale with a stated maximum selling price, the stated maximum sales price should be reported on line 5. The term "contingent payment sale" means a sale or other disposition of property in which the aggregate selling price cannot be determined by the close of the tax year in which such sale or other disposition occurs. See Temporary Regulations section 15a.453-1(c). If there is no stated maximum selling price, attach a schedule showing the computation of gain. Enter the taxable part of the payment on line 24 and also on line 35 if Part III applies. See Temporary Regulations section 15a.453-1.

Line 6

Enter only mortgages, debts, or other liabilities the buyer assumed from the seller or took the property subject to. Don't include new mortgages the buyer gets from a bank, the seller, or other sources.

Line 8

Enter the original cost and other expenses you incurred in buying the property. Add the cost of improvements, etc., and subtract any casualty losses and any of the following credits previously allowed with respect to the property.

- Nonbusiness energy property credit.
- Residential energy efficient property credit.
- Adoption credit.
- District of Columbia first-time homebuyer credit.
- Disabled access credit.
- New markets credit.
- Credit for employer-provided childcare facilities and services.
- Energy efficient home credit.
- Alternative motor vehicle credit.
- Alternative fuel vehicle refueling property credit.
- Qualified railroad track maintenance credit.
- Enhanced oil recovery credit.
- Qualified plug-in electric drive motor vehicle credit.
- Qualified plug-in electric vehicle credit.
- Qualified electric vehicle credit.

For additional information, see Pub. 551, Basis of Assets.

Line 9

Enter all depreciation or amortization you deducted or were allowed to deduct from the date of purchase until the date of sale. Adjust the depreciation or amortization amount by adding any of the following deductions previously taken with respect to the property.

- Commercial revitalization deduction.
- Section 179 expense.
- Deduction for clean-fuel vehicles and refueling property.
- Deductions claimed under sections 190 and 193.
- Deductions claimed under section 1253(d)(2) and (3) (as in effect before enactment of P.L. 103-66).
- Basis reduction to investment credit property.

Subtract the following recapture amounts and credits previously allowed with respect to the property.

- Section 179 or 280F.
- Clean-fuel vehicles and refueling property.
- Investment credit amount.
- Credit for employer-provided childcare facilities and services.
- Alternative motor vehicle credit.
- Alternative fuel vehicle refueling property credit.
- Qualified plug-in electric drive motor vehicle credit.
- Qualified plug-in electric vehicle credit.
- Qualified electric vehicle credit.

Line 11

Enter sales commissions, advertising expenses, attorney and legal fees, and other selling expenses incurred to sell the property.

Line 12

Any ordinary income recapture under section 1245 or 1250 (including sections 179 and 291) is fully taxable in the year of sale even if no payments were received. To figure the recapture amount, complete Form 4797, Part III. The ordinary income recapture is the amount on line 31 of Form 4797. Enter it on line 12 of Form 6252 and also on line 13 of Form 4797. Don't enter any gain for this property on line 32 of Form 4797. If you used Form 4797 only to figure the recapture amount on line 12 of Form 6252, enter "N/A" on line 32 of Form 4797. Partnerships and S corporations and their partners and shareholders, see the Instructions for Form 4797.

Line 14

Don't file Form 6252 if line 14 is zero or less. Instead, report the entire sale on Form 4797, Form 8949, or the Schedule D for your tax return.

Line 15

If the property described on line 1 was your main home, you may be able to exclude part or all of your gain. See Pub. 523, Selling Your Home, for details.

Part II—Installment Sale Income

Line 19

Enter the gross profit percentage determined for the year of sale even if you didn't file Form 6252 for that year. Enter it as a decimal rounded to at least 4 digits, and include all zeros (for example, 25% = 0.2500, 35.25% = 0.3525, or 100% = 1.0000).

Line 21

Enter all money and the FMV of any property or services you received during this tax year. Include as payments any amount withheld to pay off a mortgage or other debt or to pay broker and legal fees. Generally, don't include as a payment the buyer's note, a mortgage, or other debt assumed by the buyer. However, a note or other debt that is payable on demand or readily tradable on an established securities market is considered a payment. For sales occurring before October 22, 2004, a note or other debt is considered a payment only if it was issued by a corporation or governmental entity. If you didn't receive any payments during this tax year, enter zero. If in prior years an amount was entered on the equivalent of line 34, don't include it on this line. Instead, enter it on line 23. See *Pledge Rule*, earlier, for details about proceeds of debt secured by installment obligations that must be treated as payments on installment obligations.

Line 23

Enter all money and the FMV of property or services you received before this tax year from the sale. Include allocable installment income and any other deemed payments from prior years.

Deemed payments include amounts deemed received because of:

- A second disposition by a related party,
- The pledge rule of section 453A(d), or
- Liabilities assumed by the buyer in excess of the seller's basis. This amount is line 20 from the year of sale (within the meaning of Regulations section 15a.453-1(b)(3)(i)).

Line 24

You may use the installment method to report a sale only if the sale results in a gain. Under section 453 and Rev. Rul. 70-430, you cannot claim a loss under the installment method. Don't file Form 6252 if the amount calculated for line 24 is less than zero. Instead, report the entire sale on Form 4797, Form 8949, or Schedule D (Form 1040).

Line 25

Enter here and on Form 4797, line 15, any ordinary income recapture on section 1252, 1254, or 1255 property for the year of sale or all remaining recapture from a prior year sale. Don't enter ordinary income from a section 179 expense deduction. If this is the year of sale, complete Form 4797, Part III. The amount from line 27c, 28b, or 29b of Form 4797 is the ordinary income recapture. Don't enter any gain for this property on line 31 or 32 of Form 4797. If you used Form 4797 only to figure the recapture on line 25 or 36 of Form 6252, enter "N/A" on lines 31 and 32 of Form 4797.

Also report on this line any ordinary income recapture remaining from prior years on section 1245 or 1250 property sold before June 7, 1984.

Don't enter on line 25 more than the amount shown on line 24. Any excess must be reported in future years on Form 6252 up to the taxable part of the installment sale until all of the recapture has been reported.

Line 26

For trade or business property held more than 1 year, enter this amount 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 enter "From Form 6252." If the property was section 1250 property (generally, real property that you depreciated) held more than 1 year, figure the total amount of unrecaptured section 1250 gain included on line 26 using the Unrecaptured Section 1250 Gain Worksheet in the Instructions for Schedule D (Form 1040).

For capital assets, enter this amount on Schedule D as a short- or long-term gain on the lines identified as from Form 6252.

Part III—Related Party Installment Sale Income

Line 29

If one of the conditions is met, check the appropriate box and skip lines 30 through 37. If you checked box 29e, attach an explanation. Generally, the nontax avoidance exception will apply to the second disposition if:

- The disposition was involuntary (for example, a creditor of the related party foreclosed on the property or the related party declared bankruptcy), or
- The disposition was an installment sale under which the terms of payment were substantially equal to or longer than those for the first sale. However, the resale terms must not permit significant deferral of recognition of gain from the first sale (for example, amounts from the resale are being collected sooner).

Line 30

If the related party sold all or part of the property from the original sale during this tax year, enter the amount realized from the part resold. If part was sold in an earlier year and part was sold this year, enter the cumulative amount realized from the resale.

Amount realized. The amount realized from a sale or exchange is the total of all money received plus the FMV of all property or services received. The amount realized also includes any liabilities that were assumed by the buyer and any liabilities to which the property transferred is subject, such as real estate taxes or a mortgage. For details, see Pub. 544, Sales and Other Dispositions of Assets.

Line 33

Enter the sum of lines 22 and 23 from Part II. This is equal to all money and the FMV of property you received by the end of this tax year from the sale. Include allocable installment income and any other deemed payments from prior years. Don't include interest, whether stated or unstated.

Line 36

See the instructions for line 25. Don't enter on line 36 more than the amount shown on line 35. Any excess must be reported in future years on Form 6252 up to the taxable part of the installment sale until all of the recapture has been reported.

Line 37

See the instructions for line 26.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

Recordkeeping	1 hr., 18 min.
Learning about the law or the form	24 min.
Preparing the form	1 hr.
Copying, assembling, and sending the form to the IRS	20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.