Massachusetts real estate transactions require an additional step(s) at closing

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For sales occurring on or after November 1, 2025, sellers of Massachusetts real estate with a gross sales price exceeding $1 million may be subject to withholding requirements. A **Transferor's Certificate** is required with each sale.

What Closing Attorneys Should Know

The withholding agent, which may be the closing attorney, title company or escrow company, is responsible for withholding and remitting the required amount to Massachusetts.

The standard withholding amount is 4% of the gross sales price, although an alternative calculation based on the seller's estimated gain may result in a lower withholding amount.

Depending on the transaction, additional considerations may also apply, including exemptions, multiple sellers, personal residence exemption and 1031 exchanges.

Planning Ahead

Identifying a potential withholding requirement before closing can help provide time to determine the appropriate withholding method and complete the necessary documentation.

Johnson O'Connor's tax team works with attorneys and their clients on these requirements, including withholding calculations and the applicable exemptions.

Read our overview of the Massachusetts nonresident withholding requirements.

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