

FIRPTA: Foreign Investment in Real Property Tax Act



Foreign sellers are subject to a 15% withholding (of the Gross Sales Price) unless the transaction is exempt from FIRPTA withholding.

Most common exemption:

- Sales Price is not more than \$300K. & the Buyer or a family member must have plans to reside at the property for at least 50% of the number of days the property is used by any person during each of the first two twelve month periods after sale.

Other Exemptions that may apply are:

- Seller to provide a certificate showing they are not a foreign seller.
- Seller receives a withholding certificate prior to close of escrow from the IRS excusing withholding or reducing withholding.
- Seller is resident alien.

** Important to Note: Even if a seller has a social security number this does not except them from the FIRPTA requirements. For additional information, forms and publications go to www.irs.gov.*

