# FIRPTA

**THIS IS AN INFORMATIONAL PUBLICATION AND NOT TO BE CONSIDERED AS TAX ADVICE. REALTORS ARE ADVISED TO HAVE THEIR CUSTOMERS AND CLIENTS CONTACT THEIR RESPECTIVE TAX PROFESSIONAL FOR TAX ADVICE.**

FIRPTA, the Foreign Investment in Real Property Tax Act authorizes the US to tax foreign persons on the sale of real property and shares in certain corporations that are considered US real property.

The Listing Agent should:

- At time of listing you should have a dialog with your client to inquire if they are a US Citizen with a Social Security number. If they are not, you should inquire of your foreign seller if they have obtained a Taxpayer ID # for the IRS. **You should always direct a Foreign Seller to a qualified Tax Professional that has experience with FIRPTA.**

The Selling Agent should:

- At the time of negotiation of an offer, inquire with the Listing Agent if the Seller is a foreign seller.

- Be prepared to have a dialog with your Buyer as to the option of Buyer's Affidavit for the FIRPTA Withholding Exemption **if** the Buyer or family member will be occupying the subject property at least 50% of the time that the subject property is occupied during the first two 12-month periods. When counting the number of days the property is used, do not count the days the property will be vacant. For this exemption, the transferee must be an individual (not Corporations, Partnerships or other entities).

The Listing and Selling Agent should:

- Communicate information as to a Foreign Seller to the Title Company as soon as possible.

## Here is a breakdown of the withholding requirements:

| | |
|---|---|
| Sales Price $300,000 or less **and**<br>***Buyer acquires as principal residence*** | No Withholding |
| Sales Price between $300,001 – $1,000,000 **and**<br>***Buyer acquires as principal residence*** | 10% Withholding of the Sales Price |
| Any Sales Price **and**<br>***Buyer NOT acquiring as principal residence*** | 15% Withholding of the Sales Price |