



Dalton Wade Real Estate Group

Dalton Wade Real Estate Group Wednesday Night May 30th Training

**“FIRPTA – Foreign Investment In Real Property
Tax Act”**

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“FIRPTA – Foreign Investment In Real Property Tax Act”

- As an agent you need to know enough so that you are not creating any liability for yourself or your brokerage
- Generally speaking this is a tricky area for both foreign sellers & buyers
- Both sellers & buyers should consult a tax attorney or tax accountant

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- Need to understand FIRPTA if you are listing agent with foreign seller and buyers agent where seller is foreign
- FIRPTA is not a tax but a withholding
- Foreign Seller – Property under \$300k there is an exemption that can be signed by buyer (will discuss that on next slide) and no withholding is required
- Foreign Seller – Property \$300k - \$1,000k there is an exemption that can be signed by buyer (will discuss that on next slide) and 10% withholding is required
- Properties above \$1,000k 15% withholding required

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- Buyer – Property under \$300k there is an exemption that can be signed by buyer and no withholding is required. Buyer certifying they or family member will live in property for half of the year for first two years
- If buyer does not live in property or meet requirement they are liable for withholding
- Buyer – Property \$300k - \$1,000k there is an exemption that can be signed by buyer and 10% withholding is required (instead of 15%) Again Buyer certifying they or family member will live in property 50% of the time for first two years.
- Properties above \$1,000k 15% withholding required

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- If seller does not have gain on property they can file with the IRS for a withholding certificate (quicker than filing a tax return the following tax period).



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