

CW Escrow handles FIRPTA so you don't have to!

Even though we have you covered, we thought you would want to know about recent changes:



Effective for closings after February 16, 2016

What has changed that may affect your transaction?

- For properties being acquired by the transferee **not for use as a residence**, 15% of the amount realized (gross sales price) must now be withheld (was previously 10%).
- For properties being acquired by the transferee **for use as a residence**, if the amount realized (gross sales price) is greater than \$1 million, 15% of the amount realized (gross sales price) must now be withheld. (If the amount realized is greater than \$300,000, but not more than \$1 million the withheld amount is still 10%.)

Does FIRPTA apply to your transaction?

When foreign owners sell, 10% or 15% of the gross sales price must be forwarded to the IRS unless one of the following exemptions below apply. Common exemptions to FIRPTA include:

- **RESIDENTIAL BUYER:** Sales price is \$300,000 or less, and the *individual buyer* or a member of their family has definite plans to reside in the property for at least 50% of the number of days the property is used by any person during each of the first two 12-month periods following the sale.
- **NOT A FOREIGN SELLER:** Seller signs a certificate stating that the seller is not a foreign person.
- **WITHHOLDING CERTIFICATE:** Before closing, seller obtains a withholding certificate from the IRS which reduces or eliminates the FIRPTA tax for the foreign person.

To request a Withholding Certificate before sale, use these forms:

W-7 Application for IRS Individual Taxpayer Identification Number

8288-B Application for Withholding Certificate for Dispositions by Foreign Persons of US Real Property Interests

To obtain IRS forms and instructions, go to www.irs.gov and click on "Forms and Pubs."

are you exempt from **FIRPTA**?

