

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



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 or form 22E 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. The seller or transferor should also work with an accountant or tax attorney.

FIRPTA stands for Foreign Investment in Real Property Tax Act

Amount owed for FIRPTA

Owner occupancy of the buyer and sales price determines the amount of tax the seller will pay.

- Owner occupancy:
 - Buyer must be a **person** and sign a Certification of Occupancy (MLS Form 22E).
 - ◇ Sales price of \$300,000 or less = no tax is due
 - ◇ Sales price of \$300,001.00 to \$1 million = 10% FIRPTA Tax is Due
- Non-owner occupancy and/or a sales price over \$1 million = seller will pay 15% FIRPTA Tax
 - Non-owner occupancy defined as:
 - ◇ If buyer is a Trust, Corporation, or LLC
 - ◇ Vacant Land