FIRPTA SOLUTIONS

FIRPTA: What Buyers & Sellers Need to Know

The Foreign Investment of Real Property Tax Act (FIRPTA) was established in 1980 to ensure that foreign owners of U.S. property pay their share of taxes on the profit or (gain) when they sell.

It is an estimated withholding (about 10-15% of the selling price) paid by the seller, set aside for a future tax payment, and possibly refundable.

Both sellers and buyers have crucial roles in the FIRPTA process.

Seller	Buyer
Is required to have a tax I.D.	Is required to have a tax I.D.
May be asked to sign a Certification of Non-Foreign Status.	May ask for proof of non-foreign status.
Is responsible for paying the FIRPTA upfront withholding.	Is responsible for remitting (not paying) the withholding funds to the IRS with form 8288, twenty days after closing.
Can possibly qualify for a reduction or exemption of the withholding amount.	May have the option to reduce the withholding based on their intent to use the property.
	May be asked to certify that the property will be used as their residence for at least 2 years.
Is required to file a tax return to report the sale of the property and possibly to be eligible for a refund to recover some of the withheld funds.	May face penalties if the funds are not submitted in a timely fashion.
FIRPTA SOLUTIONS – *One stop for all your FIRPTA needs.*	

O 239 540 1022

Info@FirptaSolutions.com
www.FirptaSolutions.com

615 Cape Coral Pkwy W
Suite 202
Cape Coral, FL 33914 USA