The Foreign Investment Real Property Tax Act requires homebuyers purchasing property in the United States from someone who is not a U.S. citizen or resident of the United States, to withhold a portion of the sales price and remit that amount to the IRS.

Here are 4 questions to ask to help determine if withholding is required:

1. Is your seller a foreign person as defined by the IRS tax code?  
   - YES
   - NO

2. Will the property be used by the buyer as a principal residence?  
   - NO
   - WITHHOLDING

3. Is the sales price less than $300,000?  
   - YES
   - NO

4. Is the sales price greater than $1 million?  
   - YES
   - WITHHOLD 15%
   - NO
   - WITHHOLD 10%

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FEDERAL Title & Escrow Company
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1-800-313-0526 | info@federaltitle.com