

# FIRPTA

Know When to Withhold 'Em

Presented by Federal Title & Escrow Company



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 a 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

YES

NO

WITHHOLDING  
REQUIRED

Proceed to #4

3

Is the sales price less than **\$300,000**?

YES

NO

NO  
WITHHOLDING

Is the sales price greater than **\$1 million**?

4

YES

NO

WITHHOLD  
15%

WITHHOLD  
10%

