

FIRPTA

What You Need to Know

When is FIRPTA withholding required?

- When the seller is a “foreign person”
- It is important to recognize that the IRS defines a foreign person as nonresident alien individual, foreign corporation, foreign partnership, foreign trust, foreign estate, and any other person that is not a U.S. person

Parties that are exempt from the withholding requirements of FIRPTA

1. U.S. Citizens;
2. Resident Alien with a current Green Card
3. A Foreign Person which meets the Substantial Presence Test (which we’ll review in a minute)
4. A legal entity chartered under the laws of the United States or any of the States, except a Disregarded Entity
5. A fiduciary, such as a trustee or personal representative, that qualifies as a U.S. Person described under (1)-(4) above
6. Disregarded Entity owned by a U.S. Person (as previously described in 1 through 5)
7. Foreign entity which has elected to be treated as a domestic entity as evidenced by an acknowledgement issued by the IRS

Tax Identification Number (TIN)

- All FIRPTA documents to contain TIN of both Buyer and Seller
- If Buyer (transferee) does not have TIN
 - Send 8288 and 8288-A with funds to IRS
 - In a separate package, mail copies of 8288 and 8288-A and fully completed W-7 and required supporting documentation
- If seller (transferor) does not have TIN
 - Send 8288 and 8288-A with funds to IRS without TIN
 - IRS will notify seller of instructions for obtaining TIN and further processing

Personal Residence Exception Change

- \$300,000 or less and the buyer signs an intent to reside
 - Totally excluded
- More than \$300,000 up to and including \$1,000,000
 - 15%
- Over \$1,000,000
 - 15%

*Please note this information is for marketing purposes only and the above information is subject to change without notice.
Please contact us for additional information and/or a FIRPTA expert.*

OFFICE LOCATIONS (COUNTY)

Alachua | Hernando | Hillsborough | Pasco | Pinellas | Polk

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