

**REALTORS FIRPTA INFORMATION SHEET FOR SELLERS**

**What is FIRPTA?** The Foreign Investment in Real Property Tax Act of 1980 is a federal statute that authorizes the United States to tax nonresident sellers when they transfer real estate located in the U.S. To help ensure that the federal government receives any taxes due, the statute requires the buyer to find out if the seller is a foreign person.

**What are the obligations under FIRPTA?** If a real estate transferor is a foreign person and an exception as specified in the Act does not apply, the transferee must withhold 10% of the gross purchase price and report the transaction to the IRS within 20 days after closing.

**What are the exceptions to FIRPTA?** The following are the most common:

- the seller certifies under penalty of perjury that it is not a foreign person or entity. *(The certification must contain the seller's name, federal taxpayer ID number, and address;)*
- the property is purchased for less than \$300,000 the buyers are individuals, AND the buyer is using the property as a primary residence;
- the seller is participating in a simultaneous Section 1031 Exchange; or
- the seller has an IRS statement that specifies the seller is exempt from withholding, is entitled to a reduced withholding amount, has provided adequate security for payment or has made arrangements with the IRS for payment;

**What is the definition of a foreign person?** A foreign person includes: a nonresident alien individual; a foreign corporation, partnership, trust, or estate; and any other person that is not a U.S. person.

**In anticipation of closing, and/or in compliance with your purchase and sale agreement,** please check the appropriate box.

- For the purpose of U.S. Income Taxation, I am **not** a non-resident alien and am prepared to issue the appropriate certification at closing.
- I am a non-resident alien and buyer's closing agent is directed to withhold 10% on the HUD-1 Settlement Statement; or
- Other Exception: \_\_\_\_\_

[Note: If seller cannot sign the Certification, Realty Title will require 10% of the gross sales price be collected at closing, unless the buyer is able to certify that the sales price does not exceed \$300,000; AND Buyers are individuals and are acquiring said property for use as a personal residence.]

Date: \_\_\_\_\_

Seller \_\_\_\_\_

Seller \_\_\_\_\_

Seller (non individual) \_\_\_\_\_

By: \_\_\_\_\_ Its: \_\_\_\_\_