

FIRPTA

FOREIGN INVESTMENT IN REAL
PROPERTY TAX ACT



Is Seller a US Citizen
or a US Resident?

✓ YES

Complete Certification
of Nonforeign Status

✗ NO

Does the Buyer
have definite plans to
use the property as
his residence and sale
price does not exceed
\$300,000?*

Is Seller
recognizing a
gain of less
than the 10%?

✗ NO

Buyer should
request for 10%
withholding

✓ YES

Complete buyer's declaration for
\$300,000 residence exemption form

✓ YES

- See your CPA or tax attorney regarding application form 8288B for an IRS Withholding Certificate.
- Carefully review First American Title's agreement concerning FIRPTA withholding. All parties, including seller's tax professional, must agree and execute this agreement.
- Escrow provides an estimated seller statement.

*NOTE: Escrow will withhold 10% pending receipt of Withholding Certificate, unless the parties agree otherwise.

**IRS REQUIRES: The buyer acquires the property for use as a home and the amount realized (sales price) is not more than \$300,000. The buyer or a member of their family must have definite plans to reside at the property for at least 50% of the number of days the property is used by any person during each of the first two 12-month periods following the date of transfer. When counting the number of days the property is used, do not count the days the property will be vacant.



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