



# New FIRPTA Changes

## Foreign Investment in Real Property Tax Act

The recently enacted Protecting American Tax Payers from Tax Hikes (PATH) Act (H.R. 2029, P.L. 114-113) will affect real estate transactions that close on or after February 17, 2016. This new Act will increase the rate of withholding from 10% to 15% on certain transactions for foreign sellers.

*Here are some simple steps to help determine the withholding rate.*

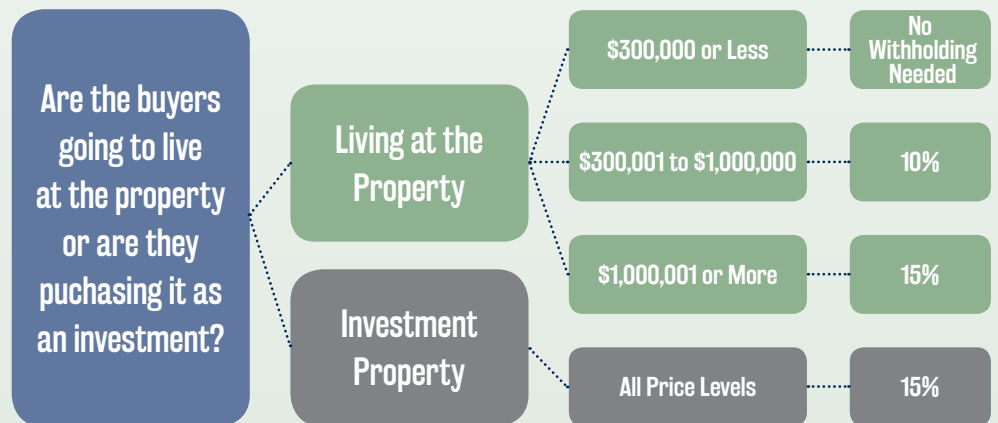
1. Determine if the buyer intends to live in the property they are purchasing.
2. Next, if buyer lives at the property, what is the purchase price?
  - If the purchase price is \$300,000 or less then there is no amount required for withholding.
  - If the purchase price is between \$300,001 and \$1,000,000 then the required withholding will remain at the current amount of 10% of the purchase price.
  - If the purchase price is \$1,000,001 and above, then the required withholding rate will increase from 10% to 15% of the purchase price under the new regulations.
3. If the buyer intends to purchase the property as an investment, and doesn't intend to live there, then regardless of what the purchase price is, the withholding rate will increase from 10% to 15% of the purchase price under the new regulations.

Affecting  
Real Estate  
Transactions  
on or after  
February 17, 2016

*For more information visit:*

<https://www.irs.gov/Individuals/International-Taxpayers/FIRPTA-Withholding>

<http://www.realtor.org/articles/firpta-withholding-rate-increasing-to-15>



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