



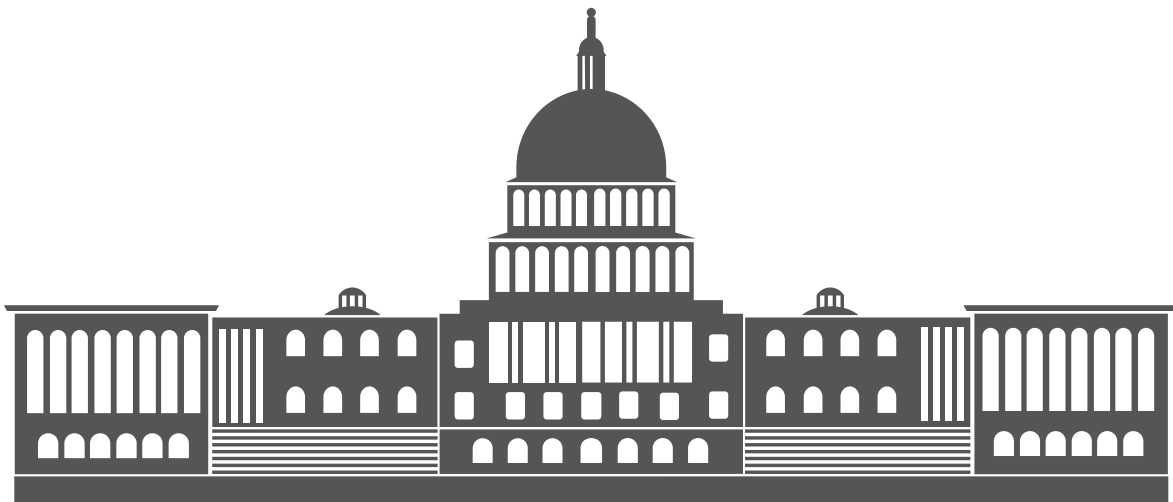
# Changes in FIRPTA Withholding

How will the changes affect you and the sale of your property?

President Obama signed the Protecting Americans From Tax Hikes Act of 2015 (PATH) on December 18, 2015.

Among other things, the Act changes the rate of FIRPTA withholding set forth in 26 U.S.C. §1445 for transactions closing after the 60th day from the date of the Act. As a result:

- FIRPTA still applies to all transactions involving the sale of a United States real property interest by a foreign person.
- For those transactions that close after February 16, 2016, the FIRPTA withholding rate will increase from 10% to 15% of the amount realized (generally, the gross sales price), unless an exemption applies or withholding certificate is obtained.
- An exemption still applies for transactions where the amount realized does not exceed \$300,000 and an individual buyer acquires the property for use as a principal residence.
- The FIRPTA withholding rate remains at 10% for transactions where the amount realized is greater than \$300,000 but does not exceed \$1,000,000 and an individual buyer acquires the property for use as a principal residence.



January 2016 - Seller



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