

File No. \_\_\_\_\_

Re: \_\_\_\_\_ (property address)

**FIRPTA- WITHHOLDING AUTHORIZATION AND INSTRUCTION**

Section 1445 of the Internal Revenue Code as amended (“Section 1445”), the Foreign Investment in Real Property Tax Act (“FIRPTA”), requires foreign persons to pay income tax on the gains they make from selling U.S. real estate. Unless an exemption applies, the buyer must deduct and withhold from the seller’s proceeds a percentage of the gross sales price, as prescribed by law, and transmit that sum to the Internal Revenue Service along with Form 8288, “U.S. Withholding Tax Return for Dispositions by Foreign Persons of U.S. Real Property Interests”, to be applied toward the seller’s tax liability, and Form 8288-A, Statement of Withholding on Dispositions by Foreign Persons Of U.S. Real Property Interest.

Masters Title & Escrow is **not** qualified to advise you on this important and intricate tax matter. Due to the complexity of the law and the IRS regulations, the possibility of changes in the law or IRS regulations, and the nature of your particular real estate transaction, this form may not be adequate to satisfy your tax requirements. You should consult with your attorney or accountant to make sure that your liabilities are satisfied.

**The parties to this transaction are not acting on or relying on any statements made or omitted by the escrow officer, title officer, or other closing officer with respect to tax reporting or withholding requirements. This document is not intended and should not be construed as tax or legal advice.**

One of the following selections must be completed and signed for all transactions involving a foreign seller.

**Option A.**

\_\_\_\_\_ We elect to deal with the applicability or non-applicability of Section 1445 outside of the closing, and therefore instruct Masters Title & Escrow that it should not be involved with the application of Section 1445 to this transaction.

In furtherance of that election, Masters Title & Escrow will not be liable for any loss or damage resulting from the application of Section 1445 to this transaction. It is also understood that Masters Title & Escrow may take any action it believes the law requires it to take with respect to this transaction.

**Option B.**

\_\_\_\_\_ Sales Price is \$300,000.00 or less and Buyer intends to occupy the property as their residence (as provided in the current regulations). NO FUNDS need to be withheld or remitted to the IRS.

**Option C.**

\_\_\_\_\_ We elect to have the following amount deducted from seller’s proceeds and submitted to the Internal Revenue Service: . A Withholding Certificate must be provided if the percentage is less than the applicable statutory amount.

**Masters Title & Escrow**

Initial one of the following:

\_\_\_\_\_ Sales Price is \$300,000.00 or less and Buyer does not intend to occupy the property as their residence, you are to withhold at a rate of 15% on the full consideration. With a tax due statement from the IRS, this amount may be reduced.

\_\_\_\_\_ Sales Price exceeds \$300,000.00 but does not exceed \$1,000,000.00, and the Buyer intends to occupy the property as their residence (as provided in the current regulations), you are to withhold at a rate of 10% on the full consideration.

\_\_\_\_\_ Sales Price exceeds \$300,000.00 but does not exceed \$1,000,000.00 and the Buyer does not intend to occupy the property as their residence (as provided in the current regulations) you are to withhold at a rate of 15% on the full consideration.

\_\_\_\_\_ Sales Price exceeds \$1,000,000.00, you are to withhold at a rate of 15% on the full consideration. The exemption for personal use as a residence does not apply in this scenario.

We, the undersigned, irrevocably authorize and instruct Masters Title & Escrow to deduct said amount from proceeds due to the seller at the closing and to remit said amount along with Forms 8288 and 8288-A (copy A and B) to the Internal Revenue Service to be applied toward the seller's tax liability. Funds will be submitted immediately after the closing.

By executing this Withholding Authorization and Instruction, you release Masters Title & Escrow from any and all liability, obligation and/or responsibility with respect to (a) claims arising from the withholding of funds pursuant to Section 1445; (b) advising the parties as to the requirements of such Section; (c) determining whether the transferor is a foreign person under such Section; and (d) making any inquiry concerning compliance with such Section by any party to the transaction.

This form must be signed and returned by each named buyer and seller, or by an authorized agent for each named buyer and seller.

SELLER:

PURCHASER:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature