

BULLETIN

To: All Old Republic Title Agents and Offices

From: Underwriting Department

Date: January 12, 2016

Re: Changes to FIRPTA Legislation

On December 18, 2015, President Obama signed into law H.R. 2029, which, among other things, amended the Foreign Investment in Real Property Tax Act ("FIRPTA"). Below is a breakdown of the withholding amounts that will apply beginning February 16, 2016:

- **0%** withholding on the transfer of property to an individual transferee where the transferee or certain members of the transferee's family (ancestors, siblings, spouse, and lineal descendants) intend to use the property as a residence for at least ½ the time the property will be used by anyone as a residence during the first two 12-month periods following the transfer and the amount realized is \$300,000 or less. This provision is not new.
- **10%** withholding for transactions closing on or after February 16, 2016, where the real property will be used by the transferee as a residence and the amount realized is greater than \$300,000 but not more than \$1,000,000. This category is new.
- **15%** withholding on all other transfers by a foreign person.

As a reminder, the requirement to withhold still rests with the transferee. Any questions by any party regarding FIRPTA, the amendments, or any other tax matter should be directed to that party's tax professional.

** This Bulletin should become a permanent part of your records to assist in your compliance with the requirements contained herein. **
Please provide a copy of this Bulletin to your staff so they can read it and become aware of its contents.

REMEMBER: All ORT Alerts and Bulletins can be found on StarsLink.
Please contact the Underwriting Department if you have any questions.