



CalDisclosures

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Your source for the disclosure forms and booklets  
required by the California Department of Real Estate

CAL DRE #00642780

[Editor's Note: The following excerpt is from the California Department of Real Estate's booklet "Disclosures in Real Property Transactions" Part I Transfer and Financing of Real Property, Section I Disclosures Required of a Seller and/or Real Estate Broker/Agent,, H. Foreign Investment in Real Property Act]

## **Foreign Investment in Real Property Tax Act**

Federal law requires that a buyer of real property must withhold and send to the Internal Revenue Service (IRS) 10% of the gross sales price if the seller of the real property is a "foreign person." The primary grounds for exemption from this requirement are: the seller's non-foreign affidavit and U.S. taxpayer I.D. number; a qualifying statement obtained through the IRS attesting to other arrangements resulting in collection of or exemption the tax; or the sales price does not exceed \$300,000 and the buyer intends to reside in the property.

Because of the number of exemptions and other requirements relating to this law, principals and agents should consult the IRS or a qualified tax advisor for more information.

(26 U.S.C. § 1445)