



# Important FIRPTA Updates What You Need to Know

**FIRPTA, the Foreign Investment in Real Property Tax Act, requires foreign persons selling U.S. real property interests to pay U.S. tax on any gains, with buyers generally obligated to withhold a portion of the sales proceeds and remit it to the IRS.**

## KEY CHANGES & UPDATES

### **MANDATORY ELECTRONIC PAYMENTS (EFTPS) *STARTING SEPTEMBER 30<sup>TH</sup>, 2025***

All FIRPTA withholding payments to the U.S. Treasury must be made using the Electronic Federal Tax Payment System. Paper checks will no longer be accepted.

#### **What This Means**

Buyers (and withholding agents) must ensure they are set up for EFTPS well before the closing. Delays or mistakes could lead to penalties. Foreign sellers may need help to get a U.S. TIN / set up other requirements.

### **CORPORATE REORGANIZATION RELIEF (NOTICE 2025-45)**

#### ***PROPOSED REGULATIONS STARTING AUGUST 19<sup>TH</sup>, 2025***

This provision enables specific publicly traded foreign corporations to re-domicile in the U.S. through an F reorganization without incurring ordinary FIRPTA gain recognition under sections 897(d) and 897(e), provided they meet particular criteria. It also clarifies the continuity of ownership rules, ensuring that incidental stock trades do not disqualify an F reorganization.

#### **What This Means**

A reduced tax and compliance burden for qualifying transactions and increased certainty for foreign public companies with U.S. real property interests.

## WHAT YOU SHOULD DO

- **Check if your transaction qualifies** under the new proposed rules for inbound F reorganizations.
- **Set up EFTPS early** if you will be making withholding payments, do not wait until closing.
- **Obtain a U.S. Taxpayer Identification Number (TIN/ITIN)** if needed.
- **Consult tax professionals** for withholding certificates if the default withholding is higher than your expected tax.
- **Document carefully:** seller status (foreign person or not), corporate structure, public trading history, etc., because these will impact benefit eligibility.