A GUIDE FOR FOREIGN OWNERS AND THEIR REALTORS

Selling Florida property as a foreign owner

If the seller is not a U.S. resident for tax purposes, federal law (FIRPTA) requires the buyer to hold back **15% of the sale price** at closing and send it to the IRS. Planning before closing can put most of that money back in the seller's hands much sooner.

15%

of the gross sale price, not of the profit

It is a deposit toward the seller's U.S. tax, not the tax itself. The real tax is figured on the gain, and it is usually much less.

AN EXAMPLE: A MIAMI CONDO

Sale price	$1,425,000
Held back at closing (15%)	$213,750
Estimated U.S. tax on the sale	$60,000
Held back beyond the tax	**$153,750**

Figures are illustrative. Each seller's tax depends on what was paid, improvements, depreciation and the owner's situation.

TWO WAYS TO GET THE EXCESS BACK

Wait for the return

The full 15% goes to the IRS. The seller files a U.S. tax return for the year of the sale, and the IRS refunds the excess after it processes that return, often more than a year after closing.

Plan before closing

The seller applies to the IRS for a **withholding certificate** before closing. The title company holds the 15% in escrow, sends the IRS only the amount the IRS approves, and releases the rest to the seller.

WHAT TO DO, AND WHEN

1. At listing
Call a cross-border CPA. Gather the purchase closing statement, improvement receipts and, for a rental, past tax returns.

2. Contract signed
The CPA adds the contract price and files the withholding certificate application, on or before the closing date.

3. At closing
The sale closes on schedule. The title company holds the 15% in escrow until the IRS acts.

4. After the sale
The seller files a U.S. return for the year of the sale to settle the tax.

Good to know. The IRS sets its own pace and often takes several months to act on an application, so the earlier it is filed, the better. Page 2 walks through each stage. When the buyer will live in the home, the hold-back can be 10% for a price up to $1 million, or nothing up to $300,000.

Baratelli CPA & Accounting, PLLC

We prepare the withholding certificate application, the gain calculation and the U.S. return for the year of the sale, and we work with the title company. In English and Spanish, for a flat fee quoted up front.

Call us when you list

(561) 228-6123

www.baratelliinstitute.com

General information about the 2026 rules, not tax advice for a particular sale. Talk with a CPA about your own situation.

How the process works, and when

The IRS application needs a **signed contract**, so it can't be filed at listing. Almost everything else can be done before an offer comes in. That is why the call to the CPA comes **at listing**: when the contract is signed, the price is the only thing left to add, and the application goes in before closing.

STAGE	WHAT HAPPENS
1. At listing Seller and Baratelli; the realtor makes the introduction	We collect what the seller paid (the closing statement from the purchase), receipts for improvements, past U.S. returns and depreciation if it was rented, how title is held (personal names, an LLC or a foreign company), and passports for any owner who needs an ITIN (a U.S. tax ID number). We estimate the gain and the tax at the listing price, so the seller knows what to expect.
2. Contract signed Baratelli files; the realtor sends the contract	We update the numbers for the contract price, estimate the selling costs (commission, title charges, documentary stamp tax) and file the withholding certificate application with the signed contract. The title company gets proof that it was filed. **It must be filed on or before the closing date.**
3. If terms change Baratelli; the realtor sends the amendment	A price reduction after inspection or a credit at closing changes the numbers. We send the IRS the amendment and an updated calculation.
4. Closing Title company	The sale closes on schedule. The buyer still withholds 15%, but because the application is pending, the title company **holds it in escrow** instead of sending it to the IRS. The seller receives the rest of the proceeds at closing as usual.
5. The IRS decides IRS, then the title company	The IRS normally acts within 90 days after it has a complete application. It sets its own pace and can take longer. Within 20 days after the IRS mails its decision, the title company sends the IRS the approved amount and releases the rest to the seller.
6. The next spring Baratelli prepares; the seller signs	The seller files a U.S. return for the year of the sale using the final closing statement. This is the true-up: if the amount sent to the IRS is more than the actual tax, the IRS refunds the difference; if it is less, the seller pays the balance with the return.

WHAT IS ESTIMATED, AND WHAT IS FINAL

Sale price	From the signed contract; final on the closing statement
Selling costs	Estimated for the application; final on the closing statement
Cost, improvements, depreciation	Known at listing, from the seller's records and past returns
The tax	Estimated for the application; settled on the U.S. return

THE WORDS, IN PLAIN ENGLISH

Withholding	The 15% the buyer holds back from the price for the IRS
Withholding certificate	The IRS letter that lowers the withholding to the seller's estimated tax
Basis	What the seller paid, plus improvements, less depreciation
Gain	Sale price, less selling costs, less basis: what is taxed
Escrow	Money the title company holds until the IRS decides

For the realtor. Tell foreign sellers to get their paperwork ready before they list. It does not slow the sale down; it is what lets the seller's money come back after the IRS decides rather than after a tax return the following year.

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