

The U.S. Foreign Investment in Real Property Tax Act

A Practical Guide

ANGELA W. YU

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By
Angela W. Yu

U.S. real estate is enormously attractive to many foreign investors, who are thus ushered into the ambit of the complex U.S. Foreign Investment in Real Property Tax Act (FIRPTA). A full understanding of the associated tax implications on the part of these investors and their advisors is essential if they are to implement the correct structure to maximize their returns, avoid unnecessary withholding, and comply with applicable requirements. This book, the first practical guide to FIRPTA, clearly articulates the operation and transactional implications of FIRPTA and its interaction with various other regimes, sets forth real life situations, and points out potential traps, all in a readily graspable format.

Among the tax issues and consequences that directly or indirectly affect foreign investors in U.S. real property interests, the author highlights the following and more:

- the real estate investment trust (REIT);
- withholding taxes that are jointly and severally liable for buyers and sellers;
- treatment of rental, interest, and dividend income;
- effect of the branch profits tax;
- tax treaty benefits;
- exemptions to FIRPTA;

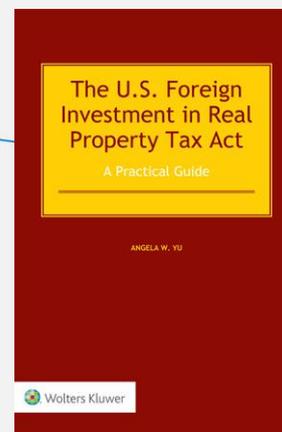
- special rules applicable to foreign governmental investors;
- tax reporting standards and potential penalties for noncompliance; and
- state and local tax issues relating to U.S. real estate investments.

Providing a straightforward and accessible guide for navigating the tax issues that confront foreign investors in U.S. real estate, this resource will prove invaluable in identifying and formulating the correct strategies for investors and their advisors with respect to investments in the U.S. real estate market. It is sure to benefit all interested parties for years to come.

Angela W. Yu, a tax partner of KPMG's New York office, has extensive experience providing integrated tax advice to clients on cross-border transactions. She is a frequent speaker on U.S. tax issues, and has addressed many professional organizations.

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