



**HARPTA** - The Hawaii Real Property Tax Act (1990) which says that a sale of Hawaii Real Estate by a Non-Hawaii resident is subject to a Hawaii State Tax. The tax liability belongs to the seller, and 7.25% (applies to real estate dispositions that occur **on or after September 15, 2018**) of the total sales price will be withheld and submitted to the State of Hawaii Department of Taxation.

There are some exemptions from this withholding:

- Hawaii Resident (Must fill out form N-289, which is provided to seller in opening instructions)
- Foreign corporations and partnerships which are registered to do business in the state of Hawaii (Must fill out form N-289, which is provided to seller in opening instructions)
- Property used as principal residence for year prior to the sale and sales price does not exceed \$300,000

For more information on these taxes, please call the appropriate departments or visit their website.

**HARPTA** - State of Hawaii Department of Taxation:  
 Oahu 808.587.4242  
 Maui 808.984.8500  
 Kauai 808.274.3456  
 Big Island-Hilo 808.974.6321  
 or visit [www.hawaii.gov/tax](http://www.hawaii.gov/tax)

**FIRPTA** - Internal Revenue Service  
[www.irs.gov](http://www.irs.gov) and search for FIRPTA

**FIRPTA** - Under current federal law, if a foreign person sells US real property, the buyer is obligated to withhold 10% of the gross sales price and remit this to the IRS. However, pursuant to the Protecting Americans from Tax Hikes Act of 2015, which became law on December 18, 2015 (the "PATH Act") **the required 10% withholding will increase to 15% for all closings occurring on or after February 17, 2016**, except those wherein the sales price is greater than \$300,000 and does not exceed \$1,000,000 and the buyer acquires the property for use as a personal residence. Under the circumstance, a reduced withholding of 10% will apply.

Sales Price \$300,000 or less <b>and the buyer acquires as personal residence</b>	No Withholding
Sales Price more than \$300,000 but not more than \$1,000,000 <b>and the buyer acquires as personal residence</b>	10% Withholding
<b>All transactions - Any Sales Price and the buyer NOT acquiring as personal residence</b>	15% Withholding

In short, **if a foreign person is selling a US real property interest, the following parameters apply UNLESS THERE IS AN EXCEPTION FROM WITHHOLDING:**

No withholding is required under the following circumstances:

- Buyer acquires for use as a personal residence and sales price not more than \$300,000.
- Seller provides Non-Foreign Affidavit
- Seller provides a Withholding Certificate from the IRS which excuses the withholding
- The amount realized by the seller is zero
- The property is acquired by the United States or a political subdivision thereof

Old Republic is providing this information as a free customer service and makes no warranties or representations as to its accuracy.

Old Republic strongly recommends that consumers obtain guidance and advice from attorneys specializing in Real Property Tax and/or qualified Real Property Tax professionals to get more detailed, and current, on real property taxation as to any matters directly affecting them