

The Foreign Investors' Guide To Buying & Selling Real Estate in Nevada



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FIRPTA Withholding

Withholding of Tax on Dispositions of United States Real Property Interests

The disposition of a U.S. real property interest by a foreign person (the transferor) is subject to the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) income tax withholding. FIRPTA authorized the United States to tax foreign persons on dispositions of U.S. real property interests. A disposition means “disposition” for any purpose of the Internal Revenue Code. This includes but is not limited to a sale or exchange, liquidation, redemption, gift, transfers, etc.

Persons purchasing U.S. real property interests (transferees) from foreign persons, certain purchasers' agents, and settlement officers are required to withhold 10 percent of the amount realized on the disposition (special rules for foreign corporations). In most cases, the transferee/buyer is the withholding agent. If you are the transferee/buyer you must find out if the transferor is a foreign person. If the transferor is a foreign person and you fail to withhold, you may be held liable for the tax. For cases in which a U.S. business entity such as a corporation or partnership disposes of a U.S. real property interest, the business entity itself is the withholding agent.

U.S. Real Property Interest

A U.S. real property interest is any interest, other than solely as a creditor, in real property (including an Interest in a mine, well, or other natural deposit) located in the United States or the U.S. Virgin Islands, as well as certain personal property that is associated with the use of real property (such as farming machinery or hotel furniture). It also means any interest, other than solely as a creditor, in any domestic corporation unless it is established that the corporation was at no time a U.S. real property holding corporation during the shorter of the period during which the interest was held, or the 5-year period ending on the date of disposition. If on the date of disposition, the corporation did not hold any U.S. real property interests, and all the interests held at any time during the shorter of the applicable periods were disposed of in transactions in which the full amount of any gain was recognized, then FIRPTA withholding would not apply.

Rates of Withholding

The transferee must deduct and withhold a tax equal to 10% (or other amount) of the total amount realized by the foreign person on the disposition. The amount realized is the sum of (1) The cash paid, or to be paid (principal only), (2) the fair market value of other property transferred, or to be transferred, and (3) the amount of any liability assumed by the transferee or to which the property is subject immediately before and after the transfer. The amount realized is generally the amount paid for the property. If the property transferred was owned jointly by U.S. and foreign persons, the amount realized is allocated between the transferors based on the capital contribution of each transferor.

A foreign corporation that distributes a U.S. real property interest must withhold a tax equal to 35% of the gain it recognizes on the distribution to its shareholders.

A domestic corporation must withhold a tax equal to 10% of the fair market value of the property distributed to a foreign shareholder if (1) the shareholder's interest in the corporation is a U.S. real property interest, and (2) the property distributed is either in redemption of stock or in liquidation of the corporation.

Application for IRS Individual Taxpayer Identification Number

► For use by individuals who are not U.S. citizens or permanent residents.
► See instructions.

OMB No. 1545-0074

An IRS individual taxpayer identification number (ITIN) is for federal tax purposes only.

Before you begin:

- **Do not submit** this form if you have, or are eligible to get, a U.S. social security number (SSN).
- Getting an ITIN does not change your immigration status or your right to work in the United States and does not make you eligible for the earned income credit.

FOR IRS USE ONLY

Reason you are submitting Form W-7. Read the instructions for the box you check. **Caution:** If you check box b, c, d, e, f, or g, you must file a tax return with Form W-7 unless you meet one of the exceptions (see instructions).

- a** ☐ Nonresident alien required to get ITIN to claim tax treaty benefit
- b** ☐ Nonresident alien filing a U.S. tax return
- c** ☐ U.S. resident alien (based on days present in the United States) filing a U.S. tax return
- d** ☐ Dependent of U.S. citizen/resident alien } Enter name and SSN/ITIN of U.S. citizen/resident alien (see instructions) ►
- e** ☐ Spouse of U.S. citizen/resident alien }
- f** ☐ Nonresident alien student, professor, or researcher filing a U.S. tax return or claiming an exception
- g** ☐ Dependent/spouse of a nonresident alien holding a U.S. visa
- h** ☐ Other (see instructions) ►

Additional information for a and f: Enter treaty country ► and treaty article number ►

Name (see instructions) Name at birth if different ►	1a First name	Middle name	Last name
	1b First name	Middle name	Last name

**Applicant's
mailing address**

2 Street address, apartment number, or rural route number. If you have a P.O. box, see separate instructions.
City or town, state or province, and country. Include ZIP code or postal code where appropriate.

**Foreign (non-
U.S.) address**
(if different from
above)
(see instructions)

3 Street address, apartment number, or rural route number. Do not use a P.O. box number.
City or town, state or province, and country. Include ZIP code or postal code where appropriate.

**Birth
information**

4 Date of birth (month / day / year) Country of birth City and state or province (optional) **5** ☐ Male ☐ Female

**Other
information**

6a Country(ies) of citizenship **6b** Foreign tax I.D. number (if any) **6c** Type of U.S. visa (if any), number, and expiration date

6d Identification document(s) submitted (see instructions) ☐ Passport ☐ Driver's license/State I.D.
☐ USCIS documentation ☐ Other _____ Date of entry into the United States (MM/DD/YYYY) / /

Issued by: No.: Exp. date: / /

6e Have you previously received a Internal Revenue Service Number (IRSIN) or employer identification number (EIN)?
☐ **No/Do not know.** Skip line 6f.
☐ **Yes.** Complete line 6f. If more than one, list on a sheet and attach to this form (see instructions).

6f Enter: IRSIN or EIN ► and
Name under which it was issued ►

6g Name of college/university or company (see instructions) _____
City and state _____ Length of stay _____

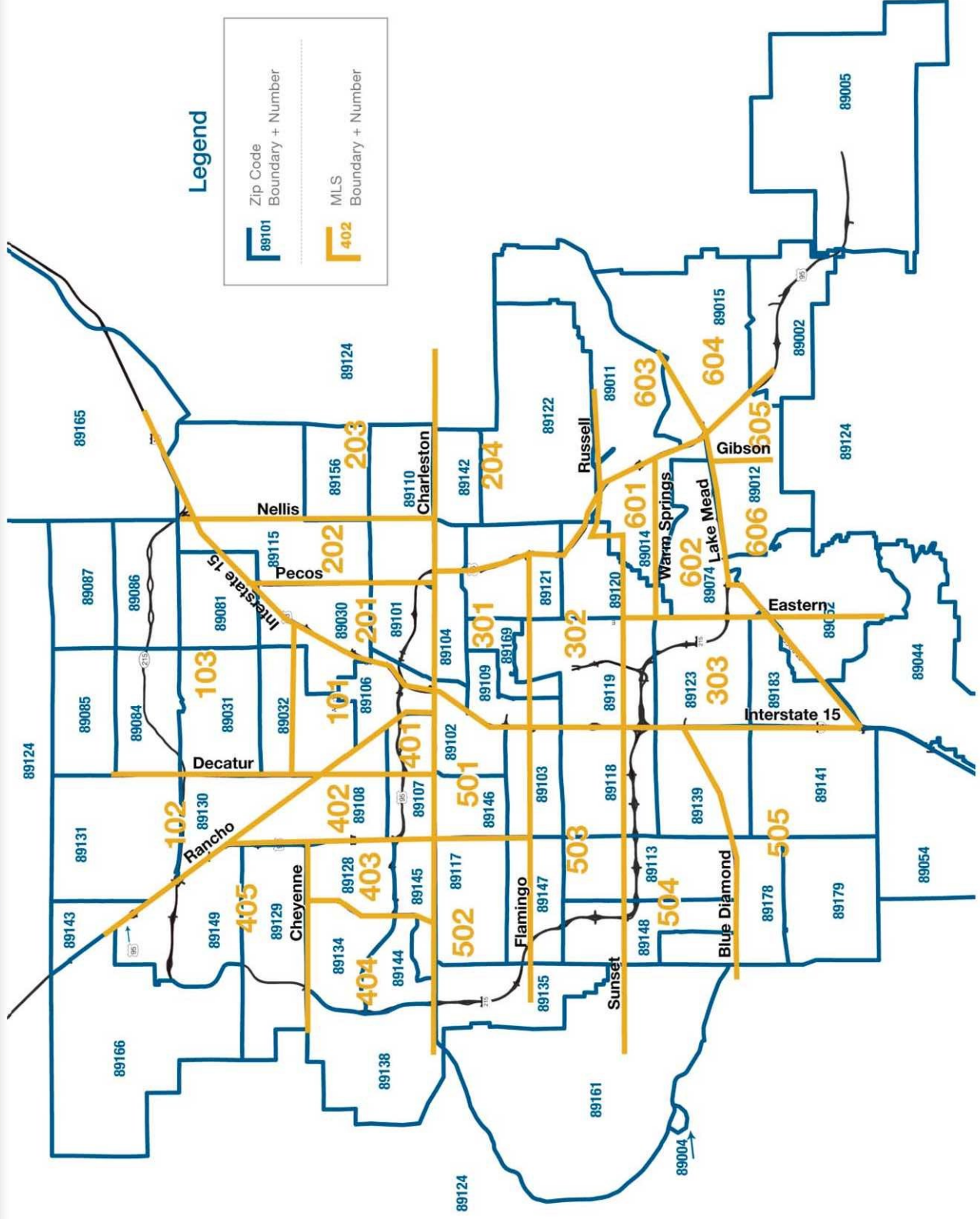
**Sign
Here**

Under penalties of perjury, I (applicant/delegate/acceptance agent) declare that I have examined this application, including accompanying documentation and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I authorize the IRS to disclose to my acceptance agent returns or return information necessary to resolve matters regarding the assignment of my IRS individual taxpayer identification number (ITIN), including any previously assigned taxpayer identifying number.

Keep a copy for
your records.

Signature of applicant (if delegate, see instructions)	Date (month / day / year)	Phone number
Name of delegate, if applicable (type or print)	Delegate's relationship to applicant	<input type="checkbox"/> Parent <input type="checkbox"/> Court-appointed guardian <input type="checkbox"/> Power of Attorney
Signature	Date (month / day / year)	Phone
Name and title (type or print)	Name of company	Fax
	EIN	PTIN
	Office Code	

MLS & Zip Code Boundary Map



- 800 | Mesquite
- 801 | Muddy River (Moapa, Glendale, Logandale, Overton)
- 802 | Mt. Charleston
- 803 | Indian Springs
- 804 | Mountain Springs
- 805 | Blue Diamond
- 806 | Primm/Jean/Goodsprings
- 807 | Sandy Valley
- 808 | Laughlin
- 810 | Pahrump
- 811 | Nye County
- 812 | Lincoln County
- 814 | Amargosa Valley
- 815 | Beatty



Chicago Title Las Vegas Escrow Officer List

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The Title Company's Role in a Real Estate Transaction

Home ownership is a wonderful and sought-after dream for most Americans. But before they can actually get their home, they will have to contend with many home ownership details.

Being that a home is usually the largest single financial investment most people make in their lifetime, the importance of fully protecting this investment cannot be over emphasized. A basic and essential protection for home ownership security is safe, reliable **title insurance** for the property.

What is title insurance?

Title insurance is basically like all other insurance – to minimize the risk to your investment. There are two main categories of risk: **hidden hazards** (forgery, fraud, impersonator, incompetence of grantor or mortgagor, unknown heirs, etc) which cannot be detected in the examination of title and the human factor - **human error** - it's a fact of life.

Title insurance differs from conventional insurance in that it protects you from future losses arising from events of the past. There are no annual premiums – just one premium based on the amount of the sale or mortgage. It is paid when the policy is issued, and remains in effect for the life of the policy.

A **mortgage policy** insures the lender and remains in effect until the mortgage is paid in full. An **owner's policy** insures the buyer, and remains in effect for as long as the owner or their heirs retain interest in the property.

The role of the title company is to search for and examine public records – investigate all information surrounding title to the property. The facts that are uncovered during the initial search will determine:

- A** That the seller is, in fact, the legal owner of the property.
- B** That the “estate” or degree of ownership being sold is currently and accurately vested with the seller.
- C** The presence of any unsatisfied liens which must be satisfied before “clear title” can be conveyed.
- D** Existing restrictions, easements, rights of way or other rights granted to others who are not owners which may limit the right of ownership.
- E** The status of property taxes and other public or private assessments.

These facts will be presented in a **preliminary title report**. This report is issued to the mortgage lender or purchaser (depending on who ordered it) before the close of escrow.

The title company is involved in the real estate sales transaction almost from the initial purchase agreement to well past the close of escrow. They work closely with Realtors, lenders, and legal counsel behind the scene typically.

Chicago Title gives homeowners peace of mind by protecting their interest in the property and the safety of their investment. And we have been for more than 155 years.



Chicago Title
It's your choice

8 COMMON WAYS TO HOLD TITLE

How You Take Title

Advantages and Limitations

Title to real property in California may be held by individuals, either in Sole Ownership or in Co-Ownership. Co-Ownership of real property occurs when the title is held by two or more persons. There are several variations as to how title may be held in each type of ownership. The following brief summaries reference eight of the more common examples of Sole Ownership and Co-Ownership.

1. A Single Man/Woman

A man or woman who is not legally married. Example: John Doe, a single man.

2. An Unmarried Man/Woman

A man or woman, who having been married is legally divorced or, a man or woman, having been in a registered domestic partnership that has been legally dissolved. Example: John Doe, an unmarried man.

3. A Married Man, Woman, or Registered Domestic Partner, As His/Her Sole and Separate Property.

When a married man, woman or a registered domestic partner wishes to acquire title in his or her name alone, the spouse/partner must consent, by quitclaim deed or otherwise, to transfer thereby relinquishing all right, title and interest in the property. Example: John Doe, a domestic partner, as his sole and separate property.

Co-Ownership

4. Community Property

The California Civil code defines community property as property acquired by husband and wife, or by either. Real property conveyed to a married man or woman is presumed to be community property, unless otherwise stated. Under community property, both spouses have the right to dispose of one half of the community property. If a spouse does not exercise his/her right to dispose of one-half to someone other than his/her spouse, then the one-half will go to the surviving spouse without administration. If a spouse exercises his/her right to dispose of one-half, that half is subject to administration in the estate. Example: John Doe & Mary Doe, husband and wife as community property. Example: John Doe & Mary Doe, husband and wife. Example: John Doe, a married man. Registered domestic partners shall have the same rights and protections.

5. Joint Tenancy

A joint tenancy estate is defined in the Civil Code as follows: A joint interest is owned by two or more persons in equal shares, by title created by a single will or transfer, when expressly declared in the will or transfer to be joint tenancy. A chief characteristic of joint tenancy property is the right of survivorship. When a joint tenant dies, title to the property immediately vests in the surviving joint tenant(s). As a consequence, joint tenancy property is not subject to disposition by will. Example: John Doe and Joe Smith, registered domestic partners, as joint tenants.

6. Tenancy In Common

Under tenancy in common, the co-owners own undivided interests; but unlike joint tenancy, these interests need not be equal in quantity or duration, and may arise at different times. There is no right of survivorship: each tenant owns an interest which, on his or her death, vests in his or her heirs or devisees. Example: John Doe, a single man, as to an undivided 3/4 th interest, and George Smith, a single man, as to an undivided 1/4 th interest, as tenants in common.

7. Trust

Title to real property in California may be held in a title holding trust. The trust holds legal and equitable title to the real estate. The trustee holds title for the trustor/beneficiary who retains all of the management rights and responsibilities.

8. Community Property With Right of Survivorship

Community Property of a husband and wife, when expressly declared in the transfer document to be community property with the right of survivorship, and which may be accepted in writing on the face of the document by a statement signed or initialed by the grantees, shall, upon the death of one of the spouses, pass to the survivor, without administration, subject to the same procedures as property held in joint tenancy. Registered domestic partners shall have the same rights and protections.



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We recommend that you seek professional counsel from an attorney and/or CPA to determine the legal and tax consequences of how title is vested.

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