

# Foreign Investment in U.S. Real Estate

*Current Trends*

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# Goals of the Program

## Investment into the United States

- Direct investment
- Corporate investment
- Partnership/LLC investment
- Trust investment

# Goals of the Program

## Current Developments

- Changing Tax Rates
- Volatile Markets

# Foreign Investment in the U.S.

## Direct Investment

Amount invested	\$3,000,000
Anticipated gain	\$500,000
Estate tax exposure	\$1,170,800 ??
Anticipated tax on LT gain	\$70,118

cover the risk with an insurance policy

# Foreign Investment in the U.S.

## Corporate Investment

Amount invested	\$3,000,000
Anticipated gain	\$500,000
Estate tax exposure	NONE
Anticipated tax on LT gain	\$170,000



# Foreign Investment in the U.S.

## Investment With a Trust

Amount invested	\$3,000,000
Anticipated gain	\$500,000
Estate tax exposure	NONE
Anticipated tax on LT gain	\$74,670

Caution: U.S. beneficiaries require careful planning

# Foreign Investment in the U.S.

## *Hidden Traps*

New York v. Florida

Investors v. Dealers

# Foreign Investment in the U.S.

## Foreign Investment in Real Property Tax Act (FIRPTA)

- Issues at Purchase
- Issues at Sale
- Reduced Withholding Certificate

# Foreign Investment in the U.S.

## Mortgages

- Estate Tax Deductibility (exercise caution)
- Mortgage interest deduction for US residents

# Foreign Investment in the U.S.

Imputed Income

Direct Ownership

v.

Entity Ownership