



FOREIGN LANDLORD INFORMATION

If you receive rents from U.S. real estate, you are required to file a U.S. nonresident income tax return (declaration). However, this offers a special opportunity to accumulate tax benefits to minimize your U.S. tax liability. Many people (especially visitors) have a fear of tax authorities and the filing of income tax returns. This is only natural. However, there are unique tax rules and elections available to these individuals, which, if properly utilized, can result in tax losses which can be carried forward and applied against the eventual gain on the disposition of the U.S. real estate.

You are required to file whether you incur a profit or loss from the rental, even if you report the rental activity on your home country tax return. The benefit of filing a tax return is that the rental of U.S. real estate frequently results in tax losses. There are many deductions available, if properly planned for, including inspection and maintenance travel, and mortgage interest. Although these losses may not be of current benefit, they can, if structured properly, be accumulated and carried forward to years in which you have profits from the rental operation or applied against the profit on the eventual sale of the property.

The filing of U.S. tax returns is the way to maximize the accumulation of tax losses to offset the gain when you sell your Florida real estate. If you do not file a U.S. tax return within the prescribed time period the U.S. tax authorities have the right to disallow all expenses and assess 30% tax (plus penalties and interest) on the gross rents from the rental activity.

U.S. income tax returns for foreign individuals are normally filed on the basis of a calendar year ending December 31st, and are generally due by June 15th of the following year. A separate tax return is required for each owner.

Our firm specializes in the preparation of U.S. income tax returns and tax planning for foreign nationals. The rules for foreign nationals are unique and can result in significant long-term tax savings if planned for properly and if the returns are properly prepared and the appropriate elections are filed. On the other hand, needlessly excessive taxes can result if the returns are not properly prepared and the appropriate elections are not made. There may also be estate (inheritance) tax issues or other considerations regarding your ownership of Florida real estate. Tax planning is usually appropriate to minimize any potential adverse tax consequences to you or your family. We welcome the opportunity to be of service to you. Please contact us if you would like to meet for an introductory consultation.