

Conducting International Business in Texas

The Tax Angle





Agenda

01

Know your
client

02

Real estate
market is
hot!
FIRPTA &
Texas tax

03

Estate tax
and Treaties

04

Corporate
Transparency
Act



Know your client

Reporting obligations for US
persons

Immigration intentions and how
they affect their structure and
strategy

Know your client



Worldwide income

Reporting obligations for US persons



Accidental American

Coming back to US to do business



Streamline Filing Compliance

Procedures for US taxpayers residing outside the US

Immigration intentions

Effect on structure and strategy

Becoming US and complying with complex reporting

Other tax incentives to consider if thinking US - Sec 1202 and 1244





Real estate market is hot!

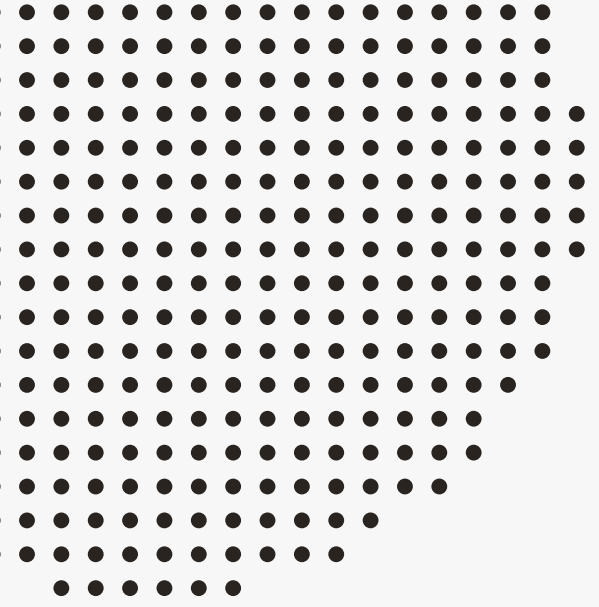
Foreign Investment in Real Property Tax Act (FIRPTA)
Passed in 1980

Foreign sellers are taxed on gains at the same rates as
US sellers

US real property interest includes many things: land,
buildings and other improvements and interest in US
Real Property Holding Corporation (USRPHC)



FIRPTA



Withholding on disposition 15% of total consideration paid by the transferee

There are exceptions:

File form 8288-B to reduce withholding

Sale price \$300K on property that will be transferee's residence

Transferor gives you notice of nonrecognition

Section 332 – foreign shareholder that is a corporation is not subject to FIRPTA when receiving a liquidating distribution after selling all real estate



Texas Franchise

General or limited partnership qualify as passive under
Section 171.0003(a)(1)

If at least 90% of gross income is passive

That includes net capital gains from the sale of real
property

NO Franchise Tax

Annualized total revenue \$1,230,000

no tax due threshold

at



US vs nonresidents

2022 exclusion
US persons \$12,060,000
nonresidents \$60,000



Defining “resident
status” for US estate
tax purpose

Domicile and individual’s intent
to remain in the US indefinitely

Treaties

No protection to FIRPTA

The US is party to several income and estate tax treaties

Reporting obligation to claim treaty benefits -
W8-BEN-E

Benefits of treaty available if the foreign person is a domiciliary of that country



Corporate Transparency Act of 2019. New reporting obligations and disclosure of beneficial ownership

1

Beneficial owner – human beings only

Own or control a US company – hold 25% or more or exercise substantial control


2

Provide name, address, birthdate, and identifying number

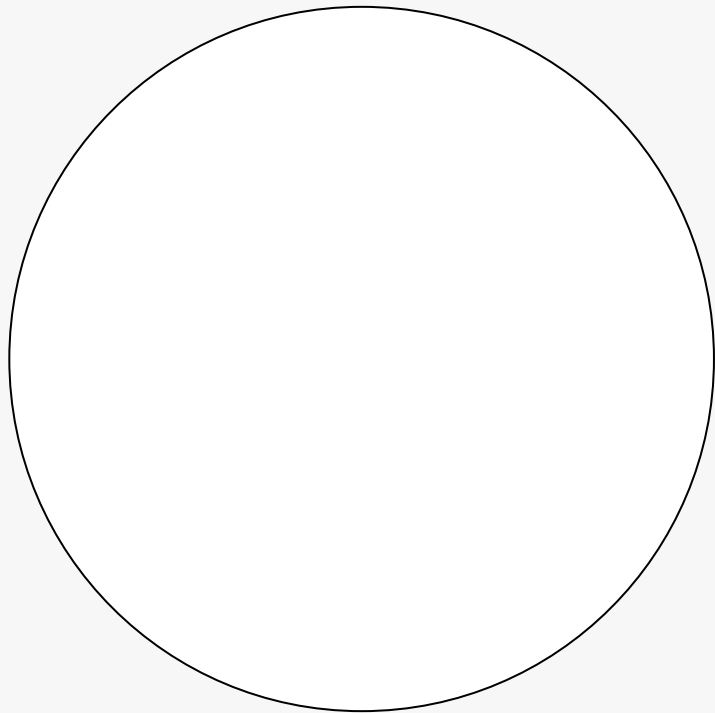
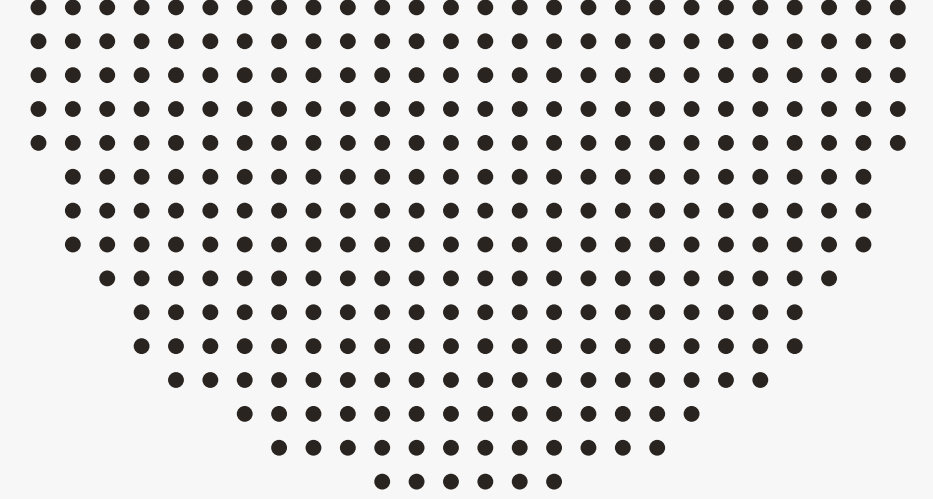
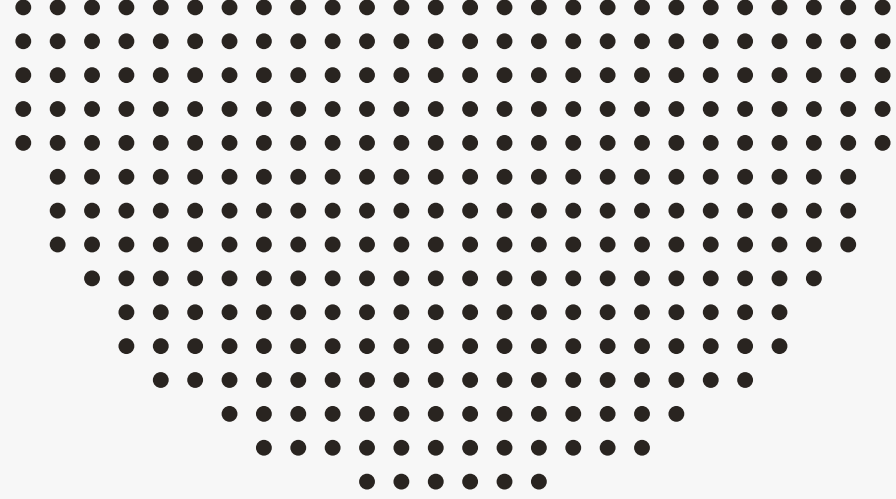
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Housed at Treasury's bureau, FinCen

Exemptions and Penalties



Thank you!



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