



Published: May 28, 2026

What You Need to Know Right Away

A 2025 executive order set off widespread confusion in the real estate industry. Many title companies, agents, and attorneys concluded incorrectly that paper checks for Foreign Investment in Real Property Tax Act (FIRPTA) withholding payments would stop being accepted by the IRS after September 30, 2025.

As of the date of this article, **the IRS has not issued a specific mandate requiring FIRPTA withholding payments to be made electronically.** Paper checks sent with Forms 8288 and 8288-A are still accepted.

At the same time, the federal government is actively moving toward electronic-only payments. That transition will happen, but a specific deadline for FIRPTA has not been announced.

This article covers four things:

- What FIRPTA withholding is and how withholding works
- What Executive Order 14247 does and does not require
- What the IRS has actually said in its own guidance
- A complication most industry sources missed: the IRS is simultaneously phasing out the payment system (EFTPS) that those same sources recommended buyers use

Understanding these points matters for foreign sellers of U.S. real property, buyers acting as withholding agents, real estate professionals, attorneys and other closing agents.

What Is FIRPTA?

FIRPTA is a federal tax law. It applies when a foreign person sells U.S. real property.

Under FIRPTA, the buyer is responsible for withholding a portion of the sale price and sending it to the IRS. Technically the buyer is the "withholding agent", but in practice it is the person or company handling the closing that ensures the withholding takes place and is remitted for the buyer. The withheld amount serves as a prepayment against the foreign seller's U.S. tax liability on the gain from the sale. A U.S. tax return is required to be filed to claim a refund, if any.

The standard withholding rate is 15% of the total sale price. Various exemptions or reductions may apply to this default rule.

Historically, that payment has been made by mailing a paper check along with the required forms.

For a deeper explanation of FIRPTA mechanics, including exemptions and withholding certificates, see the articles at www.cumberlandcpa.com/articles.



What Is Executive Order 14247?

On March 25, 2025, President Trump signed Executive Order 14247, titled *Modernizing Payments To and From America's Bank Account*. You can read the full text at the White House website: <https://www.whitehouse.gov/presidential-actions/2025/03/modernizing-payments-to-and-from-americas-bank-account/>.

The order has two main objectives:

First, it directs the U.S. Department of the Treasury to stop sending paper checks for federal disbursements (money going *out* of the government). This covers tax refunds, benefit payments, grants, and contractor payments.

Second, it directs federal agencies to transition to electronic methods for payments coming *in* to the government as well. This means tax payments, fees, and other remittances.

The order set September 30, 2025 as a target date for Treasury to stop issuing paper refund checks to individual taxpayers.

Where the Confusion Came From

Several well-known real estate industry sources published articles in mid to late 2025 stating flatly that paper checks for FIRPTA would no longer be accepted after September 30, 2025, and that buyers would be required to use EFTPS (Electronic Federal Tax Payment System). Some articles warned of automatic penalties for any payment made by check after that date.

Those articles overstated what was required.

The confusion stemmed from reading EO 14247's "receipts" mandate — money coming in to the government and assuming it immediately applied to every specific payment type, including FIRPTA withholding. The IRS does not work that way. Changes to how specific forms are paid require specific IRS guidance. No such guidance had been issued for FIRPTA by September 30, 2025.

What the IRS Has Actually Said

The IRS issued its clearest guidance on January 27, 2026, in IRS Fact Sheet FS-2026-02, published at <https://www.irs.gov/newsroom/questions-and-answers-about-executive-order-14247-modernizing-payments-to-and-from-americas-bank-account>.

On the question of whether EO 14247 applies to payments made *to* the IRS, the agency answered confirmed that it does, but also added that "For now, mailed payments to the IRS, including cash, checks and money orders, will still be accepted and processed."

The IRS also stated that "the IRS will accept checks when electronic payment methods are not available for a certain transaction type or in specific situations such as those involving hardships and/or legal and procedural requirements."



That is the current state as of the date of this article. The IRS has acknowledged that an electronic transition is coming. It has not announced a specific deadline for FIRPTA or prohibited paper checks for Form 8288 payments.

When the original IRS new release was issued in September 2025, the IRS was explicit about payments: "Taxpayers should continue to use existing payment options until further notice. Additional guidance and information for filing 2025 taxes will be issued prior to the 2026 filing season."

A Complication Most Industry Sources Missed

While many articles have urged buyers to sign up for EFTPS, the IRS was simultaneously shutting down EFTPS for individual taxpayers.

Effective October 17, 2025, individuals are no longer able to create new enrollments via EFTPS.gov. The IRS directed individual taxpayers to use IRS Direct Pay or create an IRS Online Account instead.

Even those individuals with an account will be transitioned away from EFTPS over time. All individuals will be required to transition from EFTPS.gov later in 2026 according to current guidance. There currently is an exception for sole proprietors in certain cases though.

This creates a genuine practical problem. FIRPTA withholding agents are often individual buyers in residential real estate transactions. They cannot create new EFTPS accounts. The industry articles recommending EFTPS enrollment for FIRPTA compliance were written recommending a system that was being closed to new individual users.

For business entities including some closing agents, corporate buyers, and professional intermediaries EFTPS remains available. The EFTPS Batch Provider tool can also be used by third parties who make federal tax payments on behalf of clients.

Important note: The IRS FAQ states that "not all transaction types are eligible for digital payment options." Whether IRS Direct Pay or other electronic methods are available specifically for Form 8288 FIRPTA payments has not been specifically addressed in published IRS guidance as of the date of this article. Until the IRS issues guidance specific to FIRPTA payment methods, this remains an open question for individual buyers facing a future electronic mandate.

What This transition Away from Paper Checks Means for Each Party in a FIRPTA Transaction

For buyers acting as withholding agents: Paper checks with Forms 8288 and 8288-A are still valid. Continue using established procedures. If you are an individual buyer, do not attempt to create a new EFTPS account as that option is no longer available. This may be a conversation with your closing agent to clarify how they intend to handle remitting funds. In rare cases where you as the buyer is remitting funds then you will need to monitor IRS guidance on how individual buyers will remit FIRPTA payments electronically when that mandate is eventually issued.

For foreign sellers: The withholding itself is your credit against your U.S. tax liability. Your exposure is in whether the buyer submits the payment correctly and on time. That remains your concern regardless of how the payment is made. If you have applied for a withholding certificate (Form 8288-B) to reduce the withheld amount that process



is currently unchanged. There are taxpayer friendly proposed changes in the works currently that have not been finalized. Also, this change affects payments to taxpayers. If you are due a refund of over withheld funds, you will need a way to receive it electronically. This will require proactive planning.

For information on your options to receive a refund and the other helpful information, see the articles at www.cumberlandcpa.com/articles under the FIRPTA / ITIN heading on our website.

For real estate professionals: Correct the record with any clients or colleagues who believe electronic payment is already mandatory. It is not. At the same time, be aware that a transition is coming. Getting ahead of it means understanding the process before a specific IRS deadline is announced.

For closing agents and settlement companies: The current requirement is to withhold the funds, have Forms 8288 and 8288-A completed, and remit the required items by the 20th day after the date of the transfer if no other method has been specifically authorized for your transaction type. You can monitor IRS guidance at <https://www.irs.gov/modernpayments>. Once the IRS issues specific guidance for FIRPTA, the timeline for compliance could be short.

Buyers, sellers, and professionals who have not thought through the process may face compressed timelines. The right position is the one the IRS itself stated: continue using current procedures, and prepare for a transition that has not yet been fully defined.

Key Takeaways:

- **Paper checks for FIRPTA are still accepted.** The IRS confirmed in January 2026 that mailed checks and money orders are still being accepted and processed for payments to the IRS.
- **EO 14247 is real, but FIRPTA-specific guidance has not been issued.** The executive order signals a full transition to electronic payments. The IRS has not yet announced a specific deadline or procedure for FIRPTA withholding specifically.
- **Industry articles currently addressing this matter can have overstated the September 30, 2025 deadline and what is currently required.**
- **EFTPS is being phased out for individuals.** New individual EFTPS enrollments ended October 17, 2025. Recommending EFTPS to individual buyers is no longer appropriate for new enrollments.
- **A transition is coming.** The IRS will eventually require electronic payment for FIRPTA. Specific guidance has not yet been published. Any interested parties should monitor <https://www.irs.gov/modernpayments> for updates.
- **Foreign sellers should work with a qualified U.S. tax professional.** FIRPTA compliance involves more than just the payment method. Withholding rates, withholding certificates, ITINs, tax return filings and refund claims all require accurate handling.



Conclusion:

Executive Order 14247 set the federal government on a course toward electronic-only payments. The IRS moves through specific guidance, not blanket mandates.

FIRPTA is a complex area. The procedural rules around withholding, forms, deadlines, and payment methods deserve careful attention. Misinformation can make an already complicated transaction type more stressful for buyers, sellers, and agents.

If you are involved in a real estate transaction with a foreign seller, working with a CPA who specializes in FIRPTA and international tax compliance is the most reliable way to stay on the right side of these rules — both now and when the guidance eventually changes.

The facts are straightforward: paper checks work today. A transition is coming. The IRS will tell us when and how.

Author's Notes:

This article is for informational purposes only and does not constitute legal or tax advice.

Cross border transactions present unique complexities. Each situation involves a different fact pattern and each is unique. Small changes in fact pattern can have very different tax results. Your intended goals, property values, ownership structures, gain calculations, timing, and fact pattern considerations all affect the strategy that is right for you.

Consulting with tax professionals who regularly handle international property transactions helps ensure you understand your specific obligations and exploring available options that can help you maximize your profits and minimize tax and compliance costs. Consult a qualified tax professional regarding your specific situation.

I am happy to advise you on the options available to you in your unique situation.

About the author:

David A Cumberland, CPA CGMA has presented at the local, state, and national level as well as authored articles intended for both the taxpayer and tax professional. He is vice chair for the FICPA International tax committee and founder of Cumberland CPA & Co. which serves clients worldwide. He has published in the FICPA's Florida CPA Today magazine and produces client-based tax articles in English and Spanish to educate both current and prospective clients. He primarily practices in the area of inbound international tax work covering both individual and business tax preparation and consulting. Fluent in Spanish, his emphasis is working with international clients or clients with international considerations. David brings unique value and perspective to advising clients as a CPA as he has more than two decades of operational management experience in business. Having retired as lead shareholder of the International Tax Team of one of the largest independent certified public accounting firms in Southwest Florida, his focus now is continuing to serve clients he is passionate about in a boutique setting.

For full bio please click here or go to www.CumberlandCPA.com/about/

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