No More Paper Checks: What Foreign Sellers of U.S. Real Estate Need to Know About Executive Order 14247

If you are a foreign national who has sold, or plans to sell, U.S. real estate, a major change is already in effect. President Trump signed Executive Order (EO) 14247 on March 25, 2025 titled "Modernizing Payments To and From America's Bank Account." Beginning September 30, 2025, the U.S. Treasury stopped issuing paper refund checks for most federal payments, including IRS tax refunds.

This matters to you because of a law called FIRPTA (Foreign Investment in Real Property Tax Act). Under FIRPTA, when a foreign person sells U.S. real estate, the buyer is required to withhold a portion of the sale price and send it to the IRS. That withholding is often more than the seller actually owes in tax. To get back the overpaid amount, the foreign seller must file a U.S. tax return and claim a refund. Until now, the IRS mailed that refund as a paper check. That option is going away.

This article covers four key points:

1. What EO 14247 requires
2. How FIRPTA withholding works and why a refund is often owed
3. Why electronic refunds are a problem for foreign sellers without U.S. bank accounts
4. What steps foreign sellers can take now

What does Executive Order 14247 require?

In accordance with EO 14247, signed on March 25, 2025, the U.S. Department of the Treasury, in coordination with the IRS and other federal agencies, is advancing the transition to fully electronic federal payments both to and from the IRS. The purposes of the order are to defend against financial fraud and improper payments, increase efficiency, reduce costs, and enhance the security of federal transactions.

The change covers both money going out (like tax refunds) and money coming in (like tax payments).

The Treasury and the IRS started phasing out paper tax refund checks and other disbursements on September 30, 2025. The process will take time to be fully implemented. While EO 14247 mandates this, until specific guidance is provided regarding a particular type of transaction nothing changes. Over time the IRS will reduce reliance on inbound paper remittances and expand secure electronic options such as ACH/direct debit, online payment portals, and electronic funds transfer. No changes are being made to the process of filing a tax return itself. What is changing is how payments are delivered and received.

How FIRPTA Withholding Works

FIRPTA has been the law since 1980. It requires buyers of U.S. real estate to withhold a portion of the sale price when the seller is a foreign person. The withheld amount is sent directly to the IRS. It is essentially a tax deposit made on the seller's behalf.

Under FIRPTA, buyers generally must withhold 15 percent of the gross sale price when purchasing from a foreign seller as a prepayment of potential tax liability. Once the actual tax is calculated, the seller can apply for a refund of any excess FIRPTA withholding.

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That 15 percent is based on the full sale price, not net profit. For example, if a foreign seller sells a property for $500,000 then $75,000 of FIRPTA withholding goes straight to the IRS at closing. The seller's actual U.S. tax bill may be far less than that amount. In many cases, the seller is owed a substantial refund.

To get that refund, the foreign seller must file a U.S. tax return. The IRS then processes the return and issues a refund for any amount that was overwithheld.

Until September 30, 2025, the IRS would mail that refund as a paper check if direct deposit information wasn’t included with the tax return submission.

The Problem: Many Foreign Sellers Don't Have a U.S. Bank Account

This is where EO 14247 creates a real challenge.

That current guidance is general and does not yet provide a specific, reliable solution for foreign individuals who need a FIRPTA refund but have no U.S. bank account.

Many non-resident taxpayers from foreign business entities or estates and individuals (including foreign students, temporary workers, and investors) file U.S. tax returns to reclaim overwithheld taxes, though many may not maintain U.S. bank accounts.

With the implementation of the Patriot Act in 2001, this increased restrictions and due diligence requirements for financial institutions. It made it more difficult for foreign nationals to open, maintain, and even access U.S. bank accounts from abroad. Also, when it comes to repatriating funds overseas, many U.S. banks require foreign nationals to be physically present in the U.S. to initiate large transfers. Another, sometimes not insignificant, cost to consider is that of exchange rates. All these factors are present making a one-time FIRPTA refund transaction more difficult to do.

What Happens If You Don't Provide Bank Account Information

The IRS has a process for situations where direct deposit information is missing. If a tax return is filed without banking information, the following will occur:

- Tax return will be accepted and processed.
- The IRS will send a CP53E notice (an IRS notice specific to this issue) to the taxpayer.
- The taxpayer will have 30 days to either provide banking information or explain why such information can’t be provided.
- The taxpayer will need to enter their direct deposit information using the IRS Individual Online Account, which is part of broader IRS online services. IRS employees can’t take direct deposit information over the phone or in person.
- If there’s no response to the notice, the refund will be released as a paper check after six weeks, but paper checks are now the exception rather than the norm.

Currently, no changes will be made to how refunds are currently issued to deceased persons. The IRS will continue to accept or generate checks in accordance with the current practice.

For taxpayers with missing information, the IRS will send CP53E letters to individuals using their last-known address on record, asking them to update their banking information if they did not provide it on their tax return, or if their financial institution rejected

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the direct deposit. The letter requests a response within 30 days, either to provide banking information or to explain why such information cannot be provided. The IRS will not accept banking information over the phone.

Once the taxpayer provides the direct deposit information or exception, the refund will be immediately released via direct deposit or paper check. If there is no response to the notice and there are no other issues with the tax return, the refund will be released as a paper check after six weeks.

This means a paper check is still possible, but only after a lengthy process of notices, responses, and waiting. For a foreign seller living overseas, a six-week delay after a 30-day notice period adds up. Also, given the additional time that a notice can take to arrive at a foreign address, the 30-day window to respond may be very short or have already passed. Proactive planning is important as taxpayers awaiting a FIRTPA refund may have already not had access to the funds for almost a year due to the timing of when the withholding was sent to the government at the time of closing.

Limited Exceptions Exist — But Guidance Is Still Developing

EO 14247 does recognize that electronic payments are not always possible.

EO 14247 provides certain exceptions and accommodations to the mandated change to electronic payments for: individuals who do not have access to banking services or electronic payment systems; certain emergency payments where electronic disbursement would cause hardship; national security- or law enforcement-related activities; and other circumstances determined by the Secretary of the Treasury. The Treasury has not issued guidance on how a taxpayer can apply an exception in EO 14247, or guidance on any additional exceptions identified by the Treasury.

This is an important gap. Foreign sellers may qualify for an exception. But the process for requesting one has not been fully published as of the writing of this article. Foreign sellers may face delays or uncertainty while waiting for the IRS to finalize exception procedures.

What the IRS Says About International Taxpayers

On the topic of international taxpayers specifically regarding payments to taxpayers the IRS says, "International taxpayers should continue to use existing options to file returns, make payments and receive refunds. The IRS is developing secure alternatives, such as partnerships with international payment providers, to ensure timely access to refunds abroad."

The IRS has not yet published a specific mechanism for routing FIRPTA refunds to foreign bank accounts via wire transfer as of the published Fact Sheet in January 2026 (FS-2026-02) addressing common questions about EO 14247.

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What Foreign Sellers Should Do Now

Open a U.S. bank account - This is the most direct solution. A U.S. bank account in the seller's legal name allows the IRS to deposit a refund electronically. Opening an account from abroad is possible at some banks, though it can be difficult. As many sellers do not have a U.S. ITIN it can be particularly difficult to open an account. Options do exist for opening a bank account without a U.S. SSN or ITIN.

Work with a U.S. tax professional before the sale closes. A qualified CPA or tax advisor experienced in FIRPTA can help the seller obtain an Individual Taxpayer Identification Number (ITIN), prepare the required tax return, and guide you to set up the right banking arrangements to receive a refund electronically.

Consider applying for a FIRPTA withholding certificate. Under existing IRS rules, a foreign seller can apply for a withholding certificate before or at closing. If approved, the certificate can reduce the amount withheld at closing to something closer to the actual tax owed. This does not eliminate the need for a refund, but it can reduce the refund amount that needs to be recovered later. This process takes time and requires advance planning.

Respond promptly to any IRS notices. If a CP53E notice arrives, the seller has 30 days to respond with banking information or a valid exception. Missing that window extends the wait significantly.

What About the FIRPTA Withholding Payment Itself?

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 or other qualified professional 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.

FIRPTA-specific guidance under EO 14247 has not been issued. The executive order provides the theory, it will take time for it to be implemented in practice.

Key Takeaways

- **EO 14247 is already in effect.** The IRS stopped issuing most paper refund checks beginning September 30, 2025. This includes FIRPTA refunds owed to foreign sellers.
- **The new default is electronic deposit.** Refunds will be sent to a U.S. bank account in the taxpayer's exact legal name. Foreign sellers without a U.S. bank account will face delays or complications. Options do exist for opening a bank account without a U.S. SSN or ITIN.
- **The IRS will issue a CP53E notice** if banking information is missing from a submitted tax return. The seller then has 30 days to respond. Without a response, a paper check will eventually be issued — but only after a six-week additional wait.
- **Exceptions exist but procedures are still being finalized.** The IRS acknowledges that not everyone can receive funds electronically, but the specific exception process for international taxpayers has not been fully published as of early 2026.

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- **Advanced planning is essential.** Foreign sellers who address banking arrangements proactively will be in a far better position than those who wait.
- **The FIRPTA payment to the IRS at closing is not yet restricted.** Paper checks are still accepted for the buyer's withholding payment, though the IRS intends to move that process to electronic methods over time.

Conclusion

Executive Order 14247 is a significant change to how the IRS handles money. For foreign sellers of U.S. real estate, the effect can be substantial.

The combination of FIRPTA withholding and the end of paper refund checks puts foreign sellers in a position where recovering overpaid taxes is more complicated than it used to be. The IRS is working on solutions for international taxpayers, but detailed guidance is still developing with no timeline communicated.

The most important thing a foreign seller can do right now is plan ahead. Work with a tax professional who understands FIRPTA before the sale closes, or ideally when you list your property, not after. Until further guidance is provided by the IRS, getting a refund without undue delays requires preparation that did not used to be necessary.

Author’s Notes:

This article is not intended to be tax advice. This information covers U.S. tax rules only.

Cross border transactions present unique complexities. Each situation involves a different face 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.

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 continuing to serve clients he is passionate about in a boutique setting.

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