



FORM 593: REAL ESTATE WITHHOLDING

What is California Real Estate Withholding (aka Cal-FIRPTA)?

Real estate withholding is a prepayment of income (or franchise) tax due from sellers on the gain from the sale of California real property. It is not an additional tax on the sale of real estate.

When is Real Estate Withholding Required?

Withholding is required whenever California real estate is sold or transferred. The real estate escrow person (REEP) is required to notify buyers of withholding requirements, unless the buyer is a Qualified Intermediary (QI) in a deferred exchange. The amount withheld from the seller or transferor is sent to the FTB as required by R&TC Section 18662.

Examples:

- Sales or transfers of real property (including gifts and exchanges)
- Leaseholds/options
- Short sales
- Easements
- Personal property sold with real property (if not stated separately)
- Vacant land

Withholding is the responsibility of the buyer or QI, but it may be performed by the REEP on the buyer's behalf. For more information about withholding, get FTB Publication 1016, Real Estate Withholding Guidelines at: ftb.ca.gov

When Is Real Estate Withholding NOT Required:

Real estate withholding is not required when any of the following apply:

- The total sales price is \$100,000 or less.
 - When multiple sellers are involved in the transaction, the withholding is determined by the total sales price, not by each seller's portion.
 - Sales of multiple parcels and/or family units (duplex, triplex, etc.) within the same escrow agreement constitute one transaction for purposes of determining the withholding requirements. Withholding is required when the combined sales price of all parcels exceeds \$100,000, even though the sales price of each separate parcel in the same escrow transaction is under \$100,000.
- The property is being foreclosed upon in any of the following ways:
 - Sold according to a power of sale under a mortgage or deed of trust.
 - Sold according to a decree of foreclosure.
 - Acquired a deed in place of foreclosure.
- The transferor is a bank acting as a trustee (except for a deed of trust).
- The seller or transferor certifies to an exemption on Form 593.



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California law excludes the following entities from withholding:

- The United States and any of its agencies or instrumentalities.
- A state, a possession of the United States, the District of Columbia, or any of its political subdivisions or instrumentalities.

Who is Subject to Withholding?

Unless an exemption applies, all of the following are subject to real estate withholding:

- Individuals
- Corporations
- Partnerships
- Limited liability companies (LLC)
- Estates
- Trusts
- Real estate investment trusts (REIT)
- Relocation companies
- Bankruptcy trusts and estates
- Conservatorships

Who Must File:

A seller/transferor that qualifies for a full, partial, or no withholding exemption must file Form 593.

Any remitter (individual, business entity, trust, estate, or REEP) who withheld on the sale/ transfer of California real property must file Form 593 to report the amount withheld. If this is an installment sale payment after escrow closed, the buyer/ transferee is the responsible person. See Form 593 Instructions, Part V, Buyer/Transferee information.

All remitters are required to complete the applicable part(s) of Form 593 and submit Sides 1-3 to the FTB regardless of the real estate transaction.

When and Where to File Form 593:

The Form 593 must be sent to the FTB by the 20th Day of the calendar month following the month in which escrow closes.

If the seller/transferor is exempt from withholding, Form 593 must be sent to the real estate escrow person or QI prior to the close of the real estate transaction. The real estate escrow person or QI will then forward to the FTB as directed.

If withholding is required, additional forms will be needed for the remittance, but the timing remains the same.

For withholding on installment sales, see Form 593 Instructions for details or visit the FTB website at ftb.ca.gov.

Mail to:

WITHHOLDING SERVICES AND COMPLIANCE MS F182 FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO, CA 94267-0651

Source: <https://www.ftb.ca.gov/forms/2020/2020-593.pdf>

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