



Important Update: New Rules Affecting Real Estate Withholdings

Franchise Tax Board Changes Effective January 1, 2020

NOTE: ALL SALE TRANSACTIONS MUST FILE A FORM 593

As of January 1, 2020, California real estate withholding requirements have changed. A consolidated Form 593 Real Estate Withholding Statement is now required for every seller and is filed with the FTB for each real estate transaction. The new Form 593 must be filed in ALL real estate sales transactions*, even if a seller qualifies for a full or partial exemption.

DEFINITIONS:

Real estate withholding is the prepayment of income tax due from the sale of California land or anything on it (real property).

Examples of "real property" include:

- Vacant land
- Buildings
- Homes

Withholding is required on sales or transfers of:

- Real property (including exchanges)
- Interest in land owned by someone else (Easements)

POSSIBLE EXEMPTIONS:

You do not have to withhold tax if the CA real property is:

- \$100,000 or less
- In foreclosure
- Seller is a bank acting as a trustee

**See Form 593, Part III for a complete list of full exemptions, and Part IV for full or partial exemptions. To file your exemption, submit Form 593 to your escrow agent before closing. Regardless of exemptions, Form 593 must be submitted.*

Sound complicated? No need to worry. Our knowledgeable team is here to walk you through every step of the way. Please contact us for all of your title & escrow needs and for your next successful closing.

For the best in service, remember to always insist on **Fidelity National Title**.

Trusted everywhere,
every day.

UNDERSTANDING THE NEW FORM

PART I: REMITTER INFORMATION

Standard demographic information is provided by the real estate escrow person (REEP), buyer (or transferee) or other qualified intermediary.

PART II: SELLER INFORMATION

The seller must complete this section by providing demographic information. New to this section is the option to identify the trust type, as needed.

PART III: CERTIFICATIONS FOR A WITHHOLDING EXEMPTION

Within boxes 1 through 9, the seller selects any applicable exemptions, signs, and dates. The remitter is required to submit the form even in the event that there is a qualified exemption.

PART IV: CERTIFICATIONS REGARDING PARTIAL OR FULL EXEMPTIONS

Seller selects the appropriate responses.

PART V: BUYER TRANSFEREE INFORMATION

This section is completed if the transfer is an installment sale.

PART VI: COMPUTATION

This section must be completed if the seller certified box 3 in Part III or to calculate an alternative withholding amount.

PART VII: ESCROW OR EXCHANGE INFORMATION AND SELLER CERTIFICATION

The escrow person or qualified intermediary provides contact information and basic information about the transaction. If the seller offers certification that the information is correct, a signature is provided.

For more information, please visit:

www.ftb.ca.gov/pay/withholding/real-estate-withholding.html