

Real Estate Withholding Installment Sale Acknowledgement

(This form should only be completed by the buyer. This is not a remittance document.)

Part I - Buyer's Information

First name	Initial	Last name	SSN or ITIN
Spouse's/RDP's first name (if jointly purchased)	Initial	Last name	Spouse's/RDP's SSN or ITIN
Business name (if applicable)			<input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SOS file no.
Address (apt./suite, room, PO Box, or PMB no.)			
City	State	ZIP Code	Daytime telephone number ()
Property address (if no street address, provide parcel number and county)			

Part II - Seller's Information

First name	Initial	Last name	SSN or ITIN
Spouse's/RDP's first name (if jointly sold)	Initial	Last name	Spouse's/RDP's SSN or ITIN
Business name (if applicable)			<input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> CA SOS file no.
Address (apt./suite, room, PO Box, or PMB no.)			
City	State	ZIP Code	Installment Withholding Percent % Apply this percent to all installment payments.

I acknowledge that the buyer is required to withhold on the principal portion of each installment payment.

Part III - Installment Acknowledgement See instructions.

Principal Amount of Promissory Note	Payment Amount	Interest Rate	Terms of Repayment
		%	months

Part IV - Buyer's Acknowledgement to Withhold (Read the "Buyer" information below before you sign.)

I acknowledge that I am required to withhold on the principal portion of each installment payment to the seller for the above shown California real property either at the rate of 3 1/3% (.0333) or the Optional Gain on Sale withholding percentage, as specified by the seller on Form 593, Real Estate Withholding Tax Statement, of the principal portion of each installment payment. I will complete Form 593 for the principal portion of each installment payment and send one copy of each to the Franchise Tax Board along with Form 593-V, Payment Voucher for Real Estate Withholding, the withholding payment, and give one copy of Form 593 to the seller. I will send each withholding payment to the Franchise Tax Board by the 20th day of the month following the month of the installment payment. If the terms of the installment sale, promissory note, or payment schedule change, I will promptly inform the Franchise Tax Board. I understand that the Franchise Tax Board may review relevant escrow documents to ensure withholding compliance. I also understand that I am subject to withholding penalties if I do not withhold on the principal portion of each installment payment and do not send the withholding along with Form 593 to the Franchise Tax Board by the due date, or if I do not send one copy of Form 593 to the seller by the due date.

Print name and title _____

Buyer's signature _____ Date: _____

Buyer's spouse's/RDP's name (if on title) _____

Buyer's spouse's/RDP's signature (if applicable) _____ Date: _____

It is unlawful to forge a spouse's/RDP's signature.

Buyer: Make sure you copy all pages so you will have the instructions for withholding on subsequent payments. Provide the original Form 593-I, along with copies of the promissory note and seller's certified Form 593, to your real estate escrow person, who will mail the forms and remit the payment to the Franchise Tax Board. Your real estate escrow person will withhold on the principal portion of the first installment payment. You must withhold on the principal portion of all subsequent installment payments (including payoff or balloon payments). Complete Form 593 and Form 593-V, and mail the documents and payment to the Franchise Tax Board for the principal portion of each installment payment.

Seller: Make a copy of this form for your records.

Real Estate Escrow Person: Make a copy of this form for your records. Mail Form 593-V, the original Form 593-I, a copy of the promissory note, and seller's certified Form 593 to the Franchise Tax Board with the required amount of the first installment payment.

Instructions for Form 593-I

Real Estate Withholding Installment Sale Acknowledgement

What's New

Promissory Note – The Franchise Tax Board (FTB) requires the real estate escrow person to attach a copy of the promissory note to Form 593-I, Real Estate Withholding Installment Sale Acknowledgement. To facilitate the processing of this form, also enter the information from the promissory note requested in the new line added in Part III of the form.

General Information

For taxable years beginning January 1, 2010, use Form 593-V, Payment Voucher for Real Estate Withholding, to submit real estate withholding payments. **Do not** use Form 593, Real Estate Withholding Tax Statement, or Form 593-I to remit payments.

Installment Sales – For installment sales occurring on or after January 1, 2009, buyers are required to withhold on the principal portion of each installment payment if the sale of California real property is structured as an installment sale.

Withhold on Installment Sale Elect-out Method – If the seller elects not to report the sale on the installment method (Internal Revenue Code Section 453[d]), the seller must file a California tax return and report the entire sale on Schedule D-1. After filing the tax return and reporting the entire gain, the seller must submit a written request to the FTB to release the buyer from withholding on the installment sale payments. Once the request is received, FTB will issue an approval or denial within 30 days.

Registered Domestic Partners (RDP) – For purposes of California income tax, references to a spouse, husband, or wife also refer to a California RDP, unless otherwise specified. When we use the initials RDP they refer to both a California registered domestic “partner” and a California registered domestic “partnership,” as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

Purpose

When California real estate is sold on an installment basis, the buyer is required to withhold on the principal portion of each installment payment, an amount based on either 3 1/3% (.0333) of the total sales price, or the Optional Gain on Sale withholding amount from Form 593, line 5, which is certified by the seller. There is no withholding on the interest portion of the installment payment.

If you are the buyer, you must withhold on the principal portion of each installment payment and complete Form 593-I. Have your real estate escrow person send the completed Form 593-I, a copy of the promissory note, the seller's certified Form 593, and Form 593-V, to the FTB with the withholding on the principal portion of the first installment payment.

The withholding agent retains this form for a minimum of five years and must provide it to the FTB upon request.

Specific Instructions

Buyer Instructions

Complete all four parts of Form 593-I.

Part I – Buyer's Information

Enter your name as it is shown on the escrow instructions. Each buyer is required to withhold on individual payments and must complete a separate Form 593-I. However, if you are purchasing the property with your spouse/RDP and both of you will be on the promissory note, then include both of your names, social security numbers (SSNs) or individual taxpayer identification numbers (ITINs), and signatures on one form. If the buyer is a business, enter the business name in the business name field.

The buyer's identification number (SSN, ITIN, federal employer identification number (FEIN), CA corporation (Corp) no., or CA Secretary of State (SOS) file no.) is required on each form to be valid.

Foreign Address – Enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country's practice for entering the postal code. **Do not** abbreviate the country's name.

Part II – Seller's Information

Enter the seller's name as it is shown on the escrow instructions. Use a separate Form 593-I for each seller included on the promissory note. However, if the sellers are spouses/RDPs and both of them will be on the promissory note, then include both of their names and SSNs or ITINs on one form. If the seller is a business, enter the business name in the business name field.

The seller's identification number (SSN, ITIN, FEIN, CA Corp no., or CA SOS file no.) is required on each form to be valid.

If the seller is electing the Optional Gain on Sale withholding amount, ask the seller to provide you the installment withholding percentage that the seller calculated in the instructions for the Form 593. Include this installment withholding percentage in the appropriate box and use this percentage as part of the calculation for withholding on the principal portion of each installment payment.

Foreign Address – Enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country's practice for entering the postal code. **Do not** abbreviate the country's name.

Part III – Installment Acknowledgement

Attach to Form 593-I, a copy of the signed promissory note. If the buyer elected and certified the Optional Gain on Sale withholding amount, also attach an executed copy of the seller's certification of Form 593 to Form 593-I.

Promissory Note – Enter the terms of the promissory note and include the principal amount, payment amount, interest rate, and terms of repayment in months.

Part IV – Buyer's Acknowledgement to Withhold

By signing Part IV, you acknowledge that you will:

- Withhold on the principal portion of each installment payment.
- Authorize the real estate escrow person to withhold the required amount only on the first installment payment.
- Withhold 3 1/3% (.0333) or the Optional Gain on Sale withholding percentage, as specified by the seller on Form 593, on the principal portion of all subsequent installment payments.
- Give one copy of Form 593 to the seller by the 20th day of the month following the month of the installment payments.
- Send each withholding payment, with Form 593-V, and the completed Form 593 to the FTB by the 20th day of the month following the month of the installment payment (you **do not** need to obtain seller's signature on each subsequent and completed Form 593).
- Promptly inform the FTB if the terms of the installment sale, promissory note, or payment schedule change.
- Be subject to penalties if you do not:
 - Withhold on the principal portion of each installment payment.
 - Send the withholding along with form 593 to the FTB by the due date.
 - Send one copy of form 593 to the seller by the due date.

Make sure you copy all pages so you will have the instructions for withholding on subsequent payments. Give the original, with a copy of the promissory note, and a completed Form 593, to your real estate escrow person.

When you make subsequent installment payments, withhold either 3 1/3% (.0333) of the total sales price, or Optional Gain on Sale withholding percentage, as specified by the seller on Form 593, on the principal portion of each installment payment. **Mail withholding payments with Form 593-V, and a completed Form 593 for each withholding payment.**

When you send the withholding on the final installment payment, write "Final Installment Payment" on the bottom of Form 593.

We update our forms annually. Make certain you use the most current form. For more information on withholding on installment payments, see the instructions for Form 593 or call Withholding Services and Compliance at 888.792.4900 or 916.845.4900.

Real Estate Escrow Person Instructions

Make a copy of this form for your records. Send the completed original Form 593-I, a copy of the promissory note, the seller's certified Form 593, and Form 593-V, with the required withholding amount on the first installment payment to the FTB. Get Form 593 instructions for more information.

Interest and Penalties

Interest will be assessed on late withholding payments and is computed from the due date to the date paid. If the real estate escrow person does not notify the buyer of the withholding requirements in writing, the penalty is the greater of \$500 or 10% of the required withholding.

If the buyer (after notification) or other withholding agent does not withhold, the penalty is the greater of \$500 or 10% of the required withholding.

If the buyer or other withholding agent does not furnish complete and correct copies of Form 593 to the seller by the due date, the penalty is \$50 per Form 593. If the failure is due to an intentional disregard of the requirement, the penalty is the greater of \$100 or 10% of the required withholding.

If the buyer or other withholding agent does not furnish complete and correct copies of Form 593 to the FTB by the due date but does file them within 30 days of the due date, the penalty is \$15 per Form 593. If Form 593 is filed more than 30 days but less than 180 days after the due date, the penalty is \$30 per Form 593. If Form 593 is filed more than 180 days after the due date, the penalty is \$50 per Form 593. If the failure is due to an intentional disregard of the requirement, the penalty is the greater of \$100 or 10% of the required withholding.

Additional Information

To get withholding forms or publications, or to speak to a representative, contact our Withholding Services and Compliance's automated telephone service at:

888.792.4900, or
916.845.4900
FAX 916.845.9512

Or write to:

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

You can download, view, and print California tax forms and publications at ftb.ca.gov.

Or to get forms by mail write to:

TAX FORMS REQUEST UNIT
FRANCHISE TAX BOARD
PO BOX 307
RANCHO CORDOVA CA 95741-0307

Internet and Telephone Assistance

Website: ftb.ca.gov
Telephone: 800.852.5711 from within the United States
916.845.6500 from outside the United States
TTY/TDD: 800.822.6268 for persons with hearing or speech impairments

Asistencia Por Internet y Teléfono

Sitio web: ftb.ca.gov
Teléfono: 800.852.5711 dentro de los Estados Unidos
916.845.6500 fuera de los Estados Unidos
TTY/TDD: 800.822.6268 personas con discapacidades auditivas y del habla