

This brochure provides an overview of withholding on real estate sales by foreign sellers including:

- ◆ Taxpayer Identification Number.
- ◆ Withholding exemptions.
- ◆ Withholding methods.
- ◆ False exemption certification.
- ◆ Filing instructions.

Forms and Publications

Go to ftb.ca.gov to find the following forms and publications we mention in this brochure:

Search for...	Title
593	Real Estate Withholding Tax Statement
593-C	Real Estate Withholding Certificate
593-E	Real Estate Withholding – Computation of Estimated Gain or Loss
1016	Real Estate Withholding Guidelines

For more information about real estate withholding, see Franchise Tax Board (FTB) Pub 1016.

Contact Us

Web

Go to ftb.ca.gov and search for **withholding requirements** for more information on this topic.

MyFTB offers secure online tax account information and services, including available nonwage withholding credits. For more information and to register, go to ftb.ca.gov.

Phone or Fax

Phone: 888.792.4900
916.845.4900 (outside U.S.)
TTY/TDD: 800.822.6268
Fax: 916.845.9512

Mail

WITHHOLDING SERVICES
AND COMPLIANCE MS F182
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California Real Estate Withholding

Foreign Sellers

An Overview for Foreign Sellers



Overview

For withholding purposes, “foreign” (non-U.S.) is defined as a nonresident alien of the United States.

As a foreign seller of California real property, you must follow the same withholding requirements as domestic sellers. Unless a full or partial exemption applies, California law requires real estate withholding when a transfer of title on California real property occurs.

Taxpayer Identification Number

As a foreign seller, you need an Individual Taxpayer Identification Number (ITIN) to:

- ◆ Submit a completed and signed Form 593-C to certify that you qualify for a withholding exemption.
- ◆ Timely file your California income tax return.

You may apply for an ITIN through the Internal Revenue Service. If you cannot meet the criteria for a withholding exemption or cannot get an ITIN before the close of escrow, Form 593-C is void and withholding is required.

Withholding Exemptions

Review Form 593-C to determine if you meet the criteria for a full or partial exemption from real estate withholding.

To certify your real estate withholding exemption qualification, submit a completed and signed Form 593-C to your real estate escrow person before the close of the real estate transaction.

Withholding Methods

To calculate withholding, you may choose one of the following methods:

- ◆ Total Sales Price method:
Total sales price x 3 1/3% (.0333)
- ◆ Optional Gain on Sale Election:*

*If you choose the Optional Gain on Sale Election (also known as Alternative Withholding Calculation Method), you must complete and sign Form 593 and Form 593-E. File Form 593 with us and retain Form 593-E for at least five years.

False Exemption Certification

If you knowingly complete and sign Form 593-C with false information to avoid withholding, you are liable for a penalty of \$1,000 or 20 percent of the required withholding amount, whichever is greater.

Filing Instructions

You must timely file a California income tax return and claim the amount withheld.

If you had no ITIN at the close of escrow, you must contact us once you get one to allow us to:

- ◆ Assign the withholding credit to your account.
- ◆ Approve your claim for withholding credit when you file your income tax return.

If you fail to provide us a valid ITIN, we may be unable to apply your withholding credit when we process your income tax return.

