

REAL ESTATE WITHHOLDING INVOLVING MULTIPLE SELLERS

WITHHOLDING IS REQUIRED WHEN CALIFORNIA REAL ESTATE IS SOLD OR TRANSFERRED

Withholding is NOT required if any of the following apply:

- The total sales price is \$100,000 or less.
- The property is in foreclosure (sold pursuant to a power of sale under a mortgage or deed of trust, sold pursuant to a decree of foreclosure, or by a deed in lieu of foreclosure).
- The transferor is a bank acting as a trustee other than a trustee of a deed of trust.
- The seller or transferor certifies to an exemption.

When multiple sellers in a California real property hold interest or interests within the same escrow, withholding is required by each seller unless the seller qualifies for an exemption. A sale of multiple California real property interests within the same escrow constitutes one transaction for withholding purposes. Each seller uses Form FTB 593-C, Real Estate Withholding Certificate to determine whether they qualify for a full or partial withholding exemption. See the exemptions on Form FTB 593-C, Part II and Part III. Each seller must complete and certify Form FTB 593-C.

EXAMPLES

Single seller, single property

Clark Kent owned 123 Lois Lane. Clark Kent is in escrow with a total sales price of \$990,000. As the seller, Clark Kent must qualify for an exemption and complete and certify Form FTB 593-C. If the completed Form FTB 593-C is not received before the close of escrow or Clark Kent does not qualify for an exemption, then withholding is required.

If the total sale price was \$90,000, withholding and Form FTB 593-C is not required.

Single seller, multiple properties

Olive Oyl owned 456, 567, and 678 Popeye Avenue. She is in escrow with a total sales price of \$300,000 for the sale of each at \$100,000. As the seller, Olive Oyl must qualify for an exemption and complete and certify form FTB 593-C because the single escrow constitutes one transaction for withholding purposes. If Form FTB 593-C is not received before the close of escrow or Olive Oyl does not qualify for an exemption, withholding is required.

Multiple sellers, multiple properties

Huey, Dewey, and Louie Duck owned 111, 112, 113, 114, 115, 116, 117, and 118 Duck Road. Huey, Dewey and Louie Duck are in escrow for the sale of each at \$35,000 for a total sale price of \$280,000. As the sellers, Huey, Dewey, and Louie Duck must each qualify for an exemption and each must complete and certify form FTB 593-C because the single escrow constitutes one transaction for withholding purposes. If Forms FTB 593-C are not received before the close of escrow or Huey, Dewey or Louie Duck do not qualify for an exemption, withholding is required on the seller(s) that did not provide a completed and certified form FTB 593-C or qualify for an exemption.

If each sold at \$10,000 with a total sales price of \$80,000, withholding and Form FTB 593-C is not required.