

Members of the Franchise Tax Board

Betty T. Yee, Chair  
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**This booklet contains:**

**Form 593**, Real Estate Withholding Tax Statement

**Form 593-C**, Real Estate Withholding Certificate

**Form 593-E**, Real Estate Withholding – Computation of Estimated Gain or Loss

**Form 593-I**, Real Estate Withholding Installment Sale Acknowledgement

**Form 593-V**, Payment Voucher for Real Estate Withholding

Advanced Draft  
as of 10/04/17



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## ONLINE SERVICES

Go to [ftb.ca.gov](http://ftb.ca.gov) for:

- **Forms with Instructions** – Find current real estate withholding forms and instructions.
- **Publication 1016**, Real Estate Withholding Guidelines.

- **Secure Web Internet File Transfer (SWIFT)** – File your information returns electronically.
- **Subscription Services** – Sign up to receive emails on updated real estate withholding information.

- **Webinars** – Information on real estate forms.

## 2018 California Real Estate Forms and Instructions

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2015**, and to the California Revenue and Taxation Code (R&TC).

### General Information

#### Real Estate Withholding Requirement

Withholding is required when 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 Franchise Tax Board (FTB) as required by R&TC Section 18662.

#### Purpose

Use the forms and instructions in this booklet for real estate sales or transfers closing in 2018. For more information about real estate withholding, get FTB Publication 1016, Real Estate Withholding Guidelines.

#### Real Estate Withholding Forms to Use During Escrow

Use the charts on the following page to determine which forms you will need to use if you are a real estate seller, buyer, QI, or REEP.

#### Information on Installment Payments That Follow the Close of the Real Estate Transaction

The buyer must continue to withhold on all installment payments following the close of the real estate transaction. By the 20th day of the month following the month of each installment payment:

- Complete and file a **current tax year** Form 593 and the required withholding payment along with Form 593-V.
- Provide a copy of Form 593 to the seller.

#### Real Estate Withholding Exclusions

The following are excluded from withholding on real estate transactions:

- 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.

If you are a seller, buyer, REEP, or QI, use this guide to help you get started on California real estate withholding during escrow. For more details, see the individual forms with instructions and FTB Pub.1016.

	<b>Form</b>	<b>Title and Purpose</b>	<b>Required Action</b>
<b>Seller</b>	593-C	<b>Real Estate Withholding Certificate</b> Certify that you qualify for a full or partial exemption from real estate withholding.	<ul style="list-style-type: none"> <li>If you qualify for an exemption, complete, sign, and return Form 593-C to your REEP before the close of the real estate transaction.</li> </ul>
	593-E	<b>Real Estate Withholding – Computation of Estimated Gain or Loss</b> Calculate whether you have a gain, loss, or zero gain on the real estate sale.	<ul style="list-style-type: none"> <li>If you calculate a loss or zero gain on the sale, you can claim an exemption from withholding using Form 593-C. (See Required Action for Form 593-C.)</li> <li>If you calculate a gain on the sale, you may choose to use the optional gain on sale withholding calculation instead of the total sales price method.</li> <li>Sign and keep a copy of Form 593-E for 5 years.</li> </ul>
	593	<b>Real Estate Withholding Tax Statement</b> Report your withholding on the real estate sale, or certify you are using the optional gain on sale withholding calculation method.	<ul style="list-style-type: none"> <li>If you do not qualify for an exemption, withholding is required. You must complete the seller information on Form 593 and provide it to your REEP.</li> <li>If you choose to use the optional gain on sale withholding calculation method:               <ol style="list-style-type: none"> <li>Notify the REEP of the withholding amount.</li> <li>Sign Form 593.</li> </ol> </li> </ul>

	<b>Form</b>	<b>Title and Purpose</b>	<b>Required Action</b>
<b>Buyer</b>	593-I	<b>Real Estate Withholding Installment Sale Acknowledgment</b> Disclose the terms of the installment sale transaction and acknowledge you will withhold on each future installment payment.	<ul style="list-style-type: none"> <li>If you enter into an installment agreement with the seller, complete and sign Form 593-I and return it to the REEP. Include a copy of the promissory note.</li> <li>Keep a copy of Form 593-I. You need the information to complete withholding on future installment payments.</li> </ul>

	<b>Form</b>	<b>Title and Purpose</b>	<b>Required Action</b>
<b>QI/REEP/Buyer</b>	593-C	<b>Real Estate Withholding Certificate</b> Verify the seller is exempt from withholding.	<ul style="list-style-type: none"> <li>Verify you received a completed, signed Form 593-C <b>before</b> the close of the real estate transaction.</li> <li>Keep a copy of Form 593-C for 5 years.</li> </ul>
	593	<b>Real Estate Withholding Tax Statement</b> Report withholding on real estate sales or transfers.	<ul style="list-style-type: none"> <li>Verify Form 593 is signed if the seller chooses the optional gain on sale withholding calculation method.</li> </ul>
	593-V	<b>Payment Voucher for Real Estate Withholding</b> Remit withholding payments on real estate sales or transfers.	<ul style="list-style-type: none"> <li>Submit Form 593, Form 593-V, and Form 593-I with a copy of the promissory note (if applicable) to FTB within 20 days following the end of the month in which the sale occurred.</li> </ul>
	593-I	<b>Real Estate Withholding Installment Sale Acknowledgment</b> Report an installment sale (if applicable).	<ul style="list-style-type: none"> <li>Provide the seller with a copy of the completed Form 593 within 20 days following the end of the month the real estate transaction closes.</li> <li>Keep a copy of all real estate withholding forms for 5 years.</li> </ul>

Go to [ftb.ca.gov/forms](http://ftb.ca.gov/forms) to get the forms referenced above. For questions about California real estate withholding, contact Withholding Services and Compliance at 888.792.4900 or 916.845.4900.

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# How to Get California Tax Information

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## Additional Information


- Website: For more information, go to **ftb.ca.gov** and search for **nonwage**. **MyFTB** offers secure online tax account information and services.  
For more information, go to **ftb.ca.gov** and login or register for MyFTB.
- Telephone: **888.792.4900** or **916.845.4900**, Withholding Services and Compliance phone service
- Fax: **916.845.9512**
- Mail: **WITHHOLDING SERVICES AND COMPLIANCE MS F182**  
**FRANCHISE TAX BOARD ~~PO BOX 942867~~**  
**SACRAMENTO CA 94267-0651**

For questions unrelated to withholding, or to download, view, and print California tax forms and Publications, or to access the TTY/TDD numbers, see the information below.

### 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: **800.735.2929** for persons with hearing or speech disability  
**711** or **800.735.2929** California relay service

### 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: **800.735.2929** para personas con discapacidades auditivas o del habla  
 **711** o **800.735.2929** servicio de relevo de California