

# REAL ESTATE WITHHOLDING

## THE 593, REAL PROPERTY, AND TRUSTS

The governing withholding laws (California Code of Regulations, Title 18, Sections 18662-0 through 18662-6, and Section 18662-8) were revised and were effective as of November 2019. As of January 1, 2020, California real estate withholding changed.

We now have one [Form 593, Real Estate Withholding Statement](#), which is filed with FTB after every real estate transaction.

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

### Examples Of Real Property:

- Vacant land
- Buildings
- Homes

### Withholding Is Required On Sales Or Transfers Of:

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

### 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.

### Withholding When A Trust Is On A Title:

Real estate withholding is required on the sale of CA real property held by a trust unless the trust can qualify for an exemption on Form 593.

There are two types of trusts; a grantor and a nongrantor trust.

#### Grantor Trust:

- A grantor is the person who created the trust and controls the trust assets.
- The grantor reports the real estate sale and claims the withholding on their tax return.
- Unless the grantor qualifies for an exemption, complete Form 593 using the grantor's information.

#### Nongrantor Trust:

- A nongrantor trust is an entity separate from the grantor for all tax purposes. Complete Form 593 using the name of the trust and its FEIN.