

CAL WITHHOLDING & YOUR ESCROW

When a property is sold this law requires that **3 1/3%** of the gross sales price or an alternative withholding amount be paid to the Franchise Tax Board on non owner-occupied property on behalf of the Seller. The Buyer is responsible to hold this amount from any Seller proceeds. This tax is a prepayment of California State Income tax for Sellers on the taxable gain of California real property.



Escrow is required to provide a notice of the **CAL WITHHOLDING** requirements to the parties of the transaction. Escrow cannot make any determination as to whether any exemption applies. The Buyer can request the task be passed on to escrow. Escrow will charge a fee for processing the withholding or waiver.

Exemptions from withholding:

- If the sales price is less than \$100,000
- If the property is your principal residence
- If you are selling at a loss

*To qualify for an exemption the Seller must sign a statement under penalty of perjury to establish eligibility for the exemption. For more information contact your tax professional or contact the Franchise Tax Board of CA:
<https://www.ftb.ca.gov/pay/withholding/real-estate-withholding.html>