

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.

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>