



REQUIREMENTS FOR OBTAINING CERTIFICATE OF RELEASE OF BUYER (DE 2220) WHEN A BUSINESS IS SOLD

REASONS TO OBTAIN THE CERTIFICATE

Section 1733 of the California Unemployment Insurance Code (CUIC) provides that any person or employing unit that fails to withhold money or other property or fails to pay the amount or value of the property withheld from the acquisition of an organization, trade or business, or substantially all the assets of an employer, shall be personally liable for the payment of State payroll taxes, interest, and penalties owed or unpaid from the seller up to, but not exceeding, the amount of the purchase price, if certain requirements are not fulfilled.

The buyer of a business is required to withhold, in trust, money or other property sufficient in amount or value to cover the amount due or unpaid from the seller until that seller provides a certificate from the Employment Development Department (EDD) stating that no taxes, interest, or penalties are due.

To avoid personal liability, the buyer should make sure that purchase funds are not distributed until the certificate is issued by EDD. Compliance with Section 3440, Code of Civil Procedure, regarding the publishing of a Notice of the Intended Sale of Business, will not relieve buyer of their obligation in this respect.

A *Certificate of Release of Buyer* is not necessary if the seller is not an employer as defined under Sections 675 and 676 of the CUIC.

Section 1732(b) of the CUIC provides that the issuance of a certificate shall not release the seller of any present or future incurred liabilities.

The seller is required to file and pay all final returns within 10 days of quitting business pursuant to Section 1116 of the CUIC.

HOW TO OBTAIN THE CERTIFICATE

In order to determine the amount of the seller's liability, the seller, buyer and/or their agent should mail, fax, or bring to the nearest Employment Tax Office (ETO):

- Written release request that includes the seller's name and account number, the buyer's name, the business name(s) and address(es), the closing/acquisition date, and the purchase price (Escrow Instructions, *Release of Buyer Request Form*, DE 2220R).
- Signed Semi-Weekly/Monthly/Quarterly Report of Contributions (*Payroll Tax Deposit*, DE 88 and/or DE 88ALL) for the current and/or delinquent quarters with payment and/or proof of payment thereof may be required.
- Signed *Quarterly Wage and Withholding Report* (DE 6) or other EDD required form(s), e.g., *Annual Reconciliation Statement* (DE 7), for current and/or delinquent quarter(s) or year(s) may be required.

EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids and/or alternate formats need to be made by calling 1-888-745-3886 (voice) or 1-800-547-9565 (TTY).

OTHER INFORMATION

For additional information, please contact the local ETO nearest you as listed below:

CITY	ADDRESS	PHONE	FAX
• Anaheim	2099 S. State College Blvd., Ste. 401, 92806	(714) 935-2920	(714) 935-2930
• Bakersfield	1800 30th Street, Ste. 390, 93301	(661) 335-7308	(661) 395-2563
• Modesto	3340 Tully Road, Ste. E-10, 95350	(209) 576-6110	(209) 576-6127
• Redding	1255 Shasta Street, 96001	(530) 225-2208	(530) 225-2209
• San Bernardino	464 W. 4th Street, Ste. 454A, 92401	(909) 383-7906	(909) 383-7900
• San Diego	3110 Camino Del Rio South, Ste. 100, 92108	(619) 516-1945	(619) 516-1930
• San Jose	906 Ruff Drive, 95110	(408) 277-9447	(408) 277-9453
• Santa Fe Springs	10330 Pioneer Blvd., Ste. 150, 90670	(562) 903-4017	(562) 903-4095
• Van Nuys	6150 Van Nuys Blvd., Rm. 210, 91401	(818) 901-5160	(818) 901-5605

You may also call our Taxpayer Assistance Center at (888) 745-3886 or visit our Web site at www.edd.ca.gov/taxrep/taxcyb.htm