

7% Nonresident Withholding

California Revenue and Taxation Code Section
18662

Franchise Tax Board Publication 1017

Presenters:

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Celeste Wiggins

Entities Subject to Withholding

- Individuals that are Nonresident
- Corporations, Partnerships, and LLCs that do not have a place of business in California (or are not qualified through Secretary of State of California)

Income Subject to Withholding

- Types of California Source Income
- LOCATION
 - Personal Services Performed
 - Entertainers and Athletes
 - Rent and Royalties on Real Properties or
 - Tangible Personal Properties

When-Why-Impact of the 7%

- Commence Withholding on 10/1/2012
- Penalties
- Automation
- Additional Work Requirement to Departments

FTB Forms and Usage

587 – Allocation of Source Income

588 - Waiver Request

589 – Reduced withholding
Certificate

590 – Withholding Exemption

592B – Withholding Tax Statement to
Payee

Reporting Requirements

- Quarterly Electronic Filing - FTB Form 592 - with Remittance
- Annual FTB Form 592B to Vendors

Response to Vendor Inquiries

7% Withholding Required by California Law

Applicable to Nonresident Income sources from
California

Ftb.ca.gov Website or E-mail wscs.gen@ftb.ca.gov

Call 916.845.4900 / 888-792-4900

ACO Contact: 951.955.3840 Celeste Wiggins

Or 951.955.3841 Sue Warner

Summary

- The 7% Withholdings on Nonresidents to Commence 10/1/2012
 - R&CC 18662
 - FTB Pub. 1017
 - Entities
 - Income
 - FTB Forms
 - Automation
 - Responding to Inquiries from Vendors

In Compliance

Q & A