7% Nonresident Withholding

California Revenue and Taxation Code Section 18662

Franchise Tax Board Publication 1017

Presenters:
Sue Warner
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