

Contact Us

Website

Go to ftb.ca.gov and search for **nonresident withholding**.

Phone or Fax

Phone: 888.792.4900
916.845.4900 (outside U.S.)
800.822.6268 (TTY/TDD)
Fax: 916.845.9512

Email

wscs.gen@ftb.ca.gov

(This is not a secure email address.
Do not send confidential information.)

Mailing Address

WITHHOLDING SERVICES
AND COMPLIANCE MS F182
FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0651

Withholding Services and Compliance Section

The information in this brochure is intended to provide basic information to determine if you have a withholding requirement. There are specific rules, guidelines, and forms associated with each withholding type. For more information, refer to FTB Pub. 1017, *Resident and Nonresident Withholding Guidelines*.



Have a smartphone? Scan this QR code for more information.

California's Other Withholding



A basic overview of your nonresident withholding requirements

When To Withhold

Do you pay independent contractors to provide services in California for your business?

Is the independent contractor a resident of another state?

Do you pay the independent contractor more than \$1,500 in a calendar year?

If you answered yes to all three questions, we may require you to withhold 7 percent from the payments you make and send us the withheld amount.

The 7 percent withheld amount is a prepayment of the tax the nonresident independent contractor may owe on the income earned in our state.

This withholding requirement does not apply to:

- Wages you paid to employees. (The Employment Development Department [EDD] administers wage withholding.)
- Payments for goods, supplies, and merchandise.
- Payments for services performed outside of California.

What To Do Now

Follow these simple steps to report your withholding responsibility:

1. Deduct 7 percent from the payment amount.
2. Complete and print FTB Form 592, *Resident and Nonresident Withholding Statement*.
3. Complete and print FTB Form 592-V, *Payment Voucher for Resident and Nonresident Withholding*.
4. Send the withholding payment and completed Forms 592 and 592-V to FTB.
5. Complete Form 592-B, *Resident and Nonresident Withholding Tax Statement*, for each independent contractor, and send it to them by January 31 annually.

It is important you comply with the withholding requirement because if you don't, you could be liable for the amount you should have withheld, plus penalties and interest.

Withholding Examples

Your business pays a nonresident \$3,500 to perform a service in California.

We require nonresident withholding because the nonresident performed the service in California. Withholding is optional on the first \$1,500, so you withhold:

$$\begin{aligned} \$3,500 \times 7\% &= \$245 \text{ or} \\ (\$3,500 - \$1,500) \times 7\% &= \$140 \end{aligned}$$

Your business pays a nonresident \$3,500 to perform a service outside of California.

We do not require nonresident withholding on services the nonresident performs outside California.

Your business pays a nonresident \$3,500 for goods used in your business.

We do not require nonresident withholding on payments for goods.

Your business pays an employee (resident or nonresident) wages of \$3,500 to perform a service in or outside of California.

We do not require nonresident withholding on wages you pay to employees. EDD administers wage withholding.