

**Example #3: 592 & 592-Bs with flow thru and domestic nonresident withholding Scenario:**

Partnership D withheld on Partnership C, and Partnership C is flowing the withholding through to its partners. In addition, Partnership C is withholding on a distribution of other California source income (not from Partnership D) to its domestic nonresident partner. Partnership C has one domestic nonresident partner and one resident partner.

**Nonresident Withholding**  
 (Independent contractors; rents; royalties; estate & trust beneficiaries; domestic nonresident partners/members)  
 If you withheld on foreign (non-U.S.) partners, use Side 2 of this form.  
 If you withheld on both foreign partners and other payees, file a separate Form 592 for the foreign partners.

Form 592-B Type:  Form 592-B attached for each recipient.  Form 592-B information on magnetic media.

**Part I Withholding Agent**

Name of withholding agent (payer) **Partnership C**  
 California corporation or S corporation  California corporation or S corporation  SSIN **0 5 0 0 0 0 0 0**  
 Withhold on distributions to domestic nonresident partners/members   
 Contact person's name and title (please type or print) **Patty Partner, General Partner**  
 City **6 Big Business Lane** State **CA** Zip Code **95000** PMB no. **(999) 980-0000**  
 Daytime telephone number

**Line 1:** Enter the number of Forms 592-B attached for domestic nonresident partners who received a distribution which was withheld upon.

Check the appropriate Type of Income box.

**Part II Tax Withheld**

Type of Income:  Payment to Independent Contractor  Rents or Royalties  Estate Distributions  Trust Distributions  
 Distributions to Domestic Nonresident Partners/Members (see Side 2 for foreign partners/members)  
 Other

1	Enter total amount of other California source income (unrelated to the withholding by Partnership D) that Partnership C distributed to its domestic nonresident partner and directly withheld upon.	1	1
2	Total	2	26,000 00
3	Total	3	1,820 00
4	Prior payments	4	0 00

**Line 2:** Enter the total amount of other California source income (unrelated to the withholding by Partnership D) that Partnership C distributed to its domestic nonresident partner and directly withheld upon.

Date	Amount	Date	Amount	Date	Amount

**Line 3:** Enter the total amount Partnership C withheld from distributions to its domestic nonresident partner.

**5 Balance due.** Subtract line 4 from line 3 and enter the balance due. If less than zero, enter -0-. Attach a check or money order for the full amount payable to "Franchise Tax Board."

Total prior payments ..... 4 0 00  
 Balance due ..... 1,820 00

**Part III Tax Withheld**

6 Enter number of additional Forms 592-B attached for the partners who were not withheld upon directly but who are receiving a portion of the amount withheld on Partnership C. Since the credit must be allocated to all of your partners according to their partnership interest, this number should normally equal the number of partners who were not withheld upon directly. **1**

7 Enter amount withheld on distributions to domestic nonresident partners (including the amount withheld on line 3 or any credit balance). This credit must be distributed to all partners who were not withheld upon directly. **6,720 00**

**Line 6:** Enter the number of Forms 592-B attached for the partners who were not withheld upon directly but who are receiving a portion of the amount withheld on Partnership C. Since the credit must be allocated to all of your partners according to their partnership interest, this number should normally equal the number of partners who were not withheld upon directly.

**Do not include Forms 592-B for partners who were also withheld upon directly (included on Line 1).**

**Part IV Perjury Statement**

Under penalties of perjury, I declare that I prepared this return to the best of my knowledge and belief, and to the best of my knowledge and belief, it is true, correct, and complete.

Partnership C, Patty Partner, General Partner  
 Name and title of withholding agent (type or print) **Patty Partner**  
 Signature of withholding agent **Patty Partner** Date **01/15/05**

**Nancy Numbers, Accountant- All Right Accounting**  
 Name and title of preparer other than withholding agent (type or print) **Nancy Numbers**  
 Signature of preparer other than withholding agent **Nancy Numbers** Date **01/15/05**

**5678 Tax Road, Anywhere, NV 55555**  
 Address of preparer

**( 999 ) 987-6543 ext.1234**  
 Daytime telephone number of preparer

**Line 7:** Enter the total amount that was withheld by another entity that you are allocating to your partners.

This amount needs to be supported by Form 592-B, 593-B or 594 from the entity that withheld on the partnership.

YEAR

2 0 0 4

This 592-B shows the amount Partnership D withheld from Partnership C. Partnership D completed this 592-B and gave it to Partnership C.

CALIFORNIA FORM

592-B

Nonresident withholding tax statement

Copy B FILE WITH THE STATE RETURN

Part I Recipient

Recipient's name <b>Partnership C</b>		<input type="checkbox"/> SSN	
Address (number and street) <b>6 Big Business Drive</b>		PMB no.	<input checked="" type="checkbox"/> FEIN <input type="checkbox"/> California corp. no. <b>0 5 0 5 0 5 0 5 0</b>
City <b>Anywhere</b>	State <b>NV</b>	ZIP Code <b>55555</b>	Country

Part II Withholding agent

Withholding agent's (payer's/partnership's/limited liability company's) name <b>Partnership D</b>		<input type="checkbox"/> SSN	
Address (number and street) <b>25 Fossil Road</b>		PMB no.	<input checked="" type="checkbox"/> FEIN <input type="checkbox"/> California corp. no. <b>0 6 0 6 0 6 0 6 0</b>
City <b>Anywhere</b>	State <b>CA</b>	ZIP Code <b>99999</b>	Daytime telephone number <b>( 999 ) 345-6789 ext. 9999</b>

Part III Type of income subject to withholding. Check the applicable box(es).

<input type="checkbox"/> Payment to Independent Contractor	<input type="checkbox"/> Rents or Royalties	<input type="checkbox"/> Estate Distributions	<input type="checkbox"/> Trust Distributions	<input type="checkbox"/> Allocations to Foreign (non-U.S.) Nonresident Partner/Member	<input checked="" type="checkbox"/> Distributions to Domestic (U.S.) Nonresident Partner/Member	<input type="checkbox"/> Other _____ (describe)
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Part IV Tax Withheld

1 Total amount subject to withholding .....	1	96,000	00
2 Total California tax withheld .....	2	6,720	00

Tax Withheld By Another Entity

Write "Tax Withheld By Another Entity" on the withholding document you received from the entity that withheld on you. This allows the Franchise Tax Board to easily distinguish this Form 592-B, which shows the withholding on Partnership C, from the other Forms 592-B showing the allocation of this withholding credit to Partnership C's partners.

YEAR \_\_\_\_\_

**Example 3: Partner #1**  
 Domestic nonresident partner with a 25 percent interest  
**Domestic nonresident withholding and flow thru withholding**

CALIFORNIA FORM

**592-B**

**2 0 0 4** Non

Attach to Form 592 for each recipient. See the separate instructions for Forms 592 and 592-A.

**Copy A** FOR FRANCHISE TAX BOARD

**Part I Recipient**

Recipient's name <b>Partner #1</b>		<input checked="" type="checkbox"/> SSN <b>0 7 8 0 7 8 0 7 8</b>
Address (number and street) <b>1313 Mockingbird Way</b>	PMB no.	<input type="checkbox"/> FEIN <input type="checkbox"/> California corp. no.
City <b>Someplace</b>	State <b>OR</b>	ZIP Code <b>88888</b>

**Part II Withholding agent**

Withholding agent's (payer's/partnership's/limited liability company's) name <b>Partnership C</b>		<input type="checkbox"/> SSN
Address (number and street) <b>6 Big Business Drive</b>	PMB no.	<input checked="" type="checkbox"/> FEIN <input type="checkbox"/> California corp. no. <b>0 5 0 5 0 5 0 5 0</b>
City <b>Anywhere</b>	State <b>NV</b>	ZIP Code <b>55555</b>
		Daytime telephone number ( <b>999</b> ) <b>987-6543 ext. 6789</b>

**Part III Type of income subject to withholding.** Check the applicable box(es).

<input type="checkbox"/> Payment to Independent Contractor	<input type="checkbox"/> Rents or Royalties	<input type="checkbox"/> Estate Distributions	<input type="checkbox"/> Trust Distributions	<input type="checkbox"/> Allocations to Foreign (non-U.S.) Nonresident Partner/Member	<input checked="" type="checkbox"/> Distributions to Domestic (U.S.) Nonresident Partner/Member	<input type="checkbox"/> Other _____ (describe)
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**Part IV Tax Withheld**

1 Total amount subject to withholding .....	1	50,000	00
2 Total California tax withheld .....	2	3,500	00

**Line 1:** The total amount subject to withholding should be the nonresident partner's distribution of California source income **plus** the partner's share of the total amount subject to withholding shown on the Form 592-B given to Partnership C.

**Partner's total amount subject to withholding:**

26,000.00 (Amount of California source income for this partner that was withheld upon by Partnership C)

+ 24,000.00 (Allocable amount of flow thru income subject to withholding for this partner (\$96,000 x .25))

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**50,000.00 (Total amount subject to withholding for this partner)**

**Line 2:** Enter the total amount that was withheld from Partner #1's distribution **plus** the amount of flow thru credit that was allocated to Partner #1.

**Partner's total California tax withheld:**

1,820.00 (Amount directly withheld by Partnership C from distributions to this domestic nonresident partner (\$26,000 x .07))

+ 1,680.00 (Allocable amount of flow thru withholding for this partner (\$6,720 x .25))

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**3,500.00 (Total California tax withheld for this partner)**

YEAR

2 0 0 4

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**Example #3: Partner #2**  
Resident Partner with a 75 percent interest  
Flow thru withholding only

CALIFORNIA FORM

**592-B**

Attach to Form 592 for each recipient. See the separate instructions for Forms 592 and 592-A.

**Copy A** FOR FRANCHISE TAX BOARD

**Part I Recipient**

Recipient's name <b>Partner #2</b>		<input checked="" type="checkbox"/> SSN 0 1 0 0 1 0 0 1 0
Address (number and street) <b>5000 Luxury Lane</b>	PMB no.	<input type="checkbox"/> FEIN <input type="checkbox"/> California corp. no.
City <b>Anywhere</b>	State <b>CA</b>	ZIP Code <b>99999</b>

**Part II Withholding agent**

Check the same checkbox that was checked on the Form 592-B from Partnership D.

Withholding agent's (payer's)/ <b>Partnership C</b>		<input checked="" type="checkbox"/> FEIN <input type="checkbox"/> California corp. no.
Address (number and street) <b>6 Big Business Drive</b>		0 5 0 5 0 5 0 5 0
City <b>Anywhere</b>	State <b>NV</b>	Daytime telephone number ( 999 ) 987-6543 ext. 6789

**Part III Type of income subject to withholding.** Check the applicable box(es).

<input type="checkbox"/> Payment to Independent Contractor	<input type="checkbox"/> Rents or Royalties	<input type="checkbox"/> Estate Distributions	<input type="checkbox"/> Trust Distributions	<input type="checkbox"/> Allocations to Foreign (non-U.S.) Nonresident Partner/Member	<input checked="" type="checkbox"/> Distributions to Domestic (U.S.) Nonresident Partner/Member	<input type="checkbox"/> Other (describe)
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**Part IV Tax Withheld**

1 Total amount subject to withholding	1	72,000	00
2 Total California tax withheld	2	5,040	00

**Line 1:** The total amount subject to withholding should be the total amount subject to withholding shown on the Form 592-B given to Partnership C multiplied by the partner's interest in Partnership C.

$$\begin{array}{r}
 96,000.00 \text{ (Amount subject to withholding shown on the Form 592-B given to Partnership C)} \\
 \times \quad .75 \text{ (Partner \#2's interest in Partnership C)} \\
 \hline
 72,000.00 \text{ (Total amount subject to withholding for this partner)}
 \end{array}$$

**Line 2:** Enter the credit that is allocated to Partner #1.

$$\begin{array}{r}
 6,720.00 \text{ (Total amount withheld from Partnership C)} \\
 \times \quad .75 \text{ (Partner \#2's interest in Partnership C)} \\
 \hline
 5,040.00 \text{ (Total California tax withheld for this partner)}
 \end{array}$$