

Example #6: 592 & 592-Bs with flow thru and foreign (non-U.S.) partner withholding on the income not included on the flow thru 592-B

Scenario:

Partnership K withheld on Partnership J, a foreign (non-U.S.) partnership, and Partnership J is flowing the withholding through to its partners. In addition, Partnership J is withholding on its foreign partner. Partnership J has 1 foreign partner who is an individual and 1 resident partner.

Foreign Partner or Member Withholding

If you withheld on payees other than foreign (non-U.S.) partners/members, use Side 1 of this form.
If you withheld on both foreign partners/members and other payees, file a separate Form 592 for the foreign partners/members.

Taxable year: Beginning month 01 day 01 year 2004, and ending month 12 day 31 year 2004

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

Part I Withholding Agent [partnership or limited liability company (LLC)]

Name of withholding agent (partnership or LLC)

Partnership J

Address (number and street)

2005 Down Under Way, Sydney NSW 2001 Australia

Contact person's name and title (please type)

Pierre Partner, General Partner

Withholding Agent's phone no.

002

City

State

Zip Code

002

3210 ext. 666

Indicate whether all members of the partnership are foreign. If not, you **may** need to file a separate Form 592, Side 1.

Part II Tax Withheld - Foreign Nonresidents

1 Are all partners or members foreign (non-U.S.) nonresidents? Yes No

2 Enter the number of Forms 592-B for foreign partners/members **1**

3a **\$ 48,250.00** x **9.3 %** **4,487** **25**

3b **\$** x **8.84 %**

3c **\$** x **10.84 %**

4 Total foreign partners' or members' withholding due. Add line 3a through line 3c **4,487** **25**

5 Prior payments of foreign partners' or members' withholding for the taxable year shown above

| Date | Amount | Date | Amount | Date | Amount |
|---------|---------|----------|---------|------|--------|
| 4/15/04 | \$1,000 | 9/15/04 | \$1,000 | | |
| 6/15/04 | \$1,000 | 12/15/04 | \$1,000 | | |

6 Amount of California source income allocated to foreign partners and withheld upon directly by Partnership J **4,000** **00**

7 Total pay **4,000** **00**

8 Balance due. Subtract line 7 from line 4 and enter the result here. If this amount is less than zero, enter -0-. Attach a check or money order for the full amount payable to "Franchise Tax Board." **4,872** **25**

9 Overpayment. If line 7 is more than line 4, subtract line 4 from line 7 and enter the result here

10 Enter the amount of line 9 overpayment credited to next year's Form 592

11 Enter the amount of line 9 overpayment credited to next year's Form 592

12 Enter the amount of line 9 overpayment credited to next year's Form 592

13 Enter the amount of line 9 overpayment credited to next year's Form 592 **11,625** **00**

Line 2: Enter the number of 592-Bs attached for foreign partners.

Line 3a: Multiply the California source income by the appropriate withholding rate and enter the result.

Line 12: 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 J. 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 directly withheld upon. **Do not** include Forms 592-B for partners who were also withheld upon directly (included in line 2).

12 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 J. 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 directly withheld upon. **Do not** include Forms 592-B for partners who were also withheld upon directly (included in line 2). **1**

13 Enter the 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. **11,625** **00**

Pierre Partner, General Partner -Partnership J
Name and title of withholding agent (type or print)

Nancy Numbers, Accountant, All Right Accounting
Name and title of preparer other than withholding agent (type or print)

5678 Tax Road, Sydney, NSW 2001 Australia
Address of preparer (if different from the address shown above)

(999) 654-3210 ext. 2222
Daytime telephone number of preparer

Pierre Partner
Signature of withholding agent

Nancy Numbers
Signature of preparer

090909090
SSN/FEIN/PTIN of preparer

Line 13: Enter the 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.

This 592-B shows the amount Partnership K withheld from Partnership J. This 592-B was completed by Partnership K and given to Partnership J.

YEAR

2 0 0 4

Nonresident withholding tax statement

CALIFORNIA FORM

592-B

Copy B FILE WITH THE STATE RETURN

Part I Recipient

| | | | |
|---|-------|------------------------------|--|
| Recipient's name Partnership J | | <input type="checkbox"/> SSN | |
| Address (number and street) 2005 Down Under Way | | PMB no. | <input checked="" type="checkbox"/> FEIN <input type="checkbox"/> California corp. no. |
| City Sydney, NSA 2001 | State | ZIP Code | Country Australia |

Part II Withholding agent

| | | | |
|--|--------------------|------------------------------|--|
| Withholding agent's (payer's/partnership's/limited liability company's) name Partnership K | | <input type="checkbox"/> SSN | |
| Address (number and street) 1012 Broudry Road | | PMB no. | <input checked="" type="checkbox"/> FEIN <input type="checkbox"/> California corp. no. |
| City Anywhere | State CA | ZIP Code 99999 | Daytime telephone number (999) 210-9876 ext. 1111 |

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 checked="" type="checkbox"/> Allocations to Foreign (non-U.S.) Nonresident Partner/Member | <input type="checkbox"/> Distributions to Domestic (U.S.) Nonresident Partner/Member | <input type="checkbox"/> Other _____ (describe) |
|--|---|---|--|--|--|---|

Part IV Tax Withheld

| | | | |
|---|---|---------|----|
| 1 Total amount subject to withholding | 1 | 125,000 | 00 |
| 2 Total California tax withheld | 2 | 11,625 | 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 Franchise Tax Board to easily distinguish this Form 592-B, which shows the withholding on Partnership J, from the other Forms 592-B showing the allocation of this withholding credit to your Partnership J's partners.

Example #6: Partner #1
Foreign (non-U.S.) partner with a 75 percent interest -
Flow Thru & Direct Withholding On Allocations

YEAR _____

CALIFORNIA FORM _____

2 0 0 4

Nonresident Withholding Tax Statement

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 Partner #1 | | <input checked="" type="checkbox"/> SSN 0 0 0 0 3 0 0 0 0 |
| Address (number and street) 1006 Koala Ct. | PMB no. | <input type="checkbox"/> FEIN <input type="checkbox"/> California corp. no. |
| City Sydney, NSW 2001 | State | ZIP Code Country Australia |

Part II Withholding agent

| | | |
|--|----------------|--|
| Withholding agent's (payer's/partnership's/limited liability company's) name Partnership J | | <input type="checkbox"/> SSN |
| Address (number and street) 2005 Down Under Way | PMB no. | <input checked="" type="checkbox"/> FEIN <input type="checkbox"/> California corp. no. |
| City Sydney, NSW 2001, Australia | State ZIP Code | Daytime telephone number (999) 654-3210 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 checked="" type="checkbox"/> Allocations to Foreign (non-U.S.) Nonresident Partner/Member | <input type="checkbox"/> Distributions to Domestic (U.S.) Nonresident Partner/Member | <input type="checkbox"/> Other _____ (describe) |
|--|---|---|--|--|--|---|

Part IV Tax Withheld

| | | | |
|---|---|---------|----|
| 1 Total amount subject to withholding | 1 | 142,000 | 00 |
| 2 Total California tax withheld | 2 | 13,206 | 00 |

Line 1: The total amount subject to withholding should be the foreign partner's allocated share 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 J multiplied by the partner's interest in the partnership.

48,250.00 (Foreign partner's allocable share of California source income directly withheld upon by Partnership J)

+ 93,750.00 (Allocable amount of flow-thru income subject to withholding for this partner (125,000 x .75))

142,000.00 (Total amount subject to withholding for this partner)

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

4,487.25 (Amount directly withheld for this foreign partner)

+ 8,718.75 (Allocable amount of flow-thru withholding credit for this partner (11,625 x .75))

13,206.00 (Total CA tax withheld for this partner)

Example #6: Partner #2
Resident partner with a 25 percent interest - Flow Thru Only

YEAR _____

CALIFORNIA FORM

2 0 0 4

Nonresident Withholding Tax Statement

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 Partner #2 | | <input checked="" type="checkbox"/> SSN 0 0 3 3 0 0 3 3 0 |
| Address (number and street) 456 Mellowse Avenue | PMB no. | <input type="checkbox"/> FEIN <input type="checkbox"/> California corp. no. |
| City Anywhere | State CA | ZIP Code 99999 |

Part II Withholding agent

| | | |
|--|---------|--|
| Withholding agent's (payer's/partnership's/limited liability company's) name Partnership J | | <input type="checkbox"/> SSN |
| Address (number and street) 2005 Down Under Way | PMB no. | <input checked="" type="checkbox"/> FEIN <input type="checkbox"/> California corp. no. 2 2 0 2 2 0 2 2 0 |
| City Sydney, NSW 2001, Australia | State | ZIP Code (999) 654-3210 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 checked="" type="checkbox"/> Allocations to Foreign (non-U.S.) Nonresident Partner/Member | <input type="checkbox"/> Distributions to Domestic (U.S.) Nonresident Partner/Member | <input type="checkbox"/> Other _____ (describe) |
|--|---|---|--|--|--|---|

Part IV Tax Withheld

| | | | |
|---|---|--------|----|
| 1 Total amount subject to withholding | 1 | 31,250 | 00 |
| 2 Total California tax withheld | 2 | 2,906 | 25 |

Even though this partner is a California resident, the "type of income" for a flow-thru situation follows the original designation.

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 J multiplied by the partner's interest in Partnership J.

125,000.00 (Amount subject to withholding shown on Form 592-B given to Partnership J)
x .25 (Partner #2's interest in Partnership J)
31,250.00 (Amount subject to withholding for this partner)

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

11,625.00 (Total amount withheld from Partnership J)
x .25 (Partner #2's interest in Partnership J)
2,906.25 (Total CA tax withheld for this partner)