

Legal Division Guidance 2010-02-01

(Independent Contractor Withholding for Interstate Motor Carriers)

Q: Do trucking companies have to withhold at source on payments to nonresidents for services provided in California? Does it matter whether the truckers are independent contractors?

A: California withholding at source must occur for a trucker that is a nonresident of California. It is irrelevant whether the trucker is characterized as an independent contractor since withholding is on "compensation," which applies to independent contractors as well as employees.