

NOTICE OF INTENT TO WITHHOLD

Payments made to California nonresidents, including corporations, limited liability companies and partnerships that do not have a permanent place of business in this state are subject to a seven percent state income tax withholding (California Revenue and Taxation Code Section 18662).

Types of income subject to withholding include, but are not limited to, payments for services performed in California and payments of leases, rents and royalties for property (real or personal) located in California. No withholding is required on payments for goods (however see below).

The Franchise Tax Board may reduce the withholding if the seven percent will result in substantial over-withholding or waive the withholding if the payee has a current history of filing California returns and/or making estimated payments when due. For more information, or to request a waiver or reduced withholding rate, contact:

NONRESIDENT WITHHOLDING WAIVER REQUESTS
NONRESIDENT WITHHOLDING SECTION MS F-265
FRANCHISE TAX BOARD
PO BOX 651
SACRAMENTO, CA 95812-0651

Telephone: (916) 845-4900
FAX: (916) 845-4831

Form 587, Nonresident Withholding Allocation Worksheet, and Form 590, Withholding Exemption Certificate, and accompanying instructions are provided for your convenience. Please complete the appropriate form and return along with this packet of information. **If you do not provide us a completed Form 587 or Form 590, we will withhold 7% of all payments made to you and remit withheld amounts to the California Franchise Tax Board. If you provide us Form 587, we will withhold 7% of the total payments subject to withholding within California if the total is greater than \$1,500.**

If you provide only goods or materials, you must return Form 587 (see Part III of the form) to indicate such. Or if you are a California resident providing only goods or materials and prefer to complete Form 590, you may return Form 590 instead.

If you have further questions, FTB Pub. 1023, Nonresident Withholding Independent Contractor Rent & Royalty Guidelines, can be obtained from the Franchise Tax Board.