

CALIFORNIA NON-RESIDENT WITHHOLDING REQUIREMENTS

California has withholding requirements for non-residents who:

- Perform services as an independent contractor for a California business
- Are shareholders who receive distributions of California source income from S Corporations
- Are partners who receive distributions of California source income from partnerships
- Are members who receive distributions of California source income from LLCs
- Receive trust or estate distributions of California source income as beneficiaries
- Receive rent payments from California real estate through an agent
- Receive natural resource royalties from California sources
- Receive prizes or winnings for contests in California

This requirement applies to sole proprietorships, partnerships, corporations, LLCs, trusts and estates. It also applies to agents who collect and pay out rents or royalties.

Withholding applies to all payments unless the annual total is less than \$1500. The rate is 7% of the payments that require withholding and is remitted quarterly to California on Form 592. Taxpayers receive an annual document similar to a W-2 that reports the total payments subject to withholding and the amount withheld.

Please contact us if you require any assistance complying with this requirement.