## **2013 Withholding Exemption Certificate**

**590** 

This form can only be used to certify exemption from nonresident withholding under California Revenue and Taxation Code (R&TC) Section 18662. Do not use this form for exemption from wage withholding.				
File this form with your withholding agent. (Please type or print)				
Withholding agent's name				
Payee's name	[	Payee's	SSN or ITIN CA corp. no.	FEIN CA SOS file no
Address (number and street, PO Box, or PMB no.)			· · · · · · · · · · · · · · · · · · ·	Apt. no./ Ste. no.
City		State	ZIP Code	
Oily		State	Zii Code	-
Read the following carefully and check the box that applies to the	ne payee.			
I certify that for the reasons checked below, the payee named or requirement on payment(s) made to the entity or individual.	n this form is exempt from the Californ	ia inco	me tax withho	olding
☐ Individuals — Certification of Residency:  I am a resident of California and I reside at the address notify the withholding agent. See instructions for Gener				
□ Corporations: The above-named corporation has a permanent place through the California Secretary of State (SOS) to do be and withhold on payments of California source income a permanent place of business in California or ceases See instructions for General Information F, What is a Pobusiness.	pusiness in California. The corporation to nonresidents when required. If this to do any of the above, I will promptly	will file corpor notify t	e a California ation ceases he withholdin	tax return to have g agent.
Partnerships or limited liability companies (LLC):  The above-named partnership or LLC has a permanen registered with the California SOS, and is subject to the return and will withhold on foreign and domestic nonrest LLC ceases to do any of the above, I will promptly infor partnership (LLP) is treated like any other partnership.	e laws of California. The partnership on sident partners or members when req rm the withholding agent. For withholo	r LLC \ uired. I	vill file a Calif f the partners	ornia tax hip or
Tax-Exempt Entities: The above-named entity is exempt from tax under Calif (insert letter) or Internal Revenue Code Section 501(c) of California source income to nonresidents when requivithholding agent. Individuals cannot be tax-exempt er	(insert number). The tax-exemulred. If this entity ceases to be exemp	pt entit	y will withhold	d on payments
Insurance Companies, Individual Retirement Arrangem The above-named entity is an insurance company, IRA	ents (IRAs), or Qualified Pension/P			:
California Trusts:  At least one trustee and one noncontingent beneficiary California fiduciary tax return and will withhold on foreig becomes a nonresident at any time, I will promptly noti	gn and domestic nonresident benefici			
☐ Estates — Certification of Residency of Deceased Pers I am the executor of the above-named person's estate. will file a California fiduciary tax return and will withhold	The decedent was a California reside	nt at th t benef	e time of dea	th. The estate required.
Nonmilitary Spouse of a Military Servicemember: I am a nonmilitary spouse of a military servicemember requirements. See instructions for General Information	and I meet the Military Spouse Resid E, MSRRA.	ency R	elief Act (MS	RRA)
CERTIFICATE: Please complete and sign below.				
Under penalties of perjury, I hereby certify that the information p correct. If conditions change, I will promptly notify the withholdin		st of my	/ knowledge,	true and
Payee's name and title (type or print)	Daytime telephone n	0		
Payee's signature ▶		Date		
-				

## **Instructions for Form 590**

#### Withholding Exemption Certificate

References in these instructions are to the California Revenue and Taxation Code (R&TC).

#### **General Information**

For purposes of California income tax, references to a spouse, husband, or wife also refer to a Registered Domestic Partner (RDP) unless otherwise specified. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

Private Mail Box (PMB) - Include the PMB in the address field. Write "PMB" first, then the box number. Example: 111 Main Street PMB 123.

Foreign Address – Enter the information in the following order: City, Country, Province/ Region, and Postal Code. Follow the country's practice for entering the postal code. **Do not** abbreviate the country's name.

#### **Purpose**

Use Form 590, Withholding Exemption Certificate, to certify an exemption from nonresident withholding. California residents or entities should complete and present Form 590 to the withholding agent. The withholding agent is then relieved of the withholding requirements if the agent relies in good faith on a completed and signed Form 590 unless told by the Franchise Tax Board (FTB) that the form should not be relied upon.

#### Important – This form cannot be used for exemption from wage and real estate withholding.

- If you are an employee, any wage withholding questions should be directed to the FTB General Information number. 800.852.5711. Employers should call **888**.745.3886 or go to **edd.ca.gov**.
- Sellers of California real estate use Form 593-C, Real Estate Withholding Certificate, to claim an exemption from real estate withholding.

### Requirement

R&TC Section 18662 requires withholding of income or franchise tax on payments of California source income made to nonresidents of California.

Withholding is required on the following, but is not limited to:

- · Payments to nonresidents for services rendered in California.
- Distributions of California source income made to domestic nonresident S corporation shareholders, partners and members and allocations of California source income made to foreign partners and members.
- Payments to nonresidents for rents if the payments are made in the course of the withholding agent's business.
- Payments to nonresidents for royalties with activities in California.

- · Distributions of California source income to nonresident beneficiaries from an estate or trust.
- Prizes and winnings received by nonresidents for contests in California.

However, withholding is optional if the total payments of California source income are \$1,500 or less during the calendar year.

For more information on withholding get FTB Pub. 1017, Resident and Nonresident Withholding Guidelines. To get a withholding publication see General Information H, Publications, Forms, and Additional Information.

Backup Withholding - Beginning on or after January 1, 2010, with certain limited exceptions, payers that are required to withhold and remit backup withholding to the Internal Revenue Service (IRS) are also required to withhold and remit to the FTB. The California backup withholding rate is 7% of the payment. For California purposes, dividends, interests, and any financial institutions release of loan funds made in the normal course of business are exempt from backup withholding. For additional information on California backup withholding, go to ftb.ca.gov and search for backup withholding.

If a payee has backup withholding, the payee must contact the FTB to provide a valid Taxpayer Identification Number (TIN) before filing a tax return. The following are acceptable TINs: social security number (SSN): individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp No.); or California Secretary of State (SOS) file number. Failure to provide a valid TIN will result in the denial of the backup withholding credit. For more information go to ftb.ca.gov and search for backup withholding.

Who is Excluded from Withholding - The following are excluded from withholding and completing this form:

- . The United States and any of its agencies or instrumentalities
- A state, a possession of the United States, the District of Columbia, or any of its political subdivisions or instrumentalities
- A foreign government or any of its political subdivisions, agencies, or instrumentalities

#### C Who Certifies this Form

Form 590 is certified by the pavee. An incomplete certificate is invalid and the withholding agent should not accept it. If the withholding agent receives an incomplete certificate, the withholding agent is required to withhold tax on payments made to the payee until a valid certificate is received. In lieu of a completed certificate on the preprinted form, the

withholding agent may accept as a substitute certificate a letter from the pavee explaining why the payee is not subject to withholding. The letter must contain all the information required on the certificate in similar language, including the under penalty of perjury statement and the payee's taxpayer identification number. The withholding agent must retain a copy of the certificate or substitute for at least four years after the last payment to which the certificate applies, and provide it upon request to the FTB.

For example, if an entertainer (or the entertainer's business entity) is paid for a performance, the entertainer's information must be provided. Do not submit the entertainer's agent or promoter information.

The grantor of a grantor trust shall be treated as the payee for withholding purposes. Therefore, if the payee is a grantor trust and one or more of the grantors is a nonresident, withholding is required. If all of the grantors on the trust are residents, no withholding is required. Resident grantors can check the box on Form 590 labeled "Individuals — Certification of Residency."

#### D Who is a Resident

A California resident is any individual who is in California for other than a temporary or transitory purpose or any individual domiciled in California who is absent for a temporary or transitory purpose.

An individual domiciled in California who is absent from California for an uninterrupted period of at least 546 consecutive days under an employment-related contract is considered outside California for other than a temporary or transitory purpose.

An individual is still considered outside California for other than a temporary or transitory purpose if return visits to California do not total more than 45 days during any taxable year covered by an employment contract.

This provision does not apply if an individual has income from stocks, bonds, notes, or other intangible personal property in excess of \$200,000 in any taxable year in which the employment-related contract is in effect.

A spouse/RDP absent from California for an uninterrupted period of at least 546 days to accompany a spouse/RDP under an employment-related contract is considered outside of California for other than a temporary or transitory purpose.

Generally, an individual who comes to California for a purpose which will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.

For assistance in determining resident status, get FTB Pub. 1031, Guidelines for Determining Resident Status, and FTB Pub. 1032, Tax Information for Military Personnel, or call the FTB at 800.852.5711 or 916.845.6500.

## E Military Spouse Residency Relief Act (MSRRA)

Generally, for tax purposes you are considered to maintain your existing residence or domicile. If a military servicemember and nonmilitary spouse have the same state of domicile, the MSRRA provides:

- A spouse shall not be deemed to have lost a residence or domicile in any state solely by reason of being absent to be with the servicemember serving in compliance with military orders.
- A spouse shall not be deemed to have acquired a residence or domicile in any other state solely by reason of being there to be with the servicemember serving in compliance with military orders.

**Domicile** is defined as the one place:

- Where you maintain a true, fixed, and permanent home
- To which you intend to return whenever you are absent

A military servicemember's nonmilitary spouse is considered a nonresident for tax purposes if the servicemember and spouse have the same domicile outside of California and the spouse is in California solely to be with the servicemember who is serving in compliance with Permanent Change of Station orders. Note: California may require nonmilitary spouses of military servicemembers to provide proof that they meet the criteria for California personal income tax exemption as set forth in the MSRRA.

Income of a military servicemember's nonmilitary spouse for services performed in California is not California source income subject to state tax if the spouse is in California to be with the servicemember serving in compliance with military orders, and the servicemember and spouse have the same domicile in a state other than California.

For additional information or assistance in determining whether the applicant meets the MSRRA requirements, get FTB Pub. 1032.

# F What is a Permanent Place of Business

A corporation has a permanent place of business in California if it is organized and existing under the laws of California or if it is a foreign corporation qualified to transact intrastate business by the California SOS. A corporation that has not qualified to transact intrastate business (e.g., a corporation engaged exclusively in interstate commerce) will be considered as having a permanent place of business in California only if it maintains a permanent office in California that is permanently staffed by its employees.

### **G** Withholding Agent

Keep Form 590 for your records. **Do not** send this form to the FTB unless it has been specifically requested.

For more information, contact Withholding Services and Compliance, see General Information H.

The payee must notify the withholding agent if any of the following situations occur:

- any of the following situations occur:
  The individual payee becomes a nonresident.
- The corporation ceases to have a permanent place of business in California or ceases to be qualified to do business in California.
- The partnership ceases to have a permanent place of business in California.
- The LLC ceases to have a permanent place of business in California.
- The tax-exempt entity loses its tax-exempt etatus

The withholding agent must then withhold and report the withholding using Form 592, Resident and Nonresident Withholding Statement, and remit the withholding using Form 592-V, Payment Voucher for Resident and Nonresident Withholding. Form 592-B, Resident and Nonresident Withholding Tax Statement, is retained by the withholding agent and a copy is given to the payee.

#### **H** Additional Information

To get additional nonresident withholding information, contact the Withholding Services and Compliance.

WITHHOLDING SERVICES AND COMPLIANCE MS F182 FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0651

Telephone: **888**.792.4900 916.845.4900 Fax: 916.845.9512

You can download, view, and print California tax forms and publications at **ftb.ca.gov**.

OR to get forms by mail write to:

TAX FORMS REQUEST UNIT MS F284 FRANCHISE TAX BOARD PO BOX 307

RANCHO CORDOVA CA 95741-0307

For all other questions unrelated to withholding or to access the TTY/TDD numbers, see the information below.

#### **Internet and Telephone Assistance**

Website: ftb.ca.gov

Telephone: 800.852.5711 from within the

**United States** 

916.845.6500 from outside the

**United States** 

TTY/TDD: 800.822.6268 for persons with

hearing or speech impairments

#### Asistencia Por Internet y Teléfono

Sitio web: ftb.ca.gov

Teléfono: 800.852.5711 dentro de los

Estados Unidos

916.845.6500 fuera de los Estados

Unidos

TTY/TDD: 800.822.6268 personas con

discapacidades auditivas

v del habla