

Resident and Nonresident Withholding Tax Statement

2012

592-B

Part I Withholding Agent

Name of withholding agent (Payer/S Corporation/Partnership/LLC/Trust) SSN or ITIN
Address (suite, room, PO Box, or PMB no.) FEIN CA Corp no. SOS file no.
City State ZIP Code Daytime telephone number

Part II Recipient

Name of recipient SSN or ITIN
DBA (if applicable)
Address (suite, room, PO Box, or PMB no.) FEIN CA Corp no. SOS file no.
City State ZIP Code

Part III Type of Income Subject to Withholding. Check the applicable box(es).

A Payments to Independent Contractors
B Trust Distributions
C Rents or Royalties
D Distributions to Domestic (U.S.) Nonresident Partners/Members/Beneficiaries/S Corporation Shareholders
E Estate Distributions
F Allocations to Foreign (non-U.S.) Nonresident Partners/Members
G Payments to Independent Contractor Entertainers/Athletes/Speakers
H Other (describe)

Part IV Tax Withheld

Table with 3 rows: 1 Total income subject to withholding, 2 Total California tax withheld (excluding backup withholding), 3 Total Backup Withholding.

Withholding Agent Instructions

What' New

Increase in Rates - For taxable years beginning on or after January 1, 2012, the maximum personal income tax rate increased to 12.3%.

General 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 Franchise Tax Board (FTB).

are exempt from backup withholding. For additional information on California backup withholding, go to ftb.ca.gov and search for backup withholding.

Registered Domestic Partners (RDPs) - Under California law, RDPs must file their California income tax returns using either the married/RDP filing jointly or married/RDP filing separately filing status.

For purposes of California income tax, references to a spouse, husband, or wife also refer to a California RDP, unless otherwise specified.

information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

A Purpose

For purposes of Form 592-B, the term "nonresident" refers to both domestic and foreign recipients. A domestic nonresident is a person living outside of California, but living in the United States.

Use Form 592-B to report to the recipient the amount of payment or distribution subject to withholding and tax. Complete a separate Form 592-B for each resident or nonresident.

Use Form 592-V, Payment Voucher for Resident and Nonresident Withholding, to remit withholding payments during the year.

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visit our website:

ftb.ca.gov

B Common Errors/Helpful Hints

- Get taxpayer identification numbers (TINs) from all payees.
- Complete all fields.
- Complete all forms timely to avoid penalties.

C Who Must Complete

Form 592-B must be completed by any person who:

- Has withheld on payments to residents or nonresidents.
- Has withheld backup withholding on payments to residents or nonresidents.
- Is a pass-through entity that was withheld upon and must flow-through the withholding credit.

Record Keeping

The withholding agent retains the proof of withholding for a minimum of four years and must provide it to the FTB upon request. Form 592-B is provided to the recipient to file with their state tax return. This form can be provided to the payee electronically. A broker can provide Form 592-B as a composite statement. For more information go to ftb.ca.gov and search for **electronic 592-B requirements**.

D When To Complete

Form 592-B must be provided to:

- Each resident or nonresident by January 31 following the close of the calendar year, except for brokers as stated in Internal Revenue Code (IRC) Section 6045.
- A recipient before February 15 following the close of the calendar year for brokers.
- Foreign partners in a partnership or members in a limited liability company (LLC) on or before the 15th day of the 4th month following the close of the taxable year.

If all the partners in the partnership or members in the LLC are foreign, Form(s) 592-B must be provided on or before the 15th day of the 6th month after the close of the taxable year.

When making a payment of withholding tax to the IRS under IRC Section 1446, a partnership must notify all foreign partners of their allocable shares of any IRC Section 1446 tax paid to the IRS by the partnership. The partners use this information to adjust the amount of estimated tax that they must otherwise pay to the IRS. The notification to the foreign partners must be provided within 10 days of the installment due date, or, if paid later, the date the installment payment is made. See Treas. Regs. Section 1.1446-3(d)(1)(i) for information that must be included in the notification and for exceptions to the notification requirement. For California withholding purposes, withholding agents should make a similar notification. No particular form is required for this notification, and it is commonly done on the statement

accompanying the distribution or payment. However, the withholding agent may choose to report the tax withheld to the payee on a Form 592-B.

E Penalties

The withholding agent must furnish complete and correct copies of Form(s) 592-B to the recipient (payee) by the due date.

If the withholding agent fails to provide complete, correct, and timely Form(s) 592-B to the recipient (payee), the penalty per Form 592-B is:

- \$50 for each payee statement not provided by the due date.
- \$100 or 10 percent of the amount required to be reported (whichever is greater), if the failure is due to intentional disregard of the requirement.

Specific Instructions

Year – Make sure the year in the upper left corner of Form 592-B represents the calendar year in which the withholding took place. If an S corporation's, partnership's, LLC's, or trust's current distribution represents a prior taxable year of California source income, the taxable year on Form 592-B must represent the year the income was earned. (Except for foreign partners, withholding of tax by withholding agents must be on a calendar-year basis, regardless of the accounting period adopted by the payee or withholding agent.)

For foreign partners in a partnership, or foreign members in an LLC, make sure the year in the upper left corner of Form 592-B is the year that the partnership's or LLC's taxable year ended. For example, if the partnership's or LLC's taxable year ended 12/31/09, use the 2009 Form 592-B.

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.

Part I – Withholding Agent

Enter the withholding agent's name, tax identification number, address, and telephone number.

Part II – Recipient

Enter the name of recipient, DBA (if applicable), tax identification number, and address for the recipient (payee).

If the recipient is a **grantor trust**, enter the grantor's individual name and social security number (SSN) or individual taxpayer identification number (ITIN). **Do not enter the name of the trust or trustee information.** (For

tax purposes, grantor trusts are transparent. The individual grantor must report the income and claim the withholding on the individual's California tax return.)

If the recipient is a **non-grantor trust**, enter the name of the trust and the trust's federal employer identification number (FEIN). **Do not enter trustee information.**

If the trust has applied for a FEIN, but it has not been received, zero fill the space for the trust's FEIN and attach a copy of the federal application behind Form 592-B. After the FEIN is received, amend Form 592-B to submit the assigned FEIN.

Only withholding agents can complete an amended Form 592-B. Upon completion, the withholding agent should provide a copy of the amended Form 592-B to the recipient. If a recipient notices an error, the recipient should contact the withholding agent.

If the recipients are married/RDP, enter only the name and SSN or ITIN of the primary spouse/RDP. However, if the recipients intend to file separate California tax returns, the withholding agent should split the withholding and complete a separate Form 592-B for each spouse/RDP.

Part III – Type of Income Subject to Withholding

Check the box(es) for the type of income subject to withholding.

Part IV – Tax Withheld

Line 1

Enter the total income subject to withholding.

Line 2

Enter the total California tax withheld (excluding backup withholding). The amount of tax to be withheld is computed by applying a rate of 7% on items of income subject to withholding, i.e. interest, dividends, rents and royalties, prizes and winnings, premiums, annuities, emoluments, compensation for personal services, and other fixed or determinable annual or periodical gains, profits and income. For foreign partners, the rate is 8.84% for corporations, 10.84% for banks and financial institutions, and 12.3% for all others. For pass through entities, the amount withheld is allocated to partners, members, S corporation shareholders, or beneficiaries, whether they are residents or nonresidents of California, in proportion to their ownership or beneficial interest.

Line 3

Enter the total backup withholding. Compute backup withholding by applying a 7% rate to all reportable payments subject to IRS backup withholding with a few exceptions. 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.

Instructions for Recipient

This withholding of tax does not relieve you of the requirement to file a California tax return within three months and fifteen days (two months and fifteen days for a corporation) after the close of your taxable year.

You may be assessed a penalty if:

- You do not file a California tax return.
- You file your tax return late.
- The amount of withholding does not satisfy your tax liability.

How to Claim the Withholding

Report the income as required and enter the amount from Form 592-B, Part IV, line 2 on your California tax return as real estate and other withholding from Form(s) 592-B or 593. Attach a copy of Form 592-B to your California tax return. If you received a composite statement from a broker, attach only the Form 592-B information. Make a copy for your records.

If you have an amount in line 3, backup withholding, you must provide us with your TIN before filing your tax return. Using the information provided on this page, contact us as soon as you receive this form. Failure to provide your TIN will result in a denial of your backup withholding credit.

If you are an S corporation, partnership, or LLC, you may either flow-through the entire amount to your shareholders, partners, or members or claim the withholding, to the extent of your outstanding tax liability, on your tax return.

If the withholding exceeds the amount of tax you still owe on your tax return, you must flow-through the excess to your shareholders, partners, or members.

If you do not have an outstanding balance on your tax return, you must flow-through the entire amount to your shareholders, partners, or members. Use Form 592 to flow the withholding to your partners or members.

If you are an estate or trust, you must flow-through the withholding to your beneficiaries if the related income was distributed. Use Form 592 to flow-through the withholding to your beneficiaries. If you did not distribute the income, you must claim the withholding on the fiduciary return, Form 541, California Fiduciary Income Tax Return.

The amount shown as "Total income subject to withholding" may be an estimate or may only reflect how withholding was calculated. Be sure to report your actual taxable California source income. If you are an independent contractor or receive rents or royalties, see your contract and/or Form 1099 to determine your California source income. If you are an S corporation shareholder, partner, member, or beneficiary of an S corporation, partnership, LLC, estate, or trust, see your California Schedule K-1 (100S, 565, 568, 541), Share of Income, Deductions, Credits, etc., issued by that entity to determine your California source income.

Additional Information

For more information or to speak to a representative regarding this form, call the Withholding Services and Compliance's automated telephone service at: **888.792.4900** or 916.845.4900.

OR write to:

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

For all other questions unrelated to withholding or to access the TTY/TDD number, 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

OR to get forms by mail, write to:

TAX FORMS REQUEST UNIT
FRANCHISE TAX BOARD
PO BOX 307
RANCHO CORDOVA CA 95741-0307

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 y del habla