

# 2015 Nonresident Withholding Waiver Request

# 588

### Part I Withholding Agent Information

Business name (S corp., partnership, LLC, estate, or trust)  SSN or ITIN  FEIN  CA Corp no.  CA SOS file no.

\_\_\_\_\_  
 \_\_\_\_\_

First name Initial Last name Telephone  
 \_\_\_\_\_ (\_\_\_\_) \_\_\_\_\_  
 \_\_\_\_\_

Address (apt./ste., room, PO Box, or PMB no.) Fax  
 \_\_\_\_\_ (\_\_\_\_) \_\_\_\_\_  
 \_\_\_\_\_

City (If you have a foreign address, see instructions.) State ZIP Code  
 \_\_\_\_\_

### Part II Requester Information

Check one box.  Withholding Agent  Payee  Authorized Representative for Withholding Agent  Authorized Representative for Payee

Business name  SSN or ITIN  FEIN  CA Corp no.  CA SOS file no.

\_\_\_\_\_  
 \_\_\_\_\_

First name Initial Last name Telephone  
 \_\_\_\_\_ (\_\_\_\_) \_\_\_\_\_  
 \_\_\_\_\_

Address (apt./ste., room, PO Box, or PMB no.) Fax  
 \_\_\_\_\_ (\_\_\_\_) \_\_\_\_\_  
 \_\_\_\_\_

City (If you have a foreign address, see instructions.) State ZIP Code  
 \_\_\_\_\_

### Part III Type of Income Subject to Withholding

Check one type only.

**A**  Payment to Independent Contractor

**B**  Trust Distributions

**C**  Rents or Royalties

**D**  Distributions to Domestic Nonresident Partners/Members/Beneficiaries/S Corporation Shareholders

**E**  Estate Distributions

**I**  Other \_\_\_\_\_

**Sign Here**

Under penalties of perjury, I declare that I have examined this request, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of paid preparer is based on all information of which preparer has any knowledge.

Type or print requester's name and title Telephone  
 \_\_\_\_\_ (\_\_\_\_) \_\_\_\_\_

Requester's signature Date  
 \_\_\_\_\_

Requester Name:  Requester ID No.:

**Part IV Schedule of Payees. Do not** use your own version of the Schedule of Payees to report additional payees.

We can only accept and process additional payees reported on this form. See instructions.

Business name   SSN or ITIN  FEIN  CA Corp no.  CA SOS file no.

First name  Initial  Last name

Address (apt./ste., room, PO Box, or PMB no.)

City (If you have a foreign address, see instructions.)  State  ZIP Code

Reason for Waiver Request (Check box next to one letter code.)  A  B  C  D  E Newly Admitted Date (mm/dd/yyyy) (Must be included when selecting Letter Code "D.")

Business name   SSN or ITIN  FEIN  CA Corp no.  CA SOS file no.

First name  Initial  Last name

Address (apt./ste., room, PO Box, or PMB no.)

City (If you have a foreign address, see instructions.)  State  ZIP Code

Reason for Waiver Request (Check box next to one letter code.)  A  B  C  D  E Newly Admitted Date (mm/dd/yyyy) (Must be included when selecting Letter Code "D.")

Business name   SSN or ITIN  FEIN  CA Corp no.  CA SOS file no.

First name  Initial  Last name

Address (apt./ste., room, PO Box, or PMB no.)

City (If you have a foreign address, see instructions.)  State  ZIP Code

Reason for Waiver Request (Check box next to one letter code.)  A  B  C  D  E Newly Admitted Date (mm/dd/yyyy) (Must be included when selecting Letter Code "D.")

**Waiver Request Reason Codes**

- A** Payee has California state tax returns on file for the two most current taxable years in which the payee has a filing requirement. Payee is considered current on any tax obligations with the Franchise Tax Board (FTB).
- B** Payee is making timely estimated tax payments for the current taxable year. Payee is considered current on any tax obligations with the FTB.
- C** Payee is a corporation that is not qualified to do business and does not have a permanent place of business in California but is filing a tax return based on a combined report with a corporation that does have a permanent place of business in California. Attach a copy of Schedule R-7, Election to File a Unitary Taxpayers' Group Return, from the combined report.
- D** Payee is a newly admitted S corporation shareholder, partner, or member. In the "Newly Admitted Date" box, provide the date this shareholder, partner, or member was admitted during the current year. This waiver will expire at the end of the calendar year granted. Once expired, the payee must have the most current California tax return due on file or estimated tax payments for the current taxable year in order to have a new waiver granted.
- E** Other – Attach a specific reason and include substantiation that would justify a waiver of withholding. If payee is a group return participant, attach a copy of Schedule 1067A, Nonresident Group Return Schedule, from the group return.

# 2015 Instructions for Form 588

## Nonresident Withholding Waiver Request

### General Information

#### A Purpose

Use Form 588, Nonresident Withholding Waiver Request, to request a waiver from withholding on payments of California source income to nonresident payees.

**Do not** use Form 588 to request a waiver if you are a **Foreign (non-U.S.) partner or member**.

A foreign (non-U.S.) partner or member may file a Form 589, Nonresident Reduced Withholding Request, to reduce or eliminate a partner's withholding of California tax on effectively connected taxable income (ECTI) from California sources, however a foreign (non-U.S.) partner or member may not request a withholding waiver.

**Do not** use Form 588 to request a waiver if you are a **Seller of California real estate**. Sellers of California real estate should use Form 593-C, Real Estate Withholding Certificate, to claim an exemption.

Form 588 does not apply to payments subject to backup withholding. For information on California backup withholding, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

Form 588 does not apply to payments for wages to employees. Wage withholding is administered by the California Employment Development Department (EDD). For more information, go to [edd.ca.gov](http://edd.ca.gov) or call 888.745.3886.

#### B Requirement

California Revenue and Taxation Code (R&TC) Section 18662 requires withholding 7% of income or franchise tax on certain payments made to nonresidents for income received from California sources unless an approved waiver or reduction is issued. The withholding rate is 7% unless a waiver is granted by the Franchise Tax Board (FTB).

#### C Withholding Waivers

The FTB issues a Waiver Determination Notice for each waiver request. A withholding agent must have received the notice authorizing a waiver of withholding before eliminating withholding on payments made to nonresidents. The withholding agent retains the Waiver Determination Notice for a minimum of four years and must furnish the notice to the FTB upon request.

Withholding waivers issued by the FTB apply only for the limited purpose of determining the withholding obligation under R&TC Section 18662. They **do not** apply to the taxability of income.

#### D Length of Waiver

Withholding waivers are effective for a maximum term of 24 months. If the waiver is granted and effective for a period of 12 months or less, the waiver will expire on December 31 of the same calendar year. If the waiver is granted and effective for a period of 13 to 24 months, the waiver will expire on December 31 of the succeeding calendar year.

If the waiver is granted for Reason B or D, the resulting waiver will expire at the end of the calendar year granted.

If the waiver is granted for Reason A, C, or E, the resulting waiver will expire at the end of the succeeding calendar year granted, with limited exceptions.

#### E Income Subject to Withholding

The items of income subject to withholding include, but are not limited to:

- Compensation for services performed in California by nonresidents.
- Rent paid to nonresidents on real or personal property located in California if the rent is paid in the course of the withholding agent's business.
- Royalties from natural resources paid to nonresidents from business activities in California.
- Distributions of California source taxable income to nonresident beneficiaries from an estate or trust.
- Distributions of California source taxable income to a domestic (nonforeign) nonresident S corporation shareholder, partner, or member.
- Allocations of California source income or gain to foreign (non-U.S.) nonresident partners or members.
- Prizes and winnings received by nonresidents for contests in California.
- Endorsement payments received for services performed in California.
- Other California source income paid to nonresidents.

For more information on income subject to withholding, get FTB Pub. 1017, Resident and Nonresident Withholding Guidelines.

#### F Exceptions to Withholding

Withholding is not required when:

- The payee is a **government** or any of its agencies or instrumentalities, a state or any of its political subdivisions, a foreign government or any of its subdivisions, agencies, or instrumentalities. **Do not** use Form 588 to request a waiver.

- The payment is for goods. Get Form 587, Nonresident Withholding Allocation Worksheet.
- The payment is being made to a resident of California, an S corporation, a partnership, or a limited liability company (LLC), that has a permanent place of business in California. Get Form 590, Withholding Exemption Certificate.
- The withholding agent's California source income to the payee does not exceed \$1,500 for the calendar year.
- The payments are for income from intangible personal property, such as interest and dividends, unless derived in a trade or business or the property has acquired a business situs in California.
- The payments are for services performed outside of California or for rents, royalties, and leases on property located outside of California.
- The payment is to a nonresident corporate director for director services, including attendance at board meetings.
- The payee is a tax-exempt organization under either California or federal law.
- The payee has a completed and signed Form 590-P, Nonresident Withholding Exemption Certificate for Previously Reported Income.
- The income is derived from qualified investment securities of an investment partnership.

#### G When and Where to File

Submit your request for a waiver at least 21 business days before making a payment to allow the FTB time to process your request.

Mail Form 588 to:

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

Fax to: 916.845.9512

#### H Requirement to File a California Tax Return

A payee's waiver determination notice on Form 588 does not eliminate the requirement to file a California tax return and pay the tax due.

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.

For more information on California filing requirements, go to [ftb.ca.gov](http://ftb.ca.gov).

## I How to Claim Non-Wage Withholding Credit

Claim your non-wage withholding credit on one of the following:

- Form 540, California Resident Income Tax Return
- Form 540NR Long, California Nonresident or Part-Year Resident Income Tax Return
- Form 541, California Fiduciary Income Tax Return
- Form 100, California Corporation Franchise or Income Tax Return
- Form 100S, California S Corporation Franchise or Income Tax Return
- Form 100W, California Corporation Franchise or Income Tax Return – Water’s-Edge Filers
- Form 109, California Exempt Organization Business Income Tax Return
- Form 565, Partnership Return of Income
- Form 568, Limited Liability Company Return of Income

## Specific Instructions

For withholding terms and definitions, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **withholding terms**.

The requester must provide an acceptable Taxpayer Identification Number (TIN) as requested on this form. 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 (CA SOS) file number.

To ensure timely processing, the requester must complete the entire form, sign and date the request, and attach necessary information and documents supporting the request. Failure to do so may delay issuance or denial of the waiver.

**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 Information

Enter only business or individual information, not both. Check the appropriate TIN box, and provide the ID number for the business or individual making the payments. Complete a separate Form 588 for each withholding agent.

Include a telephone number and fax number, with area code, so we can contact you if we need additional information.

## Part II – Requester Information

**Requester** can be the withholding agent, payee, or an authorized third party.

Enter the business and/or individual requester name, and address to which the withholding certificate is to be mailed.

Include a telephone number and fax number, with area code, so we can contact you if we need additional information.

## Part III – Type of Income Subject to Withholding

Check the box indicating the type of payment for which a waiver is being requested.

## Part IV – Schedule of Payees

Enter only business or individual information for each payee, not both. Check the appropriate TIN box and provide the ID number for the payee.

If the payee is a **grantor trust**, enter the grantor’s individual name and SSN/ITIN. Also enter the trust’s name under the business name. If the payee is a **non-grantor trust**, enter the name of the trust and the trust’s FEIN.

If the payee is a sole proprietorship, enter the sole proprietorship’s name under the business name. Also, enter the sole proprietor’s individual name and SSN/ITIN from the tax return filed and attach federal Schedule C (Form 1040), Profit or Loss From Business (Sole Proprietorship), to Form 588.

Single member limited liability companies (LLCs) are not disregarded for California purposes. Enter the LLC’s name on the business line. If you are requesting a waiver for the single member, enter the single member’s individual name in a separate payee field.

If you have more than 3 payees for the period, complete and attach additional copies of the Schedule of Payees from Side 2 of Form 588. Include the requester’s name and ID number at the top of each additional page.

Under “Reason for Waiver Request,” check the box for the letter code that corresponds to the payee’s reason for requesting a waiver.

If the payee is a sole proprietorship or reason C or reason E is selected, attach all of the required additional information.

## Additional Information

For additional information or to speak to a representative regarding this form, call the Withholding Services and Compliance telephone service at:

Telephone: **888.792.4900**  
916.845.4900

Fax: 916.845.9512

Or write to:

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

You can download, view, and print California tax forms and publications at [ftb.ca.gov](http://ftb.ca.gov).

OR to get forms by mail write to:

TAX FORMS REQUEST UNIT  
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](http://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](http://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 para personas con discapacidades auditivas o del habla