

MINI WEBINAR SCRIPT

Use Electronic Form 589 to Request Reduced Withholding

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Hello! Welcome to the Franchise Tax Board's mini webinar on our new online Nonresident Reduced Withholding Request, Form 589.

We designed this presentation for nonresident payees to provide an overview of how to request reduced nonresident withholding, using our new online Form 589. At the end of this presentation, we'll provide contact information you can use if you have any questions about our processes or forms.

So without further delay, let's look at our agenda for today.

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During today's webinar, we will discuss when you should submit your request for reduced withholding.

We'll cover how to locate the online Nonresident Reduced Withholding Request.

We'll also demonstrate how to complete the form online and discuss how to submit any additional documents we may require.

And of course, we'll provide you with resources and contact information you can use at any time.

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Revenue and Taxation Code Section 18662 requires withholding at a rate of 7 percent on California source income payments and distributions made to nonresident payees that exceed \$1,500 in a calendar year.

However, if nonresident payees can show that the required rate of withholding would be excessive, they can apply for a reduction in the withholding amount.

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If you believe you may be eligible for reduced withholding, you must submit your request to the Franchise Tax Board before you receive payment. Be sure to allow ten business days for us to process your online request.

We still accept requests submitted by mail, but keep in mind you must allow 21 business days for processing.

It's important to remember you are not guaranteed a reduction in withholding simply by submitting your request. Your withholding agent must withhold at the standard 7 percent

rate until they receive a letter from the Franchise Tax Board, approving the reduced withholding amount.

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To access the online nonresident reduced withholding request, you will begin on the Franchise Tax Board's homepage, **ftb.ca.gov**.

Select the Businesses tab near the top of the page.

On the gray bar to the left, select **Withholding**.

Then select **California Source Income**.

Finally, in the navigation bar on the left side of the page, under the heading of electronic options, select **Electronic Form 589**.

This page provides information about the online submission process. You will want to take a moment to review the information on this page. For now, we will just point out the items you will need before you begin your online request.

Be sure you have:

- Your withholding agent's name, address, and taxpayer identification number.
- Your information, including name, address, and taxpayer identification number.
- Your list of expenses.
- And your dates of service.

Due to recent processing changes, we can no longer process nonresident reduced withholding requests with service dates that are not in the current calendar year. However, the subsequent calendar year form will become available annually near the end of December.

After you have reviewed the information on this page, scroll to the bottom and click on the continue button.

The confidentiality of your information is important to us. After reviewing our privacy notice, click on the continue button.

You are now in the online Nonresident Reduced Withholding Request, Form 589. For security purposes, if you take longer than 20 minutes on a single page, you will be automatically logged out and will need to restart your form.

To avoid processing delays, please make sure you enter all required information completely and accurately. All required information will be marked with a red asterisk.

Just like the paper Form 589, the online form begins with your withholding agent's information.

Part I. Withholding Agent Information

First select the agent identification type from the drop down.

Next, enter your withholding agent's identification number.

When entering the agent identification number, do not include spaces or special characters.

Use the drop down to identify your withholding agent as an individual or a business.

In the field provided, enter the name of your withholding agent.

Use the drop down to select the address type for your withholding agent.

In the fields provided, enter your withholding agent's complete address.

Although not required, we do recommend that you provide a phone or fax number for your withholding agent. Once all required information has been entered, you can click on the continue button.

Part II. Payee's Information

Next, you will enter your information as the nonresident payee. Choose your payee identification type from the drop down list.

Next, enter your payee identification number.

Do not include spaces or special characters when entering your payee identification number.

Use the drop down to identify yourself as a business or individual.

In the fields provided, enter your name or the name of your business.

Use the drop down to select your address type.

Enter your complete address in the fields provided.

Again, be sure that you complete all fields marked with a red asterisk. Once all required fields have been completed, click on the continue button to proceed to the next page.

This page represents parts three and four of the Form 589.

Use the drop down to select the type of payment that you will receive.

Next, enter your dates of service. You must enter a beginning and an ending date. If you only performed services on one day, put that date in both fields.

You can type in the dates or use the calendar icon to the right of the text box to select your dates. Remember, your service dates must be in the current calendar year.

Use the next portion of the request form to determine the required amount of nonresident withholding.

On line 1, enter in the gross amount of the payment you will receive.

On lines 2 through 11, enter any direct expenses that you will incur, or have paid in connection with the California source income.

Enter whole dollar amounts only, and do not include spaces or special characters in these fields.

Lines 12, 13, and 14 will automatically populate based on the figures entered on lines 1 through 11. That's right; this form does the math for you! Line 14 indicates the reduced withholding amount. After you have entered your expense information, click on the continue button.

Review the information you have entered to make sure that it's complete and accurate.

If you need to make a change to anything you've entered, you can use the edit buttons provided on the right of the page for each section of the form.

Once you are satisfied with your entries, complete the penalty of perjury statement by clicking in the box provided.

Now you can submit your request.

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After you submit your request, you will receive a confirmation number page. Be sure to print this page and keep it for your records. At this point, you can submit another online request for reduced nonresident withholding, or you can simply exit the form.

We recommend you close your browser when you are done to ensure the highest level of security.

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If you have additional documents to submit, be sure you include your name, taxpayer identification number, and the confirmation number of your online Form 589.

You must fax the additional documents to us at 916.845.9512.

As a reminder, we no longer accept faxed Forms 589. Submit them online or by mail only.

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The goal of this webinar was to provide nonresident payees a platform upon which to build their knowledge of the online Nonresident Reduced Withholding Request. For more complete details, there is a wealth of information available:

- On our website.
- In the laws referenced and their corresponding regulations, as well as
- On our withholding forms, instructions and publications.

We hope today's webinar has helped you understand the online Nonresident Reduced Withholding Request option.

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If you still have questions, we're here to help!

At **ftb.ca.gov**, you'll find information, forms and publications to help you with all of your withholding needs.

If you need to contact us, you can email us at **wscs.gen@ftb.ca.gov**. But please don't send confidential information as this isn't a secure email address.

You can also call us at 916.845.4900 or 888.792.4900.

Our telephone staff is available to take your calls Monday through Friday, from 8 a.m. to 5 p.m. Pacific time.

You can also fax supporting documents to us at 916.845.9512.

This concludes our presentation. On behalf of the California Franchise Tax Board, thank you for viewing this mini webinar. We hope it was helpful to you.