

MINI WEBINAR SCRIPT

Withholding Exemption Certificate, Form 590

Slide 1

Hello! Welcome to the Franchise Tax Board's mini webinar on Form 590, Withholding Exemption Certificate.

We designed this presentation to provide payees and their withholding agents general information on how to certify exemption from California's nonresident withholding requirements. At the end of this presentation we'll provide contact information you can use if you still have questions.

Slide 2

California law requires nonresident withholding at a rate of 7 percent if:

- A nonresident is paid to perform a service in California, or
- California source income is distributed to a nonresident, and
- The total payment or distribution is more than \$1,500 in the calendar year.

The individual or entity that is responsible for making the payment or distribution is required to withhold, so we refer to them as the withholding agent. We refer to the individual or entity that is receiving the payment or distribution as the payee.

Slide 3

Nonresident withholding is required because generally nonresidents with California source income are required to file a California tax return and pay California income tax. Nonresident withholding is a prepayment of the tax that may be due when they file.

Slide 4

While nonresident withholding is beneficial, it is not required in all situations. As a matter of fact, some payees are exempt from the withholding requirement. Nonresident withholding is not required if the payment or distribution is made to:

- An individual that is a resident in California.
- A business entity that has a permanent place of business in California, or is qualified through the Secretary of State to do business in California.
- A trust that has at least one trustee and one noncontingent beneficiary that are California residents, or
- An estate if the decedent was a California resident at the time of death.

Slide 5

There is also no nonresident withholding requirement if the payment or distribution is made to:

- A tax-exempt entity.
- An individual that meets the requirements of the Military Spouse Residency Relief Act (MSRRA), or
- An insurance company, Individual Retirement Arrangement, or a Qualified Pension/Profit Sharing Plan.

Prior to the payment or distribution, if an exemption applies, the payee should go to our website, ftb.ca.gov, to complete and print Form 590, Withholding Exemption Certificate.

Slide 6

To access Form 590, begin on our homepage, ftb.ca.gov.

Select the “Individuals” tab near the top of the page.

On the gray bar to the left, select “Withholding.”

Then select “Nonresident.”

In the navigation bar on the left side of the page, under the heading of “Tools and Resources,” select “Forms and Publications.”

This page provides links that will take you to each of the current year withholding forms. From here, you would click on “Form 590.”

The withholding agent can also print blank forms to provide to their payees. The payee must sign the form to certify they are exempt from nonresident withholding. When the withholding agent receives the completed certificate, they keep it in their records, it is not sent to FTB.

Slide 7

Before accepting the Form 590, the withholding agent should review it to ensure that it is complete. Form 590 is invalid and should not be accepted if any of the following is incomplete:

- Withholding agent’s name.
- Payee’s name, address or taxpayer identification number.
- An exemption is not selected, or
- The certification doesn’t include the payee’s name, title, phone number, signature, and the date signed.

Once the withholding agent receives a valid Form 590, they are relieved of their requirement to withhold on the payee.

Slide 8

Before we conclude this presentation, we would like to give you some tips and reminders about Form 590, Withholding Exemption Certificate.

- The payee must certify exemption, not their agent or representative.
- Form 590 doesn't need to be renewed annually. It is valid until the payee's status changes.
- A completed Form 590 must be submitted for each withholding agent.
- Knowingly accepting a false Form 590 can subject the withholding agent to liabilities and penalties.

Slide 9

We hope today's webinar has helped you understand the process of certifying exemption from California's nonresident withholding requirements. But if you still have questions, tool and resources are just a click away!

Let's go back to our website, ftb.ca.gov, where you can find information, forms and publications to help you with all of your withholding needs.

If you can't find what you are looking for, there is a link to our contact us page at the bottom of the navigation bar on the left.

If you need information about your account, you can call us toll-free at 888.792.4900.

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

If you need general information, you can email withholding services. This link is not for a secure email address, so please don't send confidential information.

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.