



## You May Have State Nonresident Withholding Responsibilities

If you pay nonresident independent contractors to perform services in this state, the California Franchise Tax Board (FTB) wants to make you aware that unless certain exceptions apply, you must withhold and send to FTB seven percent of all payments that exceed \$1,500 in a calendar year. (California Revenue and Taxation Code Section 18662)

### Who is a nonresident independent contractor?

An independent contractor is one who is contracted to perform specific tasks and is not your employee. For your purposes, nonresident independent contractors who receive California source income may include, but are not limited to consultants, trainers, infrastructure contractors, and others who provide services in California.

### Is nonresident independent contractor withholding a new tax?

No. While laws governing nonresident withholding are not new (see Stats. 1951 ch. 257), FTB aims to better educate withholding agents. Nonresident withholding is similar to payroll tax withholding on wages.

### Will I be held liable for not withholding?

A withholding agent who fails to withhold, under-withholds, or fails to remit withholding, is liable for the greater of:

- The amount actually withheld.
- The amount of taxes due from the nonresident, but not more than the amount required to be withheld.

### Subscribe to free, online webinars!

To get nonresident withholding information via free, online webinars:

- Search for **subscription services** at [ftb.ca.gov](http://ftb.ca.gov).
- On the subscription services page, select the **Tax News, Backup Withholding, and Nonresident** options. You will automatically receive email updates on these topics, including upcoming webinar invitation links.

### Need withholding procedures, information, or forms from FTB?

- Visit the FTB website at [ftb.ca.gov](http://ftb.ca.gov) and search for **withholding**.
- Review FTB Publication 1017, *Resident and Nonresident Withholding Guidelines*.
- Call FTB at **888.792.4900** or 916.845.6262.
- Email FTB at [wscs.gen@ftb.ca.gov](mailto:wscs.gen@ftb.ca.gov). Type **Nonresident Withholding** in the subject line. This is not a secure email address. Please do not send confidential information.