

Instructions for Form 592-F

Foreign Partner or Member Annual Return

What's New

Increase In Rates – For taxable years beginning on or after January 1, 2009, the maximum personal income tax rate increased to 9.55%. In addition, non-California partnerships are subject to withholding requirements on a sale of California real property at a rate of 3 1/3% of sales price or 9.55% of gain. The alternative withholding rates for the sale of California real property by S corporations increased to 11.05% and 13.05% for Financial S corporations.

Backup Withholding – For taxable years 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). The California backup withholding rate is 7% of the payment. 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. For additional information on California backup withholding, go to ftb.ca.gov and search for **backup withholding**.

Title Change – For taxable years beginning on January 1, 2010, the title for Form 592-A changed from Foreign Partner or Member Quarterly Withholding Remittance Statement, to Payment Voucher for Foreign Partner or Member Withholding. In addition, the title for 2010 Form 592 changed from Quarterly Resident and Nonresident Withholding Statement, to Resident and Nonresident Withholding Statement.

General Information

At the end of the taxable year, partnerships, limited liability companies (LLCs), and beneficiaries complete Form 592-F, Foreign Partner or Member Annual Return, to report the total withholding for the year, and to allocate the income and related withholding to the foreign partners or members. When filing Form 592-F with the Franchise Tax Board (FTB), the withholding agent is no longer required to submit to the FTB Form 592-B, Resident and Nonresident Withholding Tax Statement, for each partner or member. However, withholding agents must continue to provide the partners or members with paper copies of Form 592-B.

For California withholding purposes, nonresident includes all of the following:

- Individuals who are not residents of California.
- Corporations not qualified through the California Secretary of State to do business in California or having no permanent place of business in California.
- Partnerships or LLCs with no permanent place of business in California.

- Any trust without a resident grantor, beneficiary, or trustee, or estates where the decedent was not a California resident. Foreign refers to non-U.S.

Withholding on foreign partners or members is remitted to the FTB using Form 592-A, Foreign Partner or Member Quarterly Withholding Remittance Statement. For more information on the withholding requirements or to send withholding payments during the year, get Form 592-A.

Round Cents To Dollars – Round cents to the nearest whole dollar. For example, round \$50.50 up to \$51 or round \$25.49 down to \$25.

A Purpose

Use Form 592-F to report the total withholding for the year on foreign partners or members under California Revenue and Taxation Code (R&TC) Section 18666. Form 592-F is used by pass-through entities to flow through withholding credit to their foreign partners or members. **Caution:** Real Estate Withholding should not be reported on this form.

Do not use Form 592-F if:

- You are reporting withholding on domestic nonresident partners or members. Use Form 592, Quarterly Resident and Nonresident Withholding Statement
- You are the buyer or escrow person withholding on the sale of real estate. Use Form 593, Real Estate Withholding Tax Statement, to report real estate withholding.

B When and Where to File

For withholding on foreign partners or members, file Form 592-F, on or before the 15th day of the 4th month following the close of the partnership's or LLC's taxable year. If all the partners or members are foreign, Form 592-F must be filed on or before the 15th day of the 6th month after the close of the partnership's or LLC's taxable year.

Mail any Form 592-F and payment to:

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

10-Day Notification – In general, California conforms to the Internal Revenue Code (IRC) 1446 and the 10-day notification of withholding for foreign payees.

C Amending Form 592-F

Amended forms can only be filed by the withholding agent. To amend Form 592-F:

- Complete a new Form 592-F, listing **only** the payees you are amending, with the correct information.

- Check the "Amended" box at the top of the revised form.
- Include a letter explaining what changes were made and why.
- Send the amended Form 592-F and letter to the address on the form.

D Federal Extension

Check the "Federal Extension" box at the top of the form if you filed for an extension to file federal Form 8804, Annual Return for Partnership Withholding Tax.

Caution: An extension to file is **not an extension to pay**. The final withholding payment is due on or before the original due date for Form 592-F regardless of an extension to file.

E Electronic Filing and Magnetic Media Requirements

Form 592-F information must be filed with the FTB via magnetic media or electronically, using FTB's Secure Web Internet File Transfer (SWIFT), instead of paper when the number of payees on Form 592-F is 250 or more. However, withholding agents must continue to provide vendors/payees with paper copies of Form 592-B. To submit your Form 592-F for electronic filing, submit your file using the SWIFT process as outlined in FTB Pub. 923, SWIFT Guide for Resident, Nonresident, and Real Estate Withholding.

For magnetic media, submit all the information from Form 592-F on a disk to:

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

For the required file format and record layout for both electronic and magnetic media filing, get FTB Pub. 1023S, Nonresident Withholding Electronic Submission Requirements. If you are the preparer for more than one withholding agent, provide a separate electronic file or disk for each withholding agent.

For electronic filing or magnetic media, submit your payment using EFT or Form 592-V, Payment Voucher for Resident and Nonresident Withholding Electronic Submission.

Interest and Penalties

Interest on late payments is computed from the due date of the withholding to the date paid. Failure to withhold may result in the withholding agent being personally liable for the amount of tax that should have been withheld and for interest and penalties.

Failure to provide correct Forms 592-B to the payees by the due date may result in penalties up to \$100 per Form 592-B.

Specific Instructions

Taxable Year

- Enter the beginning and ending dates for the partnership's or LLC's taxable year.
- Make sure the year in the upper left corner of the form matches the ending date of the taxable year.

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 business or individual withholding agent's name, ID number, and address. If your entity is a partnership, LLC, estate, or trust that was withheld upon by another entity because you are a foreign (non-U.S.) partner or member of that entity and you are flowing through the withholding credit to your partners, members, or beneficiaries, enter your entity's name, ID number, and address in the business name area.

If completing Form 592-F by hand, enter all the information requested using blue or black ink.

If you are filing Form 592-F only to flow through withholding credits to your partners, members, or beneficiaries, enter your information in Part I.

Do not enter the name or ID number of the entity which originally withheld payments from you.

Include the Private Mail Box (PMB) in the address field. Write "PMB" first, then the box number. Example: 111 Main Street PMB 123.

Enter the total number of foreign partners or members included on all Schedule of Payees from Side 2 (including all additional Schedule of Payees you attached).

Part II Tax Withheld

Line 1 – Enter the sum of the tax withheld from all Schedule of Payees listed on Side 2 (including any additional Schedule of Payees you attached).

Line 2 – Enter the amount withheld by another entity and being allocated to your foreign partners or members. If any of the amount withheld by the other entity is to be used against the tax owed by your entity, **do not** include that amount in line 2. Attach a note to Form 592-F explaining how much of the credit will be used to offset your tax due.

Line 3 – Enter prior payments for the taxable year shown above from Forms 592-A, Foreign Partner or Member Quarterly Withholding Remittance Statement.

Line 4 – Enter the amount of foreign partner or member credit carried over from the prior withholding year.

Line 6 – If line 1 is more than line 5, subtract line 5 from line 1. If the result is less than zero, enter -0-. **Important:** Attach a check or money order for the full amount payable to the "Franchise Tax Board." Using blue or black ink, write the tax ID number and "2009 Form 592-F" on the check or money order.

Line 7 – If line 5 is more than line 1, subtract line 1 from line 5. This is your overpayment (complete lines 8 and 9).

Line 8 – Enter the amount of your over payment on line 7 that you want to credit to next year's Form 592-F.

Part III Perjury Statement

Complete the withholding agent's and preparer's information.

Schedule of Payees Instructions

Enter all the requested information for each payee you report as having received California source income to ensure each payee's withholding payment is timely and applied properly.

You must use the Schedule of Payees on Side 2 of Form 592-F to report additional payees – If you withheld tax on multiple payees for the period, use and attach additional Schedule of Payees from Side 2 of Form 592-F, as necessary. **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 the Schedule of Payees from Side 2 of Form 592-F. Be sure to include the withholding agent's or payee's name and ID number at the top of each additional page.

ID Number, Business or Individual Name, and Address – Enter the tax identification number, business or individual name, and address for the partner or member.

Total Income – Enter the total income subject to withholding.

Amount of Tax Withheld – Enter the amount of tax withheld. Determine the California source taxable income allocable for the partner or member, then multiply by the applicable tax rate:

$\text{Income amount} \times \text{Maximum tax rate for the partner or member.}$

9.55%	Non-corporate maximum tax rate
8.84%	Corporate maximum tax rate
10.84%	Bank and financial institution maximum tax rate

Additional Information

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

You can download, view, and print California tax forms and publications at 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
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
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