

# Instructions for Form 592

## Resident and Nonresident Withholding Statement

### General Information

Tax withheld on California source payments is reported to the Franchise Tax Board (FTB) using Form 592, Resident and Nonresident Withholding Statement. Form 592 includes a Schedule of Payees section, on Side 2, that requires the withholding agent to identify the payment recipients (payee), the income amounts, and the withholding amounts. This schedule will allow the FTB to allocate the withholding payments to the payee upon receipt of the completed Form 592.

For taxable years beginning January 1, 2010, use Form 592 to report resident and nonresident withholding and use Form 592-V, Payment Voucher for Resident and Nonresident Withholding, to submit resident and nonresident withholding payments when Form 592 is submitted electronically or by mail. See General Information A, Purpose, for more information.

When filing Form 592 with the FTB, the withholding agent is no longer required to submit a Form 592-B, Resident and Nonresident Withholding Tax Statement, to the FTB, for each payee. However, withholding agents must continue to provide the payees with Form 592-B at the end of the year which shows the total amount withheld for that year.

**Type of Income** – For taxable years beginning January 1, 2010, you may select more than one type of income. This eliminates the need to submit a separate Form 592 for each type of income.

**Backup Withholding** – 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 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](http://ftb.ca.gov) and search for **backup withholding**.

- Backup withholding is required on a reportable payment when federal backup withholding is required (with certain limited exceptions). There is no set minimum threshold.
- Withholding, excluding backup withholding, is optional, at the discretion of the withholding agent, on the first \$1,500 in payments made during the calendar year. Withholding must begin as soon as the total payments of California source income for the calendar year exceed \$1,500.

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 limited liability companies (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.

**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 to report the total withholding under California Revenue and Taxation Code (R&TC) Sections 18662 and 18664. Use Form 592-V, Payment Voucher for Resident and Nonresident Withholding, to remit withholding payments relating to Form 592. The amount of resident and nonresident withholding tax to be withheld shall be computed by applying a rate of 7% or such lesser rate as authorized in writing by the FTB. Get Form 589, Nonresident Reduced Withholding Request, for more information.

The amount of backup withholding is computed by applying the rate of 7% to a reportable payment when federal backup withholding is required (with certain limited exceptions). There are no reductions or waivers for backup withholding. Backup withholding supersedes all types of withholding. For more information on backup withholding, go to [ftb.ca.gov](http://ftb.ca.gov) and search **backup withholding**.

Also, Form 592 is used by pass-through entities to flow through withholding credits to their pass-through owners.

**Important:** This form is also used to report withholding payments for a resident payee.

**Do not** use Form 592 if you are the buyer or escrow person withholding on the sale of real estate. Use Form 593, Real Estate Withholding Tax Statement, and Form 593-V, Payment Voucher for Real Estate Withholding, to report and remit real estate withholding. **Do not** use Form 592 to report tax withheld on foreign partners. For more information regarding reporting tax withheld on foreign partners, get Form 592-A, Payment Voucher for Foreign Partner or Member Withholding, and Form 592-F, Foreign Partner or Member Annual Return.

### B Common Errors/Helpful Hints

If you are filing Form 592 only to flow through withholding credits to your S corporation shareholders, partners, members, or beneficiaries, enter your information in Part I as the withholding agent. **Do not** enter the name or ID number of the entity which originally withheld payments from you.

### C When and Where to File

The tax withheld on payments to independent contractors, recipients of rents and royalties, distributions to domestic nonresident S corporation shareholders, partners, members, and beneficiaries of estates and trusts, are remitted in four payment periods. Each period has a specific payment due date. The payment periods and due dates are:

For the payment period:	Due Date:
January 1 through March 31, 2011 . . . . .	April 15, 2011
April 1 through May 31, 2011 . . . . .	June 15, 2011
June 1 through August 31, 2011 . . . . .	September 15, 2011
September 1 through December 31, 2011 . . . . .	January 17, 2012

If the due date falls on a weekend, or legal holiday, use the next business day. Due to the federal Emancipation Day holiday on April 15, 2011, tax returns filed and payments received on April 18, 2011, will be considered timely. Send any payment due with Forms 592 and 592-V to:

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

The withholding agent retains this form for a minimum of four years and must provide it to the FTB upon request.

**10-Day Notification** – California follows federal law, which requires that withholding agents notify foreign payees within 10 days of any tax withheld. For California withholding purposes, withholding agents should make a similar notification to nonresident payees. No particular form is required for this notification, and it is commonly done on the statement accompanying the distribution or payment. However, the withholding agent may choose to report the tax withheld to the payee on a Form 592-B.

### D Amending Form 592

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

- Complete a new Form 592 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 and letter to the address listed under General Information C, When and Where to File.

### E Electronic Filing Requirements

Form 592 information must be filed with the FTB electronically, using FTB's Secure Web Internet File Transfer (SWIFT), instead of paper

when the number of payees on Form 592 is 250 or more. However, withholding agents must continue to provide payees with Forms 592-B.

For electronic filing, submit your file using the SWIFT process as outlined in FTB Pub. 923, Secure Web Internet File Transfer (SWIFT) Guide for Resident, Nonresident, and Real Estate Withholding.

For the required file format and record layout for electronic filing, get FTB Pub. 1023S, Resident and Nonresident Withholding Electronic Submission Requirements.

If you are the preparer for more than one withholding agent, provide a separate electronic file for each withholding agent.

For electronic filing, submit your payment using Electronic Funds Transfer (EFT) or Form 592-V, Payment Voucher for Resident and Nonresident Withholding.

## F 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. A penalty is assessed for failure to file complete, correct, and timely information returns (Form 592 schedule of payees) to the FTB. The penalty is calculated per payee:

- \$15 if filed 1 to 30 days after the due date.
- \$30 if filed 31 days to 6 months after the due date.
- \$50 if filed more than 6 months after the due date.

## Specific Instructions

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

**Taxable Year** – Make sure the year in the upper left corner of Form 592 represents the calendar year in which the withholding took place.

**Prior Year Distribution** – If current distribution represents prior taxable year California source income, check the “prior year distribution” box at the top of Side 1 on Form 592. The taxable year on Form 592 should match the income year. Attach a letter explaining that the distribution took place in the current withholding year, but was for a prior taxable year.

**Payment Due Date** – Check the appropriate box representing the due date for the tax withheld.

**Private Mail Box (PMB)** – Include the PMB in the address field. Write the “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

Enter the business or individual withholding agent’s name, doing business as (DBA) (if applicable), ID number, and address. If your entity is an S corporation, partnership, LLC, estate, or trust that received payments or distributions that were withheld upon by another entity and you are flowing through the withholding credit to your S corporation shareholders, partners, members, or beneficiaries, enter your entity’s name in the business name field, and the ID number, and address in the designated areas.

Enter the total number of payees listed on the Schedule of Payees.

## Part II – Type of Income

Check the box(es) that reflect the type of income withheld upon for the period.

**Line 1** – Enter the total withholding, excluding backup withholding, from the Schedule of Payees on Side 2 and from any additional pages of Schedule of Payees.

**Line 2** – Enter the total backup withholding from the Schedule of Payees on Side 2 and any additional pages of the Schedule of Payees.

**Line 3** – Add line 1 and line 2. This is the total amount of tax withheld.

**Line 4** – Enter the amount of prior payments made to the FTB and not previously distributed to payees on a prior Form 592. These payments may include amounts from an amended Form 592.

**Line 5** – Enter the amount withheld by another entity that’s being allocated to your S corporation shareholders, partners, members, or beneficiaries. 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 5. Attach a note to Form 592 explaining how much of the credit will be used to offset your tax due.

**Line 7** – Subtract line 6 from line 3 and enter the balance due. If less than zero, enter -0-.

**Important:** Include, but **do not** attach a check or money order to Form 592-V for the full amount payable to the “Franchise Tax Board.” Write the withholding agent’s ID number and “2011 Form 592” on the check or money order.

## Part III – Perjury Statement

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

**Schedule of Payees** – Enter all the requested information for each payee you report as having received California source income to guarantee each payee’s withholding payment is timely and applied properly.

**You must use the Schedule of Payees on Side 2 of Form 592 to report all 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 the Schedule of Payees from Side 2 of Form 592.

If you withheld tax on multiple payees for the period, complete and include additional copies of the Schedule of Payees from Side 2 of Form 592, as necessary. Include the withholding agent’s name and ID number at the top of each additional page.

**Business or Individual Payee Name, ID Number, DBA (if applicable), and Address** – Enter the business or individual payee name, DBA (if applicable), ID number, and address for the payee. For foreign addresses, see Specific Instructions, on this page.

**Total Income for the Withholding Period** – Enter the amount of income/distributions withheld upon. **Do not** include return of capital.

**Amount of Tax Withheld** – Enter the total amount withheld for the period.

**Total Income and Withholding For This Page Only** – Separately add the amounts for total income, total California tax withheld excluding backup withholding, and total backup withholding. If you have multiple Schedules of Payees, enter the amounts from each page on the appropriate lines at the bottom of each schedule. If you checked the backup withholding check box, then enter the total amount withheld on the Total Backup Withholding line.

## 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 number, 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