

# 2019 Nonresident Withholding Allocation Worksheet

The payee completes this form and returns it to the withholding agent.

### Part I Withholding Agent Information

Withholding agent's name

Address (apt./ste., room, PO box, or PMB no.)

City (If you have a foreign address, see instructions.)

State

ZIP code

### Part II Nonresident Payee Information

Payee's name

SSN or ITIN  FEIN  CA Corp no.  CA SOS file no.

Address (apt./ste., room, PO box, or PMB no.)

City (If you have a foreign address, see instructions.)

State

ZIP code

Nonresident payee's entity type: (Check one)

- Individual/sole proprietor
- Corporation
- Partnership
- Limited liability company (LLC)
- Estate or trust

### Part III Payment Type

Nonresident payee: (Check one)

- Performs services totally outside California (no withholding required, skip to Certification of Nonresident Payee)
- Provides only goods or materials (no withholding required, skip to Certification of Nonresident Payee)
- Provides goods and services in California (see Part IV, Income Allocation)
- Provides services within and outside California (see Part IV, Income Allocation)
- Other (Describe) \_\_\_\_\_

If the nonresident payee performs all the services within California, withholding is required on the entire payment for services unless the payee is granted a withholding waiver from the Franchise Tax Board (FTB). For more information, get FTB Pub. 1017, Resident and Nonresident Withholding Guidelines.

### Part IV Income Allocation

Gross payments expected from the withholding agent during the calendar year for:

	(a) Within California	(b) Outside California	(c) Total payments
<b>1</b> Goods and services:			
Goods/materials (no withholding required) .....	_____	_____	_____
Services (withholding required) .....	_____	_____	_____
<b>2</b> Rents or lease payments .....	_____	_____	_____
<b>3</b> Royalty payments .....	_____	_____	_____
<b>4</b> Prizes and other winnings .....	_____	_____	_____
<b>5</b> Other payments .....	_____	_____	_____
<b>6</b> Total payments subject to withholding.			
Add column (a), line 1 through line 5 .....	_____	_____	_____
<b>Nonresident withholding threshold amount:</b> . . .	\$1,500.00		
<b>Backup withholding threshold amount:</b> .....	\$0.00		

### Certification of Nonresident Payee

To learn about your privacy rights, how we may use your information, and the consequences for not providing the requested information, go to [ftb.ca.gov/forms](http://ftb.ca.gov/forms) and search for **1131**. To request this notice by mail, call 800. 852.5711.

Under penalties of perjury, I declare that I have examined the information on this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare under penalties of perjury that if the facts upon which this form are based change, I will promptly notify the withholding agent.

**Sign Here**

Print or type payee's name	Telephone ( )
Payee's signature <b>X</b>	Date
Print or type representative's name and title	Telephone ( )
Authorized representative's signature <b>X</b>	Date

# 2019 Instructions for Form 587

## Nonresident Withholding Allocation Worksheet

References in these instructions are to the California Revenue and Taxation Code (R&TC).

### General Information

#### A Purpose

Use Form 587, Nonresident Withholding Allocation Worksheet, to determine if withholding is required and the amount of California source income subject to withholding.

Withholding is not required if payees are residents or have a permanent place of business in California. Get FTB Pub. 1017, Resident and Nonresident Withholding Guidelines, for more information.

**Do not** use Form 587 if any of the following apply:

- You sold California real estate. Use Form 593-C, Real Estate Withholding Certificate.
- The payee is a resident of California or is a non-grantor trust that has at least one California resident trustee. Use Form 590, Withholding Exemption Certificate.
- The payee is a corporation, partnership, or limited liability company (LLC) that has a permanent place of business in California or is qualified to do business in California. Foreign (non-U.S.) corporations must be qualified to transact intrastate business. Use Form 590.
- The payment is to an estate and the decedent was a California resident. Use Form 590.
- The payments are subject to backup withholding. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.
- The payments are for wages to employees. Wage withholding is administered by the California Employment Development Department (EDD). For more information, go to [edd.ca.gov](http://edd.ca.gov) or call 888.745.3886.

#### B When to Complete

The withholding agent requests that the nonresident payee completes, signs, and returns Form 587 to the withholding agent when a contract is entered into and before a payment is made to the payee. The withholding agent relies on the certification made by the payee to determine the amount of withholding required if the completed and signed Form 587 is accepted in good faith.

Form 587 remains valid for the duration of the contract (or term of payments), if there is no material change in the facts. By signing Form 587, the payee agrees to promptly notify the withholding agent of any changes in the facts.

The withholding agent retains a copy of Form 587 for a minimum of five years and must provide it to the Franchise Tax Board (FTB) upon request.

#### C Requirements

California Revenue and Taxation Code (R&TC) Section 18662 and the related regulations requires withholding 7% of income or franchise tax on certain payments made to nonresidents (including individuals, corporations, partnerships, LLCs, estates, and trusts) for income received from California sources unless an approved waiver or reduction is granted. The withholding rate is 7% unless a waiver or reduction is granted by the FTB.

#### D Income Subject to Withholding

The items of income subject to withholding include, but are not limited to:

- Compensation for services performed in California by nonresidents.
- Rent paid to nonresidents on real or personal property located in California if the rent is paid in the course of the withholding agent's business.
- Royalties from natural resources paid to nonresidents from business activities in California.
- Prizes and winnings received by nonresidents for contests in California.
- Endorsement payments received for services performed in California.
- Other California source income paid to nonresidents.

For more information on income subject to withholding, get FTB Pub. 1017.

#### E Exceptions to Withholding

Withholding is not required when:

- The payment is for goods.
- The payee is a resident of California, or is an S corporation, a partnership, or an LLC that has a permanent place of business in California. Get Form 590.
- The payee is a corporation that is qualified to do business in California.
- The withholding agent's California source payments to the payee do not exceed \$1,500 for the calendar year.
- The payments are for income from intangible personal property, such as interest and dividends, unless derived in a trade or business or the property has acquired a business situs in California.
- The payments are for services performed outside of California or for rents, royalties, and leases on property located outside of California.
- The payment is to a nonresident corporate director for director services, including attendance at board meetings.
- The payee is a tax-exempt organization under either California or federal law.

- The payee has a completed and signed Form 590-P, Nonresident Withholding Exemption Certificate for Previously Reported Income.
- The income is derived from qualified investment securities of an investment partnership.

#### F Waivers/Reductions

A nonresident payee may request a waiver from withholding by submitting Form 588, Nonresident Withholding Waiver Request. A nonresident payee may request a reduction in the amount to be withheld by submitting Form 589, Nonresident Reduced Withholding Request. The FTB does not grant reductions or waivers for backup withholding.

#### G Requirement to File a California Tax Return

A payee's exemption certification on Form 587 does not eliminate the requirement to file a California tax return and pay the tax due.

You may be assessed a penalty if:

- You do not file a California tax return.
- You file your tax return late.
- The amount of withholding does not satisfy your tax liability.

For information on California filing requirements, go to [ftb.ca.gov](http://ftb.ca.gov).

#### H How to Claim Nonwage Withholding Credit

Claim your nonwage withholding credit on one of the following:

- Form 540, California Resident Income Tax Return
- Form 540NR Long, California Nonresident or Part-Year Resident Income Tax Return
- Form 541, California Fiduciary Income Tax Return
- Form 100, California Corporation Franchise or Income Tax Return
- Form 100S, California S Corporation Franchise or Income Tax Return
- Form 100W, California Corporation Franchise or Income Tax Return — Water's-Edge Filers
- Form 109, California Exempt Organization Business Income Tax Return
- Form 565, Partnership Return of Income
- Form 568, Limited Liability Company Return of Income

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## Specific Instructions

**Definitions** – For withholding terms and definitions, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **nonwage withholding**.

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

**Foreign Address** – Follow the country’s practice for entering the city, county, province, state, country, and postal code, as applicable, in the appropriate boxes. **Do not** abbreviate the country name.

### Part I – Withholding Agent Information

Enter the withholding agent’s business or individual information, not both.

### Part II – Nonresident Payee Information

Enter the payee’s business or individual information, not both. Check the appropriate box and enter the Taxpayer Identification Number (TIN).

You must provide a valid TIN as requested on this form. The following are acceptable TINs: social security number (SSN); individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp no.); or California Secretary of State (CA SOS) file number.

### Part III – Payment Type

The nonresident payee must check the box that identifies the type of payment that will be received.

### Part IV – Income Allocation

Use Part IV to identify payments that are subject to withholding. Enter payments from both within and outside of California. Only payments sourced within California are subject to withholding. Services performed in California are sourced in California. In the case of payments for services performed when part of the services are performed outside California, enter the amount paid for performing services within California in column (a). Enter the amount paid for performing services while outside California in column (b). Enter the total amount paid for services in column (c).

If the payee’s trade, business, or profession conducted in California is an integral part of a unitary business conducted within and outside California compute the payment amounts on line 1 through line 5 by applying the payee’s California apportionment percentage (determined in accordance with the provisions of the Uniform Division of Income for Tax Purposes Act) to the payment amounts. For more information on apportionment, get Schedule R, Apportionment and Allocation of Income.

### Withholding Agent

Keep Form 587 for five years for your records. **Do not** send this form to the FTB unless it has been specifically requested.

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. If backup withholding is required, there is no set minimum threshold and it supersedes all types of withholding.

If circumstances change during the year, such as the total payment amounts which would change the amount on line 6, the payee must submit a new Form 587 to the withholding agent reflecting those changes. The withholding agent should evaluate the need for a new Form 587 when a change in facts occurs.

### Certification of Nonresident Payee

The payee and/or the authorized representative must complete, sign, date, and return this form to the withholding agent.

Authorized representatives include those persons the payee authorized to act on their behalf through a power of attorney, a third party designee, or other individual taxpayers authorized to view their confidential tax data by a waiver or release.

Electronic signatures shall be considered as valid as the originals.

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## Additional Information

**Website:** For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **nonwage**.

**MyFTB** offers secure online tax account information and services. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and login or register for **MyFTB**.

**Telephone:** 888.792.4900 or 916.845.4900, Withholding Services and Compliance phone service

**Fax:** 916.845.9512

**Mail:** WITHHOLDING SERVICES AND COMPLIANCE MS F182  
FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0651

For questions unrelated to withholding, or to download, view, and print California tax forms and publications, or to access the TTY/TDD numbers, see the information below.

### Internet and Telephone Assistance

**Website:** [ftb.ca.gov](http://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 disability  
711 or 800.735.2929 California relay service

### Asistencia Por Internet y Teléfono

**Sitio web:** [ftb.ca.gov](http://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 para personas con discapacidades auditivas o del habla  
711 ó 800.735.2929 servicio de relevo de California