

# 2023 Instructions for Form 592

## Resident and Nonresident Withholding Statement

### General Information

Tax withheld on California source income 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 payees, 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.

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 nonwage withholding purposes:

- Nonresident includes all of the following:
  - Individuals who are not residents of California.
  - Corporations not qualified through the California Secretary of State (CA SOS) 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.

**Grantor Trust** – A trust whose assets and income are controlled by a grantor.

**Nongrantor Trust** – A trust not owned by an individual and viewed as a taxable entity.

**Group Return Reporting** – Beginning on January 1, 2022, if your payees are going to participate on a group return and you have not previously filed Form 592, Form 592-F, Foreign Partner or Member Annual Withholding Return; or Form 592-PTE, Pass-Through Entity Annual Withholding Return, to allocate withholding to those individuals, you may include all group return individuals as one payee on the Schedule of Payees instead of listing each individually. See Schedule of Payees Instructions for more information.

#### Pass-Through Entity Annual Withholding

**Return** – For taxable years beginning on or after January 1, 2020, a pass-through entity that has paid withholding on behalf of a nonresident owner or has been withheld upon must use Form 592-PTE to report the total withholding. For more information, get Form 592-PTE.

#### Payment Voucher for Pass-Through Entity

**Withholding** – For taxable years beginning on or after January 1, 2020, a ~~pass-through entity~~ must use Form 592-Q, Payment Voucher for Pass-Through Entity Withholding, to remit the withholding payments. For more information, get Form 592-Q.

#### Form 592-B, Resident and Nonresident

**Withholding Tax Statement** – The withholding agent must provide Form 592-B to each payee which shows the total amount withheld and reported for the tax year. The withholding agent does not submit Form 592-B to the FTB. For more information, get Form 592-B.

**Backup Withholding** – 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 on income sourced to California. 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**.

If a payee has backup withholding, the payee must contact the FTB to provide a valid Taxpayer Identification Number (TIN) before filing a tax return.

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 CA SOS file number. Failure to provide a valid TIN will result in the denial of the backup withholding credit.

### A Purpose

Use Form 592 to report the total withholding under California Revenue and Taxation Code (R&TC) Sections 18662 and 18664. Items of income that are subject to withholding are payments to independent contractors, recipients of rents, endorsement income, royalties, or distributions to domestic nonresident partners in a partnership, members of an LLC, estate or trust beneficiaries, and S corporation shareholders. Get FTB Pub. 1017, Resident and Nonresident Withholding Guidelines, for more information.

Use Form 592-V, Payment Voucher for Resident or Nonresident Withholding, to remit withholding payments reported on Form 592.

Compute the amount of resident and nonresident withholding tax to be withheld by applying a rate of 7% or a reduced amount as authorized in writing by the FTB. Get Form 589, Nonresident Reduced Withholding Request, for more information.

Compute the amount of backup withholding 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 and no set minimum threshold. Backup withholding supersedes all types of withholding.

Form 592 is also used to report withholding payments for a resident payee.

**Do not** use Form 592 if any of the following apply:

- No payment, distribution or withholding occurred.
- You are reporting withholding on domestic nonresident individuals, who are owners of the PTE. Use Form 592-PTE.
- You are reporting withholding on foreign partners or members. Use Form 592-F.
- You are reporting real estate withholding as the buyer or real estate escrow person withholding on the sale of real estate. Use Form 593, Real Estate Withholding Statement.

### B When and Where to File

The tax withheld on payments is remitted in four specific periods. Each period has a specific due date.

#### Specific Period and Due Date

January 1 through March 31, 2023 . . . . .	April 18, 2023
April 1 through May 31, 2023 . . . . .	June 15, 2023
June 1 through August 31, 2023 . . . . .	September 15, 2023
September 1 through December 31, 2023 . . . . .	January 16, 2024

When the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day.

Due to the federal Emancipation Day holiday observed on April 17, 2023, tax returns filed and payments mailed or submitted on April 18, 2023, will be considered timely.

Mail any payment due with Forms 592 and 592-V to:

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

**Important:** If you filed Form 592 electronically, then mail your payment due only with Form 592-V. Do not mail Form 592.

**Record Keeping** – The withholding agent retains this form for a minimum of five 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.~~

## C Electronic Filing Requirements

When the number of payees entered on Form 592, Schedule of Payees, exceeds 250, Form 592 must be filed with the FTB electronically using FTB's Secure Web Internet File Transfer (SWIFT) instead of paper. However, withholding agents must provide payees with copies of 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.

Electronic signatures shall be considered as valid as the originals.

## D Amending Form 592

If an error is discovered after the withholding agent files Form 592, including filing with an incorrect taxable year form, then the withholding agent must file an amended Form 592 to correct any errors. Only withholding agents file amended forms.

**Important:** For assistance to prepare and file an amended Form 592, contact the FTB.

If you previously filed Form 592 with an incorrect taxable year, then follow the steps below:

1. Complete a new Form 592 with the correct taxable year.
  - Enter all the withholding and payee information.
  - Leave the "Amended" box unchecked at the top left corner of the form.
2. Complete a second Form 592 with the same taxable year as originally filed.
  - Enter all the withholding and payee information.
  - Check the "Amended" box at the top left corner of the form.
  - Enter \$0.00 for the total withholding amount due on Side 1, Part III, Tax Withheld.

- Enter \$0.00 for the amount of tax withheld for each payee on Side 2, Schedule of Payees.
3. Mail both forms to the address shown under General Information B, When and Where to File.

If you previously filed Form 592 with a correct taxable year, but reported information incorrectly, follow the steps below:

1. Complete a new Form 592 with the same taxable year as originally filed.
  - Check the "Amended" box at the top left corner of the form.
  - Enter all the correct withholding and payee information. Do not enter negative numbers.
  - Attach a letter to the **back** of the form to explain the reason(s) for the corrections.
  - Keep the original Form 592 for your records.
2. Mail the amended form and the attached letter to the address shown under General Information B, When and Where to File.

## E 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 was required to be withheld, plus interest and penalties, unless the failure was due to reasonable cause.

A penalty will be assessed for failure to file complete, correct, and timely information returns (Form 592 Schedule of Payees) with the FTB. The penalty is calculated per payee.

- \$50 if filed 1 to 30 days after the due date.
- \$110 if filed 31 days to 6 months after the due date.
- \$270 if filed more than 6 months after the due date.

For more information, get FTB 1150.

## Specific Instructions

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

**Taxable Year** – The taxable year on the form must match the year of withholding.

**Prior Year Distribution** – Check the Prior Year Distribution box at the top of Side 1 on Form 592 if the income distribution took place in the current taxable year, but represents income for a prior taxable year.

**Example:** You completed your 2022 tax return and determined you need to distribute additional income to your owners. Use a 2022 Form 592 and check the Prior Year Distribution box.

**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 "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 only business or individual information, not both, check the appropriate box and enter the TIN.

Enter the **total** number of payees included 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.

## Part III – Tax Withheld

**Line 1** – Enter the total withholding, excluding backup withholding, from the Schedule of Payees on Side 2 and from any additional pages of the 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 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 is being distributed to your domestic nonresident partners in a partnership, members of an LLC, estate or trust beneficiaries, or S corporation shareholders. 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.

## Schedule of Payees Instructions

Enter all the applicable information for each payee you report as having nonresident or backup withholding to ensure each payee's withholding payment is applied timely and properly.

**Do not** include payees who have zero withholding unless you are amending Form 592 to exclude a payee originally reported in error.

**Do not** leave a blank payee box unless you are at the end of the Schedule of Payees.

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

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. Enter the withholding agent's name and TIN at the top of each additional page.

**Do not** attach your own schedules to this form. We only accept and process additional payees reported on the Schedule of Payees from Side 2 of Form 592.

**Business or Individual Payee Name, TIN, and Address** – Enter only business or individual information for each payee, not both, check the appropriate box, and enter the TIN of the payee that is required to file a tax return and report the income. **Do not** enter the business name of your entity as a payee.

If the payee is a **grantor trust**, enter the individual name and TIN of the grantor that is required to file a tax return and report the income. **Do not enter the name of the trust or trustee information.** (For tax purposes, grantor trusts are transparent. The individual grantor must report the income and claim the withholding on the individual's California tax return.)

If the payee is a **nongrantor trust**, enter the name of the trust and the trust's FEIN. **Do not enter trustee information.** If the nongrantor trust has applied for a FEIN and it has not yet been received or it has not applied for a FEIN, leave the identification number field blank. After the FEIN is received, contact the FTB.

If the payee is a **group return** and you have not allocated to the individuals for a previous quarter, enter the group return as one payee. **Do not** enter individual payee information. Enter the name, address, and FEIN of the group return. Enter the name of the group return in the **Business Name** field as follows:

- "PTSP" if a partnership or LLC, followed by the business name. Example: PTSP ABC LLC.
- "SGNF" if a corporation, followed by the business name. Example: SGNF DEF Corp.

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

**Backup Withholding** – If the payee is subject to backup withholding, check this box.

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

**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 California Relay Service, 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

California Relay Service: 711 or 800.735.2929 for persons with hearing or speaking limitations.

**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

Servicio de Retransmisión de California: 711 o 800.735.2929 para personas con limitaciones auditivas o del habla.