



ACCOUNTING AND FINANCIAL SERVICES  
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Re: California Withholding Requirements

Below is an explanation of the State of California Withholding Requirements as published by the California Franchise Tax Board in FTB Pub. 1023:

**Withholding on Payment to California Nonresidents**

Payments made to California nonresidents, including corporations, limited liability companies, and partnerships that do not have a permanent place of business in this state are subject to seven percent state income tax withholding (California Revenue and Taxation Code Section 18662).

Types of income subject to withholding include, but are not limited to, payments for services performed in California and payments of leases, rents and royalties for property (real or personal) located in California. No withholding is required on payments for goods.

The Franchise Tax Board may reduce the withholding if the seven percent will result in substantial over-withholding or waive the withholding if the payee has a current history of filing California returns and/or making estimated payments when due. For more information, or to request a waiver or reduced withholding rate, contact:

NONRESIDENT WITHHOLDING WAIVER REQUESTS  
NONRESIDENT WITHHOLDING SECTION MS F-265  
FRANCHISE TAX BOARD  
PO BOX 651  
SACRAMENTO, CA 95812-0651  
Telephone: (916) 845-4900  
FAX: (916) 845-4831

Please do not hesitate to contact me if you have further questions regarding the above issue.

Sincerely,

Anne Marie Scott, CPP  
Accounts Payable and Tax Assistant Manager  
University of California, Davis  
(530) 757-8505