

**SAM – DISBURSMENTS**

**STATE DEPARTMENTS REPORTING ANNUAL INFORMATION RETURNS**  
(Revised 03/11)

**8422.191**

This section applies to non-CALSTARS departments only. Non-CALSTARS departments may send their annual information returns (Form 1099) to the Franchise Tax Board (FTB) by the first week in January of the year following the calendar year payment. FTB will mail a paper Form 1099 to the payee by January 31st and forward the information to the Internal Revenue Service (IRS). The IRS has established the following due dates for Form 1099:

- Recipient Copy                      January 31
- IRS Paper Filing                      February 28
- IRS Electronic Filing                March 31

Departments filing 250 or more Form 1099 must file electronically. For 249 or less, departments are encouraged to file electronically; however, paper returns can be filed with the IRS. Further information regarding the two methods is described below. Departments that do not use the FTB to transmit Form 1099 data must mail a paper return directly to the payee by January 31<sup>st</sup> and file electronic or paper copies as described below.

1. Filing 250 or more

Departments that file their own electronic returns are encouraged to use the IRS Combined Federal/State Filing Program. An application to participate in this program should be submitted directly to the IRS. When the application is approved by the IRS, the department will annually send the returns to the IRS only. IRS will then forward the information to FTB. To request approval to participate in the IRS Combined Federal/State Filing Program, see IRS Publication 1220, *Specifications for Filing Forms 1097-BTC, 1098, 1099, 3921, 3922, 5498, 8935, and W-2G Electronically* or call IRS Information Reporting at (866) 455-7438.

2. Filing less than 250

Departments filing less than 250 returns of one type are encouraged to file electronic returns through the IRS Combined Federal/State Filing Program as described above. However, departments may file paper Form 1099 with the IRS Form 1096 (Return Transmittal Form) and send them to the IRS, Ogden, UT 84201. The IRS will forward copies of returns filed with the Form 1096 to the FTB. In this case, the departments do not send paper copies to FTB. To order 1099 forms from the IRS, call 1-800-TAX-FORM (1-800-829-3676) or order them on-line at [www.irs.gov](http://www.irs.gov).

For information reporting questions, refer to the IRS website at [www.irs.gov](http://www.irs.gov) or call IRS Information Reporting Program Customer Service Section at (866) 455-7438. Additional information is available at [www.ftb.ca.gov](http://www.ftb.ca.gov), or contact FTB at (916) 845-6304 or [IRPhelp@ftb.ca.gov](mailto:IRPhelp@ftb.ca.gov).



# SAM – DISBURSMENTS

STATE OF CALIFORNIA  
**PAYEE DATA RECORD**  
STD. 204 (REV. 2-99 (REVERSE))

## ARE YOU A RESIDENT OR A NONRESIDENT?

Each corporation, individual/sole proprietor, partnership, estate or trust doing business with the State of California must indicate their residency status along with their taxpayer identification number.

A **corporation** will be considered a “resident” if it has a permanent place of business in California. The corporation has a permanent place of business in California if it is organized and existing under the laws of this state or, if a foreign corporation has qualified to transact intrastate business. A corporation that has not qualified to transact intrastate business (e.g., a corporation engaged exclusively in interstate commerce) will be considered as having a permanent place of business in this state only if it maintains a permanent office in this state that is permanently staffed by its employees.

For **individuals/sole proprietors**, the term “resident” includes every individual who is in California for other than a temporary or transitory purpose and any individual domiciled in California who is absent for a temporary or transitory purpose. Generally, an individual who comes to California for a purpose which will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.

For withholding purposes, a **partnership** is considered a resident partnership if it has a permanent place of business in California. An estate is considered a California estate if the decedent was a California resident at the time of death and a trust is considered a California trust if at least one trustee is a California resident.

More information on residency status can be obtained by calling the Franchise Tax Board at the numbers listed below:

From within the United States, call.....1-800-852-5711  
From outside the United States, call.....1-916-845-6500  
For hearing impaired with TDD, call....1-800-822-6268

## PRIVACY STATEMENT

Section 7(b) of the Privacy Act of 1974 (Public Law 93-5791) requires that any federal, state, or local governmental agency which requests an individual to disclose his social security account number shall inform that individual whether that disclosure is mandatory or voluntary, by which statutory or other authority such number is solicited, and what uses will be made of it.

The State of California requires that all parties entering into business transactions that may lead to payment(s) from the State must provide their Taxpayer Identification Number (TIN) as required by the State Revenue and Taxation Code, Section 18646 to facilitate tax compliance enforcement activities and to facilitate the preparation of Form 1099 and other information returns as required by the Internal Revenue Code, Section 6109(a). The TIN for individual and sole proprietorships is the Social Security Number (SSN).

It is mandatory to furnish the information requested. Federal law requires that payments for which the requested information is not provided be subject to a 31% withholding and state law imposes noncompliance penalties of up to \$20,000.

You have the right to access records containing your personal information, such as your SSN. To exercise that right, please contact the business services unit or the accounts payable unit of the state agency(ies) with which you transact that business.

Please call the Department of Finance, Fiscal Systems and Consulting Unit at (916) 324-0385 if you have any questions regarding this Privacy Statement. Questions related to residency or withholding should be referred to the telephone numbers listed above. All other questions should be referred to the requesting agency listed in Section 1.

## ARE YOU SUBJECT TO NONRESIDENT WITHHOLDING?

Payments made to nonresident payees, including corporations, individuals, partnerships, estates and trusts, are subject to withholding. Nonresident payees performing services in California or receiving rent, lease or royalty payments from property (real or personal) located in California will have 7% of their total payments withheld for state income taxes. However, no withholding is required if total payments to the payee are \$1500 or less for the calendar year.

A nonresident payee may request that income taxes be withheld at a lower rate or waived by sending a completed form FTB 588 to the address below. A waiver will generally be granted when a payee has a history of filing California returns and making timely estimated payments. If the payee activity is carried on outside of California or partially outside of California, a waiver or reduced withholding rate may be granted. For more information, contact:

Franchise Tax Board  
Nonresident Withholding Section  
Attention: State Agency Withholding Coordinator  
P.O. Box 651 Sacramento, CA 95812-0651  
Telephone: (916) 845-4900  
FAX: (916) 845-4831

**If a reduced rate of withholding or waiver has been authorized by the Franchise Tax Board, attach a copy to this form.**

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