REMITTING AND REPORTING INCOME TAX WITHHELD **8422.196**
(Revised 03/11)

Federal Backup Withholding

1. Remitting Federal Backup Amount(s) Withheld

The state department shall prepare a claim schedule with the "Internal Revenue Service" (IRS) as payee. Supporting documentation for the claim schedule shall include a worksheet showing the claim schedule number, invoice number, payee name, invoice amount, and the amount subject to withholding. The Remittance Advice (STD. 404) shall show the payee name and address as: Internal Revenue Service, Ogden, UT 84201. Each state department shall enter its Federal Employee Identification Number, date, and amount paid in the right-hand box (reserved for payee invoice information) of the STD. 404. Also, the Tax Deposit Coupon, IRS Form 8109, shall be attached to the STD. 404.

2. Reporting Federal Backup Amounts Withheld

The state department shall file the Annual Return of Withheld Federal Income Tax, IRS Form 945. Line 2 of this return reports the total amount of federal backup income tax withheld and remitted.

3. Reconciliation of Withholding, Remittances, and Information Returns

Neither the IRS Form 8109 nor the IRS Form 945 provides for payee information. That information is provided only in the Annual Information Return, Form 1099. The IRS performs the necessary reconciliation between the IRS Form 8109, IRS Form 945, and Form 1099 data for their internal review purposes. State department accounting staff are encouraged to perform reconciliations, for internal use only, of the backup amounts withheld and remitted per the IRS Form 8109, and the amounts reported per the IRS Form 945, and Form 1099.

For more information, refer to the IRS website http://www.irs.gov/ for IRS Publication 1281, *Backup Withholding for Missing and Incorrect Name/TIN(S)* and IRS Publication 15, *Employer's Tax Guide.* For questions about federal backup withholding or information reporting, contact the IRS Information Reporting Program Customer Service Section at (866) 455-7438.

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REMITTING AND REPORTING INCOME TAX WITHHELD **8422.196 (Cont. 1)**
(Revised 03/11)

State Backup Withholding and Nonresident Income Tax Withheld

1. Remitting State Backup and Nonresident Taxes Withheld

State backup and nonresident income tax withheld shall be accumulated and remitted to the Franchise Tax Board (FTB) with Form 592-V, Payment Voucher for Resident and Nonresident Withholding at the address shown on the form. This remittance shall be made quarterly and no later than 15 days following each quarter ended. For each quarter, the state department shall prepare a claim schedule of the state tax withheld with the "Franchise Tax Board" as payee. Supporting documentation for the claim schedule is a copy of the FTB Form 592 with a statement and signature certifying the copy of the form (see SAM 8422.1). Also, the Form 592-V shall be attached to the STD. 404.

Form 592, Resident and Nonresident Withholding Statement, must be filed with the FTB to identify the payee, the income, and the withholding amount. This schedule will allow the FTB to allocate the withholding payments to the payee upon receipt of the completed Form 592. Departments must file electronically, instead of paper, using FTB's Secure Web Internet File Transfer when the number of payees on Form 592 Schedule of Payees are 250 or more. For the required file format and record layout, see FTB Publication 1023S, *Resident and Nonresident Withholding Electronic Submission Requirements.* Form 592 can be mailed to FTB for payees numbering less than 250.

2. Reporting State Backup and Nonresident Taxes Withheld

For those residents and nonresidents whose California income taxes were withheld by the state department, the Resident and Nonresident Withholding Tax Statement, FTB Form 592-B, will be sent annually to each payee to report both the total amount subject to withholding and the total amount withheld for the entire prior calendar year. Form 592-B shall be sent to the payee (for filing a California tax return) no later than January 31. Departments shall retain a copy for their records.

Refer to the instructions on FTB Forms 592 and 592-B for additional information on the remittance and reporting of backup and nonresident income tax withheld. In addition, FTB Publication 1017, *Resident and Nonresident Withholding Guidelines*, provides information on the state's withholding requirements. The publication and the forms are available at www.ftb.ca.gov. Further, state departments may contact the FTB, Withholding Services and Compliance Section for additional information. Please direct all inquiries to:

Franchise Tax Board
Withholding Services and Compliance Section
P.O. Box 942867
Sacramento, CA 94267-0651
Telephone: (916) 845-4900 Fax: (916) 845-9512
E-mail (non-confidential): WSCS.GEN@ftb.ca.gov