



Residential | Commercial | Industrial | Multiples | Apartments | Homeowners Association

California 7% Withholding Tax for Out of State Property Owners

Beginning January 1, 2010, California will start to enforce, the law that requires with some exceptions, anyone who lives outside of California and who owns a rental property in this state to pay a withholding credit on the rents collected. As your contracted Management Company, we are mandated by law to withhold 7% of the rents we collect on your behalf and to send those funds to the Franchise Tax Board each quarter, unless the appropriate forms are provided.

The law may not apply to you, and if it doesn't then we are required to keep on file a Franchise Tax board form that demonstrates you are exempt.

Please review with your CPA regarding your options.

Read the following instructions:

This law does not apply to you if you are a,

- Individuals – Certification of Residency: California resident (If you become a nonresident at any time you must notify the withholding agent;
- Corporations;
- Partnerships, or Limited Liability Companies (LLC's) qualified with the Secretary of State to do business in California or that have a permanent place of business in California;
- Tax-exempt Entities;
- Insurance Companies, Individual Retirement Arrangements (IRA's), or Qualified Pension/Profit-Sharing Plans;
- California Trusts;
- Estates - where the deceased was a California resident at the time of death;
- California non-grantor trust;
- Nonmilitary Spouse of a Military Servicemember.

If you meet any of these requirements above, please complete **FORM 590** in order to certify your status as exempt, and return it to Liberty Property Management by mailing it to 1120 Scenic Drive, Modesto CA or you may email/fax clientcare@libertypropertymanagement.com fax # (209) 232-3100.



Residential | Commercial | Industrial | Multiples | Apartments | Homeowners Association

You may be eligible for a Waiver

If you are not exempt, you may still be eligible to receive a waiver from the tax withholding if,

- You have a California tax return on file for the past two years in which there was a filing requirement and you are considered current on any outstanding FTB tax obligations; or
- If you have no tax filing history but are making estimated tax payments for the current year and are current on any outstanding FTB tax obligations.

A Note on Waivers: They are available to domestic nonresident owners only. Waivers are generally granted for fixed periods. The Franchise Tax Board generally responds to a waiver request within 21 working days.

If you wish to request a waiver from the withholding requirements, please complete FTB **FORM 588** and attach any pertinent information:



Online filing **MyFTB**.

- Log in to **MyFTB**
- Select **File a Nonresident Withholding Waiver Request**.

For more information, go to www.ftb.ca.gov and login or register for **MyFTB**



Withholding Services and Compliance MS F182
Franchise Tax Board
PO Box 942867
Sacramento CA 94267-0651



Fax to 916 845-9512



Residential | Commercial | Industrial | Multiples | Apartments | Homeowners Association

Annual Filings

Liberty Property Management will provide you with your annual written withholding statement FTB FORM 592B – Resident and Nonresident Withholding Tax Statement by January 31. The Withholding Statement will be a summary of the rents we have sent to you and the amounts withheld and forwarded to the FTB.

Please remember you **MUST** file a California tax return to claim your withholding credit at the end of the year. When you file your return, attach the withholding tax statement (FTB FORM 592B) that we send to you as proof of the credit withheld.

Please be sure to contact your CPA for professional advice on how you should proceed on this matter.

For more information we can be reached at 209 576-0934.

Regards,
Liberty Property Management