



Federal Withholding Tax Guide

Businesses! **Before** you sign that check! Do you need to withhold anything?

BEFORE YOU PAY	TO	GET FEDERAL FORM	SHOWING	IF NOT, WITHHOLD THIS PERCENT
Services	Individual Partnership (Independent Contractor)	W-9 / 8233	Name Address Social Security Number	24%/30%
Services, Interest, Dividends, Royalties, or Rents	Any Foreign Payee	W-8ECI	Exemption From Withholding	30%
Services, Interest, Dividends, Royalties, Rents, Premiums, or Annuities (e.g. Pensions)	Foreign Individual ----- Foreign Entity	W-8BEN ----- W-8BEN-E	Reduced Rate of Withholding	30%
Partnership (or LLC) Quarterly Income	<u>Partners</u> Foreign (Non U.S.) Non-Corporate ----- Foreign (Non U.S.) Corporate	8804-C	Qualifications for the Reduced Tax Rate	37% ----- 21%
Purchase of U.S. Real Estate	Any Foreign Seller	8288-B	Reduction of the Withholding Amount	15%
Supplemental Wages	Individual	W-4 *	Name Address Social Security Number Number of Allowances	22% or 37% for Income Taxes **
Goods	Anyone	None	None	None

January 1, 2023

Application of withholding rules is potentially complicated. This chart simply highlights areas of withholding exposure and does not attempt to provide tax advice. Please call us to discuss the full implications of any withholding matter including instructions for deposits and reports.

* Please review federal payroll guides to identify other payroll withholding requirements.

** 37% applies to amounts in excess of \$1 million.



California Withholding Tax Guide

Businesses! ***Before*** you sign that check! Do you need to withhold anything?

BEFORE YOU PAY	TO	GET CALIFORNIA FORM	SHOWING	IF NOT, WITHHOLD THIS PERCENT
Services, Royalties, Rents, or Prizes	Anyone	587 / 590	California Residency	7%
Services, Royalties, Rent, Prizes, or Partnership (or LLC) Distributions of Income	Domestic (U.S.) Nonresident Independent Contractors, Non-Corporate Partners and S-Corporation Shareholders	588	Nonresident Withholding Waiver	7%
Services, Royalties, Rent, Prizes, or Partnership (or LLC) Distributions of Income	Domestic (U.S.) Nonresident Independent Contractors, Non-Corporate Partners, and S-Corporation Shareholders	589	Nonresident Reduced Withholding Request	7%
Partnership (or LLC) Quarterly Income	<u>Partners</u> Foreign (Non U.S.) Non-Corporate ----- Foreign (Non U.S.) Corporate	589	Qualifications of Reduced Withholding Tax	12.3%** ----- 8.84%
Purchase of Real Estate	Anyone	593	Proof that property is seller's principal residence, sold at a loss, or part of an IRC 1031 exchange, etc.	3 1/3% (0.0333)
Compensation a) Supplemental Wages b) Stock Options & Bonus Payments	Individual	DE 4 * (If Different From Federal W-4)	Name Address Social Security Number Number of Allowances	a) 6.6% b) 10.23%
Goods (Subject to Sales and Use Tax)	Anyone	None	None	None

January 1, 2023

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* Please review California payroll guides to identify other payroll withholding requirements.

** An additional 1% Mental Health Services Tax applies to taxable income in excess of \$1 million.