State of California
Franchise Tax Board
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To: Fishing Tournament Sponsors and Associations
From: Franchise Tax Board Withholding Services and Compliance

Subject: Nonresident Withholding Responsibilities

Memorandum

If you pay California source income to nonresidents of California, the Franchise Tax Board (FTB) wants to make you aware that unless certain exceptions apply, you must withhold and send to FTB seven percent of all payments that exceed $1,500 in a calendar year. (Revenue and Taxation Code Section 18662)

What is considered California source income?

For your purposes, California source income may include, but is not limited to:

- Prize monies paid to nonresident tournament participants.
- Other non-wage payments made to those who service California fishing tournaments.

Is nonresident withholding a new tax?

No. While laws governing nonresident withholding are not new (see Stats. 1951 ch. 257), FTB's goal is to better educate withholding agents, in this case, fishing associations, clubs, sponsors, marinas and their affiliates, on their responsibilities. Nonresident withholding is a prepayment of tax similar to Employment Development Department's payroll tax withholding on California residents' wages.

Need withholding procedures, information, or forms from FTB?

- Visit our website at **ftb.ca.gov** and search for **withholding.**
- Review FTB Publication 1017, *Resident and Nonresident Withholding Guidelines*.
- Call us at **888**.792.4900 or 916.845.6262 (not toll-free).
- Email us at **wscs.gen@ftb.ca.gov.** Type **Nonresident Withholding** in the subject line. This is not a secure email address. Please do not send confidential information.