

MEMORANDUM



TO: Professional Service Providers
FROM: Jonathan A. Gray, Director
RE: California State Withholding Tax

California state law requires Santa Clara University to withhold and pay to the state of California seven-percent (7%) of all payments made to vendors outside California who *provide services within California and are neither a resident of, nor have a permanent place of business in California*. Withholding is not required if payment to a service provider is less than \$1,500.00 within a calendar year.

Federal law requires Santa Clara University to withhold thirty-one-percent (31%) of all payments made to individuals and businesses that have not provided a Taxpayer Identification number (TIN). Actual withholding dollar amounts are based on the agreed-upon asking price for the services provided - Santa Clara University will not gross-up the payment amount by the withholding percentage.

Attached is Santa Clara University's combined California Form 590 Withholding Exemption Certificate and IRS W-9. Please complete the applicable portion(s) of the form and fax to me at (408) 554-5544. Thank you for your cooperation regarding this matter. If you have any specific questions regarding withholding taxes, please contact me directly at (408) 554-4745.

Withholding Exemption Certificate and IRS Form W-9

Year 20 _____ CALIFORNIA FORM 590

Return this form to the Center for Student Leadership, Santa Clara University

Name _____

Address _____

City _____ State _____ Zip Code _____ Phone: _____

TAXPAYER INFORMATION:

Individual _____
Social Security No. _____

Sole Proprietorship _____
SSN or Federal Tax I.D. No. _____

Corporation _____
Federal Tax I.D. No. _____

Partnership _____
Federal Tax I.D. No. _____

Other _____

Please complete the appropriate section below.

1. Individuals (including sole proprietorships):

I hereby certify under penalty of perjury that I am a resident of California and that I reside at the address shown above and that the information provided on this form is correct and complete. Should I become a nonresident at any time, I will promptly inform you.

Signature _____ Date _____

2. Corporations:

I hereby certify under penalty of perjury that the above-named corporation has a permanent place of business in California at the address shown above or is qualified to do business in California and that the information provided on this form is correct and complete. Should this corporation cease to be qualified to do business in California, I will promptly inform you.

Signature _____ Date _____
Title of corporate officer _____

3. Partnerships:

I hereby certify under penalty of perjury that the above-named partnership has a permanent place of business in California at the address shown above, and that it is subject to the laws of California and that the information provided on this form is correct and complete. I further certify that the partnership will file California returns and withhold on foreign and domestic nonresident partners when required. Should this partnership cease to do any of the above, I will promptly notify you.

Signature _____ Date _____
Title _____

4. Non California Resident Individuals, Corporations and Partnerships providing services outside California:

I hereby certify under penalty of perjury that I am not a California resident, nor a corporation or partnership with a permanent place of business in California. Furthermore, I declare that the compensation paid for the services rendered to Santa Clara University, considered, under California tax law, to be for services rendered outside the State of California and is not subject to 7% withholding tax. I also certify under the penalty of perjury that the taxpayer identification number provided on this form is correct and complete.

Signature _____ Date _____
Title _____

5. Non California Resident Individuals, Corporations, and Partnerships subject to withholding:

I hereby certify under penalty of perjury that I am not a California resident, nor a Corporation or partnership with a permanent place of business in California and that all payments made to me are subject to 7% withholding. However, the name and taxpayer identification number provided on this form are correct and complete.

Signature _____ Date _____
Title _____

IMPORTANT NOTICE

California Law requires that we withhold and pay to the state of California 7% of all payments for services performed in California by non-residents of California and who are not subject to normal wage and employee tax withholding.

Prior to making any payments to you (as an individual, partnership or corporation), we request that you provide us with a properly completed California Form 590-Withholding Exemption Certificate. If you fail to declare yourself to be a resident of California, or fail to provide a California address, any payments we make to you will be subject to 7% withholding. Even though you may be a California resident, we must have a signed California Form 590 certifying California residency as a permanent place of business in California to avoid the 7% withholding. All withheld dollars will be paid to the Franchise Tax Board, P.O. Box 942867, Sacramento, CA 94267-0001. Questions regarding refunds of withheld dollars should be directed to the Franchise Tax Board.

When completing the California Form 590, please write your Taxpayer Identification Number (TIN) in the TAXPAYER INFORMATION section. If you are an individual with a social security number, please give us your full name (first and last), your social security number, and your business name. If you want us to report these payments to the revenue authorities using your proprietorship Federal employer identification number, please provide us with that number in addition to the above information. If you are an entity other than a proprietorship, please provide us with your Federal employer identification number and the business name that was used when applying for the number.

For Privacy Act Notice, see Form FTB 1131 (individuals only)

Purpose of this form. This form is used to obtain an exemption from withholding of tax for individuals, corporations and partnerships that declare they are residents of, or have a permanent place of business in, California. **Withholding Agent-Keep this certificate for your records.** For more information, contact: Withholding at Source, P.O. Box 651, Sacramento, CA 95812-0651. You may also telephone (916) 369-4900. If an individual payee becomes a nonresident or if a corporation payee ceases to be qualified to do business in California, or if the partnership ceases to have a permanent place of business in California, the payee must notify the payer. The payer must then complete Form 591 and Form 592 or Form 598 and Form 598-B and withhold the tax at source.

The term "resident" includes every individual who is in California for other than 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 assistance in determining residence status, call the appropriate toll-free telephone number listed below.

A corporation has a permanent place of business in this state if it is organized and existing under the laws of this state or, if a foreign corporation, it has qualified to transact intrastate business. A corporation which 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 which is permanently staffed by its employees.

Upon request, the Franchise Tax Board will advise any entity making payments which may be subject to withholding whether or not the recipient has a permanent place of business in California. Such requests should contain the exact name of the recipient of the income and be addressed to: Franchise Tax Board, Operations Division, Sacramento, CA 94240-0046.

For more information regarding residency, call the numbers listed below:

From within the United States, call 1-800-852-5711

From outside the United States, call 1-916-854-6500

For hearing impaired with TDD, call 1-800-822-6268