

NOTICE OF INTENT TO WITHHOLD

As an entity or independent Contractor doing business with **BIGGS UNIFIED SCHOOL DISTRICT**, you must complete applicable state and federal tax forms that are required to determine your federal and state withholding and reporting status.

Federal Form W-9 – Under Federal Regulation §1604-1, vendors are required to provide us with their taxpayer identification number (TIN) to avoid backup withholding of **24%**. In addition, the State of California also requires an additional **7%** backup withholding on all payments subject to the IRS backup withholding requirement. We will not be able to refund any backup withholding already deducted from the payment. Backup withholding is a not a failure to pay you; it is an advance tax payment which you can take as a credit when you file your federal and state tax returns.

California Form 590- All individuals and entities must complete form 590 to determine California Residency for exemption from California withholding.

California Form 587 - Payments made to Corporation, limited liability companies and partnership that do not have a permanent place of business in California are subject to a **7%** non-resident withholding on payments greater than **\$1,500** for services performed in California and payments of leases, rents, and royalties for property (real or personal) located in California. *Withholding is not required on payments for goods.* (California Revenue and Taxation Code Section 18662)

Form 587 is used to allocate the amount of services performed within the state of California. Only payments sourced within California are subject to withholding. If Form 587 is not applicable or if we do not receive with an allocation breakdown, **7%** withholding will be deducted from your payment

The Franchise Tax Board may reduce the withholding if the **7%** will result in substantial over-withholding or waive the withholding if the payee has a current history of filing California returns and /or making estimated payments with due. If a waiver has been approved, there is no withholding on the payment. If a reduced rate has been approved, then the amount of tax indicated on the approval letter will be withheld. For more information, or to request a waiver or reduced withholding rate, contact:

NONRESIDENT WITHHOLDING WAIVER REQUESTS
WITHHOLDING SECTION MS F-265 FRANCHISE TAX BOARD
PO BOX 651, SACRAMENTO, CA 95812-0651
TELEPHONE: (916) 845-4900
FAX: (916) 845-4831

FTB Pub. 1017 Nonresident Withholding Independent Contractor Rent & Royalty Guidelines can be obtained from the Federal Tax Board if you have further questions.

Please complete and return the attached forms Form W-9 and Form 590 along with any applicable Forms 587 to:

Biggs Unified School District
300 B Street,
Biggs, CA 95917

Failure to receive the completed forms can delay or cause adjustments to your payments. If you have questions, please call our **Accounts Payable Department at Telephone (530) 868-1281 ext. 258**