



5340 Skylane Boulevard  
Santa Rosa, CA 95403-8246  
(707) 524-2600 ■ [www.scoe.org](http://www.scoe.org)

**RE: Working As an Out-Of-State Vendor for SCOE**

Dear Vendor,

Payments made to California non-residents, including corporations, limited liability companies, and partnerships that do not have a permanent place of business in this state are subject to seven (7%) percent state income tax withholding (California Revenue and Taxation Code Section #18662).

Types of income subject to withholding include, but are not limited to, payments for services performed in California and payments of leases, rent and royalties for property (real or personal) located in California. No withholding is required on payments for goods.

The Franchise Tax Board may reduce the withholding if seven (7%) percent will result in a substantial over withholding or waive the withholding if the payee had a current history of filing California returns and/or making estimated payments when due.

As a California non-resident acting as a vendor or independent contractor doing business with Sonoma County Office of Education, **you must complete applicable state and federal tax forms** that are required to determine your federal and state reporting status. The below forms must be submitted to SCOE prior to you doing business with Sonoma County Office of Education. Failure to submit the completed forms can delay or require adjustments to your payments.

- **Form W-9** – Under Federal Regulations #1604-1; vendors are required to provide us with their taxpayer identification numbers (TIN). If you fail to furnish this information prior to payment, you can be subject to a \$50 penalty imposed by the IRS. In addition, all payments made to you or your establishment will be subject to a backup-withholding penalty. The backup-withholding rate is 28%.

The backup withholding will be deducted from our payment to you or your establishment and sent to the IRS. We will not be able to refund any backup withholding already deducted from your payment. Backup withholding is not a failure to pay you; it is an advance tax payment, which you can take as a credit when you file your federal tax returns.

- **Form 590** – This form is necessary to determine California Residency. Payments made to California nonresidents, including corporation, limited liability companies and partnerships that do not have a permanent place of business in this state may be subject to a 7% state income tax withholding (California Revenue and Taxation Code #18662).

Types of income subject to withholding include payments for services performed in California and payments of leases, rents and royalties for property located in California. No withholding is required for goods.

- **Form 587** – Services performed within California and outside of California must be allocated on Form 587 when applicable. Please complete form 587 and return along side of Form 590.
- **Withholding Waiver** – If you meet the criteria for California withholding, you may apply for a waiver from the state of California by contacting: California Franchise Tax Board 916-845-4900. The California Non-Resident Withholding Waiver must be received before payment is processed to apply the exemption from the required 7% withholding.

Links to the above mentioned forms can be found on our website at [www.scoe.org/vendor](http://www.scoe.org/vendor). Please visit this page and download the required forms.

Please return your completed forms (and/or waiver) to:

**Sonoma County Office of Education**  
**Attn: Accounts Payable – Business Services**  
**5340 Skylane Boulevard**  
**Santa Rosa, CA 95403**

For information on tax liabilities or to request a waiver or reduced withholding rate contact:

Nonresident Withholding Waiver Requests  
Franchise Tax Board  
PO Box 651  
Sacramento, CA 95812-0651  
Telephone: (916) 845-4900  
Fax: (916) 845-4831  
[www.ftb.ca.gov](http://www.ftb.ca.gov)

Sincerely,

---