

INDEPENDENT CONTRACTOR REPORTING REQUIREMENTS

California State Senate Bill 542 went into effect January 1, 2001. This law requires businesses and government entities to report specified information to the Employment Development Department (EDD) on independent contractors.

Any business or government entity (defined as a “service-recipient”) that is required to file a federal Form 1099-MISC for services performed by an independent contractor (defined as a “service-provider”) must report this information to the State of California within twenty (20) days of **EITHER** making payments totaling \$600 or more **OR** entering into a contract for \$600 or more in any calendar year, whichever is earlier.

San Mateo Community College District will implement this law effective January 1, 2001. We are required to provide the following information:

First name, middle initial and last name
Social security number (**NO EXCEPTIONS**)
Employer Identification Number (if applicable)
Address
Start date of contract
Amount of contract (including cents)
Contract expiration date
Ongoing contract (check box if applicable)

Please note that the EDD requires the independent contractor’s (service-provider) Social Security number regardless of whether they use an Employer Identification Number (EIN) for 1099 reporting purposes. The EDD will NOT accept an EIN.

Furthermore, if you are a **CALIFORNIA NONRESIDENT** the Franchise Tax Board subjects this income to seven percent (7%) state income tax withholding (California Revenue and Taxation code Section 18662). The San Mateo Community College District (defined as “withholding agent”) is required to withhold from all payments or distributions of California source income made to a nonresident when the payments or distributions are greater than \$1,500 for the calendar year **UNLESS** the withholding agent receives authorization for a waiver or a reduced withholding rate from the Franchise Tax Board. For more information, or to request a waiver or reduced withholding rate, contact:

NONRESIDENT WITHHOLDING WAIVER REQUESTS
NONRESIDENT WITHHOLDING SECTION MS F-265
FRANCHISE TAX BOARD
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