



**EXEMPTION FROM WITHHOLDING** (continued): Under the Service Member Civil Relief Act, as amended by the Military Spouses Residency Relief Act, you may be exempt from California income tax on your wages if (i) your spouse is a member of the armed forces present in California in compliance with military orders; (ii) you are present in California solely to be with your spouse; and (iii) you maintain your domicile in another state. If you claim exemption under this act, check the box on Line 3. You may be required to provide proof of exemption upon request.

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**IF YOU NEED MORE DETAILED INFORMATION, SEE THE INSTRUCTIONS THAT CAME WITH YOUR LAST CALIFORNIA INCOME TAX RETURN OR CALL THE FRANCHISE TAX BOARD.**

IF YOU ARE CALLING FROM WITHIN THE UNITED STATES 1-800-852-5711 (voice)  
1-800-822-6268 (TTY)

IF YOU ARE CALLING FROM OUTSIDE THE UNITED STATES (Not Toll Free) (916) 845-6500

The California Employer's Guide (DE 44) provides the income tax withholding tables. This publication may be found on EDD's Web site at [www.edd.ca.gov/Payroll\\_Taxes/Forms\\_and\\_Publications.htm](http://www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm). To assist you in calculating your tax liability, please visit the Franchise Tax Board's Web site at: [www.ftb.ca.gov/individuals/index.shtml](http://www.ftb.ca.gov/individuals/index.shtml).

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**NOTIFICATION:** Your employer is required to send a copy of your DE 4 to the Franchise Tax Board (FTB) if it meets either of the following two conditions:

- You claim more than 10 withholding allowances.
- You claim exemption from state or federal income tax withholding and your employer expects your usual weekly wages to exceed \$200 per week.

IF THE IRS INSTRUCTS YOUR EMPLOYER TO WITHHOLD FEDERAL INCOME TAX BASED ON A CERTAIN WITHHOLDING STATUS, YOUR EMPLOYER IS REQUIRED TO USE THE SAME WITHHOLDING STATUS FOR STATE INCOME TAX WITHHOLDING IF YOUR WITHHOLDING ALLOWANCES FOR STATE PURPOSES MEET THE REQUIREMENTS LISTED UNDER NOTIFICATION. IF YOU FEEL THAT THE FEDERAL DETERMINATION IS NOT CORRECT FOR STATE WITHHOLDING PURPOSES, YOU MAY REQUEST A REVIEW.

To do so, write to:

W-4 Unit  
Franchise Tax Board MS F180  
P.O. Box 2952  
Sacramento, CA 95812-2952  
Fax: (916) 843-1094

Your letter should contain the basis of your request for review. You will have the burden of showing the federal determination incorrect for state withholding purposes. The Franchise Tax Board (FTB) will limit its review to that issue. FTB will notify both you and your employer of its findings. Your employer is then required to withhold state income tax as instructed by FTB. In the event FTB or IRS finds there is no reasonable basis for the number of withholding exemptions that you claimed on your W-4/DE 4, you may be subject to a penalty.

**PENALTY:** You may be fined \$500 if you file, with no reasonable basis, a DE 4 that results in less tax being withheld than is properly allowable. In addition, criminal penalties apply for willfully supplying false or fraudulent information or failing to supply information requiring an increase in withholding. This is provided for by Section 19176 of the California Revenue and Taxation Code.

**INSTRUCTIONS — 1 — ALLOWANCES\***

When determining your withholding allowances, you must consider your personal situation:

- F Do you claim allowances for dependents or blindness?
- F Are you going to itemize your deductions?
- F Do you have more than one income coming into the household?

**TWO-EARNER/TWO-JOBS:** When earnings are derived from more than one source, underwithholding may occur. If you have a working spouse or more than one job, it is best to check the box **SINGLE** or **MARRIED** (with two or more incomes). Figure the total number of allowances you are entitled to claim on all jobs using only one DE 4 form. Claim allowances with one employer. Do not claim the same allowances with more than one employer. Your withholding will usually be most accurate when all allowances are claimed on the DE 4 or W-4 filed for the highest paying job and zero allowances are claimed for the others.

**MARRIED BUT NOT LIVING WITH YOUR SPOUSE:** You may check the **Head of Household** marital status box if you meet all of the following tests:

- (1) Your spouse will not live with you at any time during the year;
- (2) You will furnish over half of the cost of maintaining a home for the entire year for yourself and your child or stepchild who qualifies as your dependent; and
- (3) You will file a separate return for the year.

**HEAD OF HOUSEHOLD:** To qualify, you must be unmarried or legally separated from your spouse and pay more than 50% of the costs of maintaining a home for the entire year for yourself and your dependent(s) or other qualifying individuals. Cost of maintaining the home includes such items as rent, property insurance, property taxes, mortgage interest, repairs, utilities, and cost of food. It does not include the individual's personal expenses or any amount which represents value of services performed by a member of the household of the taxpayer.

**WORKSHEET A**

**REGULAR WITHHOLDING ALLOWANCES**

- (A) Allowance for yourself F enter 1 . . . . . (A)
- (B) Allowance for your spouse (if not separately claimed by your spouse) F enter 1 . . . . . (B)
- (C) Allowance for blindness F yourself F enter 1 . . . . . (C)
- (D) Allowance for blindness F your spouse (if not separately claimed by your spouse) F enter 1 . . . . . (D)
- (E) Allowance(s) for dependent(s) F do not include yourself or your spouse . . . . . (E)
- (F) Total F add lines (A) through (E) above . . . . . (F)

**INSTRUCTIONS — 2 — ADDITIONAL WITHHOLDING ALLOWANCES**

If you expect to itemize deductions on your California income tax return, you can claim additional withholding allowances. Use Worksheet B to determine whether your expected estimated deductions may entitle you to claim one or more additional withholding allowances. Use last year's FTB 540 form as a model to calculate this year's withholding amounts.

Do not include deferred compensation, qualified pension payments or taxable benefits, etc., that are deducted from your gross pay but are not taxed on this worksheet.

You may reduce the amount of tax withheld from your wages by claiming one additional withholding allowance for each \$1,000, or fraction of \$1,000, by which you expect your estimated deductions for the year to exceed your allowable standard deduction.

**WORKSHEET B**

**ESTIMATED DEDUCTIONS**

- 1. Enter an estimate of your itemized deductions for California taxes for this tax year as listed in the schedules in the FTB 540 form . . . . . 1. \_\_\_\_\_
- 2. Enter \$7,274 if married filing joint with two or more allowances, unmarried head of household, or qualified dependent(s) or \$3,637 if single or married filing separately, dual income married, or married with multiple employers . . . . .

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