

Non-Resident Withholding Tax Update: California, Pennsylvania

10/7 Update Note: Information about the date withholding will begin has been revised. This bulletin was originally posted August 14.

California and Pennsylvania have laws concerning the withholding of state income taxes on non-resident commissions paid for life and annuity sales.

- **California:** 7 percent, applies to Individuals and Corporations
- **Pennsylvania:** 3.07 percent, applies to Individuals only

To comply with these states' provisions, American General Life Insurance Company (AGL) is required to withhold income taxes for commissions of cases written within these states for agents and financial advisors who are not residents of the states.

AGL will begin withholding on the first dollar of commission.

When will withholding begin?

Withholding will be reflected in statements for the pay period ending **October 18, 2019**. If taxes are withheld, they will appear in a new statement section called Tax WithHold, with PA and/or CA listed as line items.

How is residency determined?

Determination of residency is based on an agent's active resident license or the resident state on file. If you believe commission has been erroneously withheld, please contact AGL to update your records.

Please note that non-resident agents are responsible for reporting all commissions for business in these states in accordance with respective state laws.

States Under Review

To ensure compliance with applicable laws, AIG monitors and reviews legislative activity in all 50 states.

Additional states with non-resident commission requirements may be included as laws are enacted or updated.