

Introduced by Senator Walters

February 20, 2014

An act to add Section 13004.6 to the Unemployment Insurance Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1131, as introduced, Walters. Income taxes: withholding: limited liability company.

Existing law requires every employer who pays wages to a resident employee for services performed either within or without this state, or to a nonresident employee for services performed in this state, to deduct and withhold from those wages, except as otherwise provided, for each payroll period, a tax computed in that manner as to produce a sum which is substantially equivalent to the amount of tax reasonably estimated to be due under the Personal Income Tax Law resulting from the inclusion in the gross income of the employee of the wages which were subject to withholding.

This bill would provide that, for purposes of those withholding laws, employee does not include any member of a limited liability company that is treated as a partnership for federal income tax purposes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 13004.6 is added to the Unemployment
- 2 Insurance Code, to read:

- 1 13004.6. “Employee” does not include any member of a limited
- 2 liability company that is treated as a partnership for federal income
- 3 tax purposes.

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