

CALIFORNIA TAXATION OF NONRESIDENT INCOME

California Taxation of Nonresident Income	
Type of Income	Taxability
Income from business activities conducted solely in CA	Taxable
Income from business activities conducted outside CA by a CA business	Apportionable ¹
Income from business activities conducted both in and outside CA	Apportionable ¹
Real property located in CA	Taxable
Real property located outside CA	Not taxable
Income from tangible personal property located in CA	Taxable
Income from tangible personal property located outside CA	Not taxable
Gain on the sale of real property or tangible personal property located in CA	Taxable
Interest and dividends	Not taxable ²
Wages for services performed in CA	Taxable
Wages for services performed outside CA for a CA business, trade, or profession	Not taxable
Sole proprietor's receipts for services performed for CA businesses	Taxable ³
Pensions accrued during CA residency from services performed in CA	Not Taxable
Income from a stock option exercised after taxpayer becomes a nonresident but where services between grant date and exercise date were performed while taxpayer was a resident	Taxable ⁴
CA-source income from CA S corporation or partnership	Taxable
Gain on sale of partnership interest or closely held stock in a CA corporation	Not taxable ⁵
Income from royalties and for the privilege of using patents, copyrights, secret processes and formulas, goodwill, trademarks, trade brands, franchises, etc., that have a business situs in CA	Taxable
Payments on installment sale of intangibles sold while a resident	Taxable
<p>¹ If the income is an integral part of a unitary business, it would be taxable, and you would need to use California's single-sale apportionment formula and market-based sourcing rules to determine the portion allocable to California (18 Cal. Code Regs. §17951-4(c))</p> <p>² Interest and dividend income would not be taxable unless it had a business or taxable situs in California (R&TC §17952) or unless the intangible income is from an installment sale that occurred while the taxpayer was a resident</p> <p>³ <i>Appeal of Bindley</i>, 2019-OTA-179P</p> <p>⁴ 18 Cal. Code Regs. §17952</p> <p>⁵ <i>Appeal of Amyas Ames, et al.</i> (June 17, 1987) 87-SBE-042</p>	

 **Website**

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www.caltax.com/files/2021/nonresidentincome.pdf