GILEAD

RE: California Withholding on Non-Resident Vendors

Dear Vendor:

Thank you for your interest in serving Gilead Sciences. As we welcome you as a new vendor, we would like to bring to your attention California's withholding requirements as they apply to non-resident vendors. **And the California Withholding Forms required prior to onboarding.**

Under California Revenue & Taxation Code §18662 and the related regulations (18662-1 through 18662-14), California law requires us to withhold and remit to the Franchise Tax Board (FTB) seven percent (7%) of gross payments made to non-resident vendors who perform services to us from a location within California. Under California Revenue & Taxation Code §18668, we are liable for any tax required to be withheld; therefore, we will fully comply with all withholding required under the law.

To allow us to determine the proper amount of withholding required under the law, you are required to complete, sign, and return to us FTB Form 587, *Nonresident Withholding Allocation Worksheet*, before we begin making payments to you. This form requires you to provide information regarding your business, whether and how you will be providing goods and/or services to us, and from where you will provide said goods and/or services. If you will be providing goods and/or services from multiple locations, FTB Form 587 requires you to provide an estimated income allocation (i.e., an expected payment breakdown for your activity to be conducted from within California and outside California). Please understand that your completed FTB Form 587 will remain valid for the duration of our relationship unless and until you inform us of any material changes that might impact withholding.

We are not required to withhold if you provide to us a completed FTB Form 590, *Withholding Exemption Certificate*. Please understand that if you do not provide to us a certified withholding exemption certificate (regardless of whether you qualify for one), it is our obligation and intent to withhold from payments made to you. We may not, and are not, providing tax advice of any sort; therefore, we highly recommend that you consult your tax advisor to determine whether you qualify for an exemption.

For more information on California's non-resident withholding process, please see:
https://www.ftb.ca.gov/individuals/wsc/summary_nonresident_withholding_process.shtml
https://www.ftb.ca.gov/forms/misc/590.pdf
https://www.ftb.ca.gov/forms/2016/16_587.pdf