

State of California

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Legislative Change No.

06-25

Bill Number: AB 2341 Author: Villines, et al. Chapter Number: 06-773

Laws Affecting Franchise Tax Board: Sections 17937, 17945, 17947, 17948.1, 17948.3, 23153, 23332, 23334, 23335, 23561 of the Revenue and Taxation Code

Date Filed with the Secretary of State: September 29, 2006

SUBJECT: Elimination Of Tax Clearance Process/Minimum Franchise And Annual Tax Relief

Assembly Bill 2341 (Villines, et al.), as enacted on September 29, 2006, made the following changes to California law:

Sections 17937, 17947, and 17948.3 of the Revenue and Taxation Code are added.

This act provides that the minimum franchise tax or the annual tax would not be assessed for a taxable year if three conditions are met:

- 1) The entity files a final annual tax or minimum franchise tax return for the preceding taxable year.
- 2) The entity did not do business in California after that year.
- 3) The entity files documents for dissolution, surrender, or cancellation within 12 months of the date of the final return being filed.

Sections 17945, 17948.1, and 23334 of the Revenue and Taxation Code are repealed.

Sections 23153, 23332, 23335, and 23561 of the Revenue and Taxation Code are amended.

This act eliminates the requirement to obtain a tax clearance certificate from the Franchise Tax Board prior to terminating the existence of certain entities.

As a tax levy, this act is effective upon enactment and is operative as of that date. Certain provisions are operative for taxable years beginning on or after January 1, 2006.

This act will not require any reports by the department to the Legislature.

Assistant Bureau Director

Patrice Gau-Johnson

Date

11/3/06