

**State of California**

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<b>Legislative Change No.</b>	<b>09-7</b>
Bill Number: <u>ABX4 18</u>	Author: <u>Committee on Budget</u> Chapter Number: <u>09X4-16</u>
Laws Affecting Franchise Tax Board:	<u>Sections 18661 and 18664 of the Revenue and Taxation Code</u>
Date Filed with the Secretary of State:	<u>July 28, 2009</u>

SUBJECT: Backup Withholding

**Assembly Bill X4 18 (Committee on Budget), as enacted on July 28, 2009, made the following changes to laws impacting the Franchise Tax Board:**

Section 18661 of the Revenue and Taxation Code is amended.

This act requires the social security number or other taxpayer identification number of the recipient of income to be furnished upon demand by the person paying the income.

Section 18664 of the Revenue and Taxation Code is added.

This act conforms, with modifications, California tax law to the federal backup withholding regime to require such withholding at a rate of 7 percent on reportable payments made on or after January 1, 2010. Interest, dividends, and any release of loan funds made by a financial institution in the normal course of business are specifically excluded from California backup withholding.

This act is effective and operative on October 23, 2009. Backup withholding is specifically operative for reportable payments made on or after January 1, 2010.

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

Assistant Bureau Director  
Patrice Gau-Johnson

Date  
08/26/09