NOTE: The 15-Day changes are made in underscore for additions and strikeout for deletions.

Section 25106.5 is amended to read:

§ 25106.5. Combined Reporting.

(a) Combined Reporting. In General. Each taxpayer whose income and apportionment factor data are permitted or required to be included in a combined report shall report income in the manner provided by this regulation, and, to the extent applicable, other regulations adopted under Section 25106.5 of the Revenue and Taxation Code.

(b) Definitions. Unless otherwise indicated, the following definitions shall apply to all regulations adopted under Section 25106.5 of the Revenue and Taxation Code.

(1) Combined Report. “Combined report” refers to the schedules which are attached to the tax return, required to be filed by Section 18601 of the Revenue and Taxation Code, of one or more taxpayer members, which reports the taxpayer member's income from sources within this state under the combined reporting method.

(2) Combined Reporting Method. “Combined reporting method” refers to the method under which the total combined report business income of all members of the combined reporting group is apportioned to California, to determine each taxpayer member's combined report business income from California sources.

(3) Combined Reporting Group. “Combined reporting group” refers to those corporations with business income that is permitted or required to be included in a particular combined report under Sections 25101, 25101.15, 25102, or 25104 of the Revenue and Taxation Code, limited, if applicable, by application of Section 23801(c) of the Revenue and Taxation Code, or the effects of a water's edge election under Section 25110 of the Revenue and Taxation Code, or any other provision of law which precludes income and apportionment data of an entity from being included in a combined report. A combined reporting group also refers to those S Corporations whose income is required to be included in a combined report under Section 23801(d) of the Revenue and Taxation Code.

(4) Business Income. “Business income” is as defined under Section 25120(a) of the Revenue and Taxation Code.

(5) Combined Report Business Income. “Combined report business income” is the business income of a member of a combined reporting group permitted or required to be included in the combined report of the group.

(6) Total Group Combined Report Business Income. “Total group combined report business income” is the sum or net of all combined report business income of all members of the combined reporting group.

(7) Nonbusiness Income. “Nonbusiness income” is the income of a member of the combined reporting group which is subject to allocation under Sections 25123 through 25127 of the Revenue and Taxation Code.

(8) Apportionment. “Apportionment” is the means by which total group combined report business income is sourced to this state under Sections 25128 through 25137 and Section 25141 of the Revenue and Taxation Code.

(9) Taxpayer Member's California Apportionment Percentage. “Taxpayer member's California apportionment percentage” refers to the fraction, determined under Section 25128 of the Revenue and Taxation Code, used to apportion the total group combined report business income to a taxpayer member in this state.

(10) Member. “Member” is a single corporation in a combined reporting group. The term includes both taxpayer members and all other corporations included in the combined reporting group.

(11) Taxpayer Member. “Taxpayer member” is a corporation which is a member of a combined reporting group which is required to file a tax return in this state.

(12) Principal Member. “Principal member” is the member of the combined reporting group whose accounting period is used as a reference period for all members of the combined reporting group to aggregate and apportion combined report business income of the group. A principal member need not be a taxpayer member.

(A) Corporations Described. Once a principal member has been determined under this subsection (b)(12), that member shall remain the principal member for all succeeding periods that it is a member of the combined reporting group, except as permitted by the Franchise Tax Board. Except as otherwise provided, the “principal member” is the corporation first described below:

1. The parent corporation which is a member of the combined reporting group. A “parent corporation” is a corporation which is a parent corporation to all members of the combined reporting group, within the meaning of Revenue and Taxation Code section 25105, subdivision (b)(1).

2. If the group does not have a parent corporation which is a member of the combined reporting group, as so defined, the “principal member” is a corporation which is a lower tier parent to all members of the combined report. A “lower tier parent” is the first corporation, down the chain of corporations, which is a member of the combined reporting group and which would have constituted a “parent corporation” to all members of the combined group if all corporations which own or constructively own that corporation under Section 25105(b)(1) of the Revenue and Taxation Code were disregarded.

3. If the group does not have a “lower tier parent” corporation which is a member of the combined reporting group, the “principal member” is the taxpayer member of the combined reporting group expected to have, on a recurring basis, the largest amount, by value, of real and tangible personal

property in the state. The value of real and tangible personal property shall be determined pursuant to the property factor provisions of Sections 25129 through 25131 of the Revenue and Taxation Code and the regulations thereunder.

(B) Election to Designate Principal Member. Notwithstanding the provisions of preceding subsection (A) of this subsection (b)(12), in the first taxable year in which a combined report is required, the taxpayer members of the combined reporting group may elect to treat any other member of the combined reporting group as the "principal member," so long as consistently treated as such for the year of the election and thereafter. Thereafter, the taxpayer members may change their principal member only with consent of the Franchise Tax Board.

(C) Inconsistent Principal Member. In the event that members of a combined reporting group have filed with inconsistent principal members (including cases where two or more groups of corporations erroneously filed as distinct combined reporting groups) the determination of the appropriate principal member shall be in accordance with the provisions of subsection (A) of this subsection (b)(12), unless, in the discretion of the Franchise Tax Board, selection of another principal member would result in a lesser compliance burden for the taxpayer members.

(13) Group Return. "Group return" is that return filed on behalf of eligible electing taxpayer members of a combined reporting group included on the electing key corporation's Schedule R-7 of Schedule R filed in conjunction with its California Form 100.

(14) Key Corporation. "Key corporation" is the taxpayer member which files a group return described by subsection (b)(13) of this regulation on behalf of the electing taxpayer members of the combined reporting group as agent and surety for the electing members.

(15) Fiscalization. "Fiscalization" is the process under which a member of a combined reporting group aligns the income and apportionment data from its accounting period to the accounting period of the principal member.

(16) California Source Carryover Item. "California source carryover item" refers to an item of income or loss allocated or apportioned in an earlier year, required to be taken into account as California source income during the taxable year, other than a net operating loss.

(17) Income. Unless the context otherwise requires, the term "income" includes loss.

(18) Total Separate Net Income. Except as otherwise provided, "total separate net income" is the total net income from all sources of a member of a combined reporting group from its separate books of account as determined under the Revenue and Taxation Code, before allocation and apportionment.

(19) Corporation. "Corporation," as used in this regulation and other regulations under Section 25106.5 of the Revenue and Taxation Code, is any of the entities described as a corporation in Section 23038 of the Revenue and Taxation Code, including banks. In

the application of Section 25102 of the Revenue and Taxation Code, the term "corporation" also includes "persons" as the term is used in that section.

(20) California Apportionment Percentage. "California apportionment percentage" means the fraction, determined under Section 25128 or Section 25128.5 of the Revenue and Taxation Code, used to apportion the total group combined report business income to this state.

(21) Intrastate Apportionment. "Intrastate apportionment" means the method by which the total group combined report business income, which has been apportioned to this state, is assigned to each of the taxpayer members of the combined reporting group.

(22) Intrastate Apportionment Percentage. "Intrastate apportionment percentage" means the percentage applied by a specific taxpayer member to the total group combined report business income, after apportionment to this state, in order to determine that member's share of the group's California source apportioned Income.

(c) Steps in determining California source income or loss from the business income of a combined reporting group. Members of a combined reporting group shall compute their income from California sources in the following steps, in the order indicated.

(1) Determination of Separate Net Income. Except as otherwise provided by this regulation or other regulations adopted under Section 25106.5 of the Revenue and Taxation Code, each member of a combined reporting group must identify its total separate net income for the period beginning and ending with the accounting period of the principal member of the combined reporting group. Items of income and expense should be presented in columnar form for each member. Except as otherwise provided by this regulation or other regulations under Section 25106.5 of the Revenue and Taxation Code, total separate net income shall be determined by the Revenue and Taxation Code, subject to the following modifications:

(A) Intercompany Transactions. (See Cal. Code Regs., tit. 18, § 25106.5-1.)

(B) Capital, etc., Gains and Losses. Capital, Section 1231 (Internal Revenue Code), and involuntary conversion gains and losses shall not be taken into account. Such gains and losses are apportioned and allocated as determined under California Code of Regulations, title 18, section 25106.5-2.

(C) Net Operating Loss Deductions. Net operating loss deductions shall not be taken into account. The net operating loss deduction of a taxpayer member is allowed as a deduction only against the California source income (i.e., after apportionment and allocation) of the taxpayer member of the group (see subsection (e) of this regulation).

(2) Accounting Methods and Elections. Except as otherwise provided by this regulation or other regulations under Section 25106.5 of the Revenue and Taxation Code, the taxpayer members of the combined reporting group may elect to determine the net income of a member of the group under accounting methods and other elections as authorized by Division 2, Part 11 of the Revenue and Taxation Code,

independently of the net income of other members of the combined reporting group. See Section 25106.5-3 of Title 18 of the California Code of Regulations.

(3) Adjustment for Nonbusiness Income, etc. The resulting total separate income of each member of the combined reporting group is then adjusted to remove income items attributable to the member's nonbusiness income, and any items of business income which do not constitute combined report business income of the group.

(4) Assignment of Expenses to Business and Nonbusiness Income. (Reserved).

(5) Fiscalization to Principal Member's Year. If the accounting period of the principal member and one or more of the other members of the combined reporting group do not begin and end on the same dates, adjustments must be made to fiscalize the other members' combined report business income and apportionment data in order to assign an appropriate amount of those values to the accounting period of the principal member. See California Code of Regulations, title 18, section 25106.5-4.

(6) Alignment of Business Income to Principal Member's Accounting Period. The combined report business income of all members aligned to the accounting period of the principal member is then aggregated, resulting in total group combined report business income.

(7) Apportionment of Combined Income~~,~~

(A) For Taxable Years Beginning On or After January 1, 2011.

1. In General. Total group combined report business income for the accounting period of the principal member is multiplied by the California apportionment percentage of the combined reporting group, determined under either Section 25128 or Section 25128.5 of the Revenue and Taxation Code, to arrive at the group's California source combined report business income. The California apportionment percentage is determined as follows:

a. Single-Sales Factor, Double Weighted Sales Factor, or Single Weighted Sales Factor. Under Section 25128.5 of the Revenue and Taxation Code, an apportioning trade or business, other than an apportioning trade or business described in subdivision (b) of Section 25128, may elect to determine its California apportionment percentage using the single-sales factor formula. If no single-sales factor formula election is made and the apportioning trade or business is other than that described in subdivision (b) of Section 25128, then an apportioning trade or business must determine its California apportionment percentage by an apportionment percentage consisting of the sum of the apportioning trade or business's California property factor, payroll factor, and twice the sales factor, with that sum divided by four. If an apportioning trade or business derives more than 50 percent of its gross business receipts from a qualified business activity, as defined in Section 25128 of the Revenue and Taxation

Code and the regulations thereunder, the California apportionment percentage for the apportioning trade or business shall consist of the sum of the apportioning trade or business's California property factor, payroll factor and sales factor, with that sum divided by three. In the determination of whether a single or double weighted sales factor applies, the gross business receipts of a combined reporting group shall be determined on the basis of gross business receipts of the accounting period of the principal member, using the applicable fiscalization method provided in subsection (c)(5) of this regulation.

b. In the application of subsection (c)(7)(A)1.b. of this regulation, except as modified under Section 25137 of the Revenue and Taxation Code:

i. The California property factor of the combined reporting group is a fraction, the numerator of which is the total California property of the taxpayer members of the group, and the denominator of which is the total property of the group everywhere. Property values are determined in accordance with Sections 25130 and 25131 of the Revenue and Taxation Code.

ii. The California payroll factor of the combined reporting group is a fraction, the numerator of which is the total California payroll of the taxpayer members of the group, determined under Section 25133 of the Revenue and Taxation Code, and the denominator of which is the total payroll of the group everywhere.

iii. The California sales factor of the combined reporting group is a fraction, the numerator of which is the total California sales of the group, determined under Sections 25134 through 25136 of the Revenue and Taxation Code, and the denominator of which is the total sales of the group everywhere. In the application of this subsection (c)(7)(A), a sale of tangible personal property shall be assigned to the state from which the property is shipped only if no member of the combined reporting group is taxable in the state of the purchaser. In addition, a sale of tangible personal property shipped to this state by a member of the combined reporting group (whether or not a taxpayer member) shall be assigned to this state if any member of the combined reporting group is taxable in this state.

2. Intrastate Apportionment of Taxpayer Member Income, In General. The resulting California source total group combined report business income, determined under the preceding subsection (c)(7)(A)1, is intrastate apportioned between the taxpayer members of the group, to arrive at each taxpayer member's California source combined report business income. That value is determined by multiplying the group's California source combined report business income by that member's intrastate

apportionment percentage to arrive at the taxpayer member's California source combined report business income. For purposes of this clause, "taxpayer member" means a taxpayer member, as defined in subsection (b)(11) of this regulation, whose tax is measured by net income. The steps of intrastate apportionment are as follows:

a. Each taxpayer member of the combined reporting group (and only the taxpayer members) determines its California property factor, payroll factor and sales factor.

i. The taxpayer member's California property factor is a fraction, the numerator of which is the California property of that member, and the denominator of which is the total property of the group everywhere. Property values are determined in accordance with Sections 25130 and 25131 of the Revenue and Taxation Code.

ii. The taxpayer member's California payroll factor is a fraction, the numerator of which is that member's California payroll, determined under Section 25133 of the Revenue and Taxation Code, and the denominator of which is the total payroll of the group everywhere.

iii. The taxpayer member's California sales factor is a fraction, the numerator of which is the California sales of that taxpayer member, determined under Sections 25134 through 25136 of the Revenue and Taxation Code, and the denominator of which is the total sales of the group everywhere.

iv. If, in the application of subsection (c)(7)(A)1 of this regulation, the property, payroll, and sales factors of the combined reporting group have been modified under Section 25137 of the Revenue and Taxation Code, comparable modifications shall be made in the determination of the taxpayer member's California factors in subsection (c)(7)(A)2 of this regulation.

b. The taxpayer member then determines its California apportionment percentage. The taxpayer member's California apportionment percentage is either (i) that member's sales factor; or (ii) the sum of that member's California payroll, property, and a doubled-weighted sales factor (or a single weighted sales factor, if applicable), with that sum divided by either four or three. In determining its California apportionment percentage, the taxpayer member must use the same apportionment formula (single-sales factor, double, or single weighted sales factor) the combined reporting group uses in determining the group's California apportionment percentage under subsection (c)(7)(A)1 of this regulation.

c. Next, the taxpayer member determines its intrastate apportionment percentage. That percentage is the ratio of the taxpayer member's California apportionment percentage to the sum of all of the California taxpayer members' California apportionment percentages.

d. Finally, the taxpayer member multiplies the group's California source combined report business income by its intrastate apportionment percentage to arrive at the taxpayer member's California source combined report business income.

3. Example. The rules set forth in this subsection (c)(7)(A) are illustrated below:

Assume Corporations A, B and C are engaged in a unitary business. Corporations A and C are taxable by California, but Corporation B is not "doing business" in California as defined in Section 23101 of the Revenue and Taxation Code as applicable for the taxable year or is exempt from taxation in California under Public Law 86-272.

The basic computations necessary to determine the amounts of business income from California sources attributable to Corporations A and C are as follows:

TOTAL GROUP COMBINED REPORT BUSINESS INCOME $ 1,000,000

PROPERTY, PAYROLL, AND SALES:

	TOTAL	<---------- WITHIN CALIFORNIA ---------->			
	EVERYWHERE	CORP A	CORP B	CORP C	TOTAL CA
PROPERTY	$ 600,000	$ 24,000	$ 0	$ 36,000	$ 60,000
PAYROLL	400,000	14,000	0	26,000	40,000
SALES	5,000,000	150,000	450,000	400,000	1,000,000

a. Single-Sales Factor Apportionment

APPORTIONMENT OF COMBINED INCOME

Combined Reporting Group's California Apportionment Percentage:

	CORP A	CORP B	CORP C	TOTAL CA
SALES FACTOR	3.00%	9.00%	8.00%	20.00%

Combined Reporting Group's California Source Business Income:

$1,000,000 x 20.00% = $200,000

INTRASTATE APPORTIONMENT

Taxpayer Member's California Apportionment Percentage:

CORP A	CORP B	CORP C	TOTAL CA
3.00%	N/A	8.00%	11.00%

Taxpayer Member's Intrastate Apportionment Percentage:

27.27%	N/A	72.73%	100.00%

Taxpayer Member's California Source Combined Report Business Income:

$54,540	N/A	$145,460	$200,000

b. Double Weighted Sales Factor Apportionment

APPORTIONMENT OF COMBINED INCOME

Combined Reporting Group's California Apportionment Percentage:

	CORP A	CORP B	CORP C	TOTAL CA
PROPERTY FACTOR	4.00%	0.00%	6.00%	10.00%
PAYROLL FACTOR	3.50%	0.00%	6.50%	10.00%
SALES FACTOR	3.00%	9.00%	8.00%	20.00%
SALES FACTOR	3.00%	9.00%	8.00%	20.00%
TOTAL	13.50%	18.00%	28.50%	60.00%
California Apportionment Percentage				15.00%

Combined Reporting Group's California Source Business Income:

$1,000,000 x 15.00% = $150,000

INTRASTATE APPORTIONMENT

Taxpayer Member's California Apportionment Percentage

	CORP A	CORP B	CORP C	TOTAL CA
TOTAL	13.50%	N/A	28.50%	42.00%
Total divided by 4	3.375%	N/A	7.125%	10.50%

Taxpayer Member's Intrastate Apportionment Percentage:

32.14%	0.00%	67.86%	100.00%

Taxpayer Member's California Source Combined Report Business Income:

$48,210	$0	$101,790	$150,000

c. Single Weighted Sales Factor Apportionment

APPORTIONMENT OF COMBINED INCOME

Combined Reporting Group's California Apportionment Percentage:

	CORP A	CORP B	CORP C	TOTAL CA
PROPERTY FACTOR	4.00%	0.00%	6.00%	10.00%
PAYROLL FACTOR	3.50%	0.00%	6.50%	10.00%
SALES FACTOR	3.00%	9.00%	8.00%	20.00%
TOTAL	10.50%	9.00%	20.50%	40.00%
California Apportionment Percentage				13.33%

Combined Reporting Group's California Source Business Income:

$1,000,000 x 13.33% = $133,333

INTRASTATE APPORTIONMENT

Taxpayer Member's California Apportionment Percentage:

	CORP A	CORP B	CORP C	TOTAL CA
TOTAL	10.50%	N/A	20.50%	31.00%
Total divided by 3	3.50%	N/A	6.83%	10.33%

Taxpayer Member's Intrastate Apportionment Percentage:

33.87%	0.00%	66.13%	100.00%

Taxpayer Member's California Source Combined Report Business Income:

$45,161	$0	$88,172	$133,333

(B) For Taxable Years Beginning On or After April 22, 1999 and Before January 1, 2011. In General. Total group combined report business income for the

accounting period of the principal member is multiplied by the California apportionment percentage of each of the taxpayer members of the group, determined under Section 25128 of the Revenue and Taxation Code, to arrive at each taxpayer member's California source combined report business income. That percentage is determined as follows:

1. Double or Single Weighted Sales Factor. For most taxpayer members, the total group combined report business income is multiplied by the taxpayer member's California apportionment percentage consisting of the sum of the taxpayer member's California property factor, the payroll factor, and twice the sales factor, with that sum divided by four. However, if a combined reporting group has more than 50% of its gross business receipts from a qualified business activity, as defined in Section 25128 of the Revenue and Taxation Code and the regulations thereunder, the taxpayer member's California apportionment percentage consists of the sum of the taxpayer member's California property factor, payroll factor and sales factor, with that sum divided by three. In the determination of whether a single or double-weighted sales factor applies, the gross business receipts of the combined reporting group shall be determined on the basis of gross business receipts of the accounting period of the principal member, using the applicable fiscalization method provided in subsection (c)(5) of this regulation.

2. Taxpayer Member's Property, Payroll, and Sales Factors. In the application of subsection (c)(7)(B) of this regulation, except as modified under Section 25137 of the Revenue and Taxation Code:

a. The taxpayer member's California property factor is a fraction, the numerator of which is that member's California property, and the denominator of which is the total property of the group everywhere. Property values are determined in accordance with Sections 25130 and 25131 of the Revenue and Taxation Code,

b. The taxpayer member's California payroll factor is a fraction, the numerator of which is that member's California payroll, determined under Section 25133 of the Revenue and Taxation Code, and the denominator of which is the total payroll of the group everywhere.

c. The taxpayer member's California sales factor is a fraction, the numerator of which is that member's California sales, determined under Sections 25134-25136 of the Revenue and Taxation Code, and the denominator of which is the total sales of the group everywhere. In the application of Section 25135 of the Revenue and Taxation Code, the term “taxpayer” refers to the specific member of the group which transferred title to tangible personal property to the purchaser. Thus, if a member of the combined reporting group sells goods shipped to a purchaser in California, and that member is not taxable in that state, the sale is not assigned to California, even if another member of the

combined reporting group is taxable in that state. Likewise, if a taxpayer member sells goods to a purchaser in another state which are shipped from California, and that member is not taxable in the other state, the sale is a California sale, even if another member of the combined reporting group is taxable in the other state. Except as otherwise provided, in the application of Section 25136 and sales factor provisions in Section 25137 (and the regulations respectively thereunder), for purposes of determining values in the numerator of the sales factor, the term "taxpayer" refers to the specific member of the group which was entitled to receive the proceeds of the sale.

3. Taxpayer Member's California Apportionment Percentage. The taxpayer member's California apportionment percentage is the sum of that member's California payroll, property, and a double-weighted sales factor (or a single-weighted sales factor, if applicable), with that sum divided by either four or three, as determined under Section 25128 of the Revenue and Taxation Code and the regulations thereunder.

4. California Source Apportioned Combined Report Business Income. Finally, each taxpayer member multiplies the group's total combined report business income by its respective taxpayer member's California apportionment percentage to arrive at the taxpayer member's California source apportioned income.

(8) Fiscalization to Taxpayer Member's Taxable Year. If applicable, California source combined report business income of a taxpayer member, determined under subsection (c)(7) of this regulation, is then proportionately assigned to the applicable portion of that member's taxable year, based on the number of months falling within the common accounting period of the principal member. The resulting income from such portions is then aggregated (or netted) together for the member's taxable year to determine that member's business income from California sources attributable to the combined reporting group. (See Cal. Code Regs., tit. 18, § 25106.5-4.)

(d) Steps in determining a taxpayer member's income from sources within this state, for purposes of imposition of tax. The California source income of a taxpayer member of a combined reporting group subject to the imposition of the income or franchise tax is determined as follows:

(1) Total California Business Income. To each taxpayer member's California source combined report business income, determined under subsection (c) of this regulation, is added (or netted) any other California source business income -

(A) Determined by apportionment of combined report business income of another combined reporting group of which the taxpayer is a member,

(B) From apportionment of income from a distinct business income activity conducted within and without the state wholly by the taxpayer member, or

(C) From a trade or business conducted wholly by the taxpayer member entirely within the state, if any.

(2) Other California Source Items. The amount determined under the preceding subsection (d)(1) is increased by or decreased by any -

(A) California source carryover items as defined in subsection (a)(16) of this regulation.

(B) California source income from the sale or exchange of capital or Section 1231 assets, and from involuntary conversions (see Section 25106.5-2 of Title 18 of the California Code of Regulations) and,

(C) California source nonbusiness income.

(3) California Source Net Operating Loss Deduction. The value determined under subsection (d)(2) of this regulation is reduced by the member's California source net operating loss carryforward deduction (see subsection (e) of this regulation).

(4) Adjustment of Charitable Contributions. (Reserved).

(5) Taxpayer Member's California Source Income. The final resulting value is the taxpayer member's California source income.

(e) California Source Net Operating Loss. If the final resulting value of subsection (d)(5) of this regulation is a loss for a taxpayer member, that taxpayer member has a California source net operating loss (CSNOL). The CSNOL is subject to the net operating loss limitations and carryforward provisions of Sections 24416, 24416.1, 24416.2, 24416.3 and 25108 of the Revenue and Taxation Code. If applicable, the CSNOL must be recomputed to apply the Water's-Edge limitation of Section 24416(c) of the Revenue and Taxation Code. CSNOL, as adjusted, is applied as a deduction in a subsequent year only when the taxpayer has California source positive net income, whether or not the taxpayer is a member of a combined reporting group in the subsequent year (see subsection (d)(3) of this regulation). A CSNOL incurred by one member of a combined reporting group cannot be used to reduce the income of any other member in a subsequent taxable year. Whether the CSNOL resulted from an apportioned business loss or an allocated nonbusiness loss, or a combination of both, the CSNOL is a deduction against positive California source income in a subsequent year, regardless of the composition of that income as apportioned, allocated or wholly within California.

(f) Tax on Taxpayer Member's California Source Income. The taxpayer member's positive California source income, as determined under subsection (d), is multiplied by the applicable tax rate for the taxable year. The minimum franchise tax imposed by Section 23153 of the Revenue and Taxation Code is then applied, if applicable. The resulting amount is the taxpayer member's regular tax, within the meaning of Section 23455(c) of the Revenue and Taxation Code.

Note: Authority cited: Section 19503, Revenue and Taxation Code.
Reference: Section 25106.5, Revenue and Taxation Code.