

CALIFORNIA FRANCHISE TAX BOARD

Legal Ruling No. 046

June 27, 1958

NOTICE TO WITHHOLD TAXES DUE

Syllabus:

The notices to withhold provided by sections 18807 and 26132 have prospective effect only and apply only to net credits standing in the taxpayer's favor.

Advice is requested regarding the following:

(1) Does the notice to withhold provided for by sections 18807 and 26132 have prospective effect? If so, what is the time limit on its effectiveness?

(2) Must the withholding agent withhold and transmit to this office the gross amount due him to the taxpayer, or may he set off amounts due him from the taxpayer and be accountable only for the net credit standing in the taxpayer's favor?

(1) A notice to withhold effective only as to the time of service, i.e., covers only those credits or other property in the possession of the withholding agent at the time the notice is served and not those which may come into his possession thereafter.

(2) A notice to withhold applies to net credits standing in the taxpayer's favor.