

CALIFORNIA FRANCHISE TAX BOARD

Legal Ruling No. 147

June 24, 1958

LIENS: ACCELERATION OF INSTALLMENTS

Syllabus:

Liens filed under the provisions of section 26161 of the Bank and Corporation Tax Law may include only those taxes due at the time the lien is filed.

Advice is requested whether it is proper to include second installment taxes in a lien filed prior to the due date of second installment, in cases where a general corporation has failed to pay any part of its first installment of franchise taxes and a lien is filed under section 26161.

The Bank and Corporation Tax Law contains no provision for the acceleration of taxes in the event that any installment is not paid on the date fixed for payment. The right to a lien is not automatic and must be perfected in the manner provided in section 26161. The authority to issue liens under this sections is limited to such amounts as are due. In absence of the issuance of a jeopardy assessment or an acceleration clause, a lien cannot be issued until the second installment is due. Therefore, any lien filed prior to the due date of the second installment, as provided in section 25551(a), which included the second installment would be invalid to the extent it included such taxes.