



Tax News

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Administrative Dissolution - Intent Notices mailed to Qualified Domestic Corporations

We recently sent Intent Notices to nearly 500 qualified domestic corporations. This is the first step in the process to initiate the Administrative Dissolution/Cancelation of:

- Qualified domestic corporations and
- Qualified domestic limited liability companies (LLCs)

That have been suspended by us for 60 or more consecutive months (five years).

These notices are mailed to the last known mailing address. The corporations/LLCs that have met the criteria to be Administratively Dissolved/Canceled will have the following posted to the SOS's website:

- Name
- Secretary of State (SOS) file number

Currently, we are only processing domestic corporations. Intent Notices for domestic LLCs are projected to be sent to the SOS in mid-2022.

After receiving the notice, the entity has 60 days to provide us with a written objection. If a written objection is received, the entity must revive within 90 days. If the entity does not revive within 90 days, we will Administratively Dissolve the business. If no written objection is received, we will Administratively Dissolve the business.

Visit our Administrative Dissolution/Cancelation webpages for Additional information regarding the process.

What's new for water's-edge taxpayers?

On September 29, 2020, Governor Newsom signed Assembly Bill 3372 (AB 3372).

AB 3372 allows unitary, non-U.S. affiliates that become a California taxpayer solely due to California's economic nexus standard in Revenue and Taxation Code (R&TC) Section 23101(b), in a taxable year beginning on or after January 1, 2021, to be deemed to have made a water's-edge election with the existing water's-edge combined reporting group.

Before January 1, 2021, taxpayers can rely on three previously issued FTB Notices.¹ These FTB Notices provided similar treatment, which clarified that an otherwise valid water's-edge election, would not be terminated, if a foreign affiliate became a taxpayer pursuant to R&TC Section 23101(b), as long as certain conditions were met.

¹ FTB Notice 2016-02, FTB Notice 2017-04, and FTB Notice 2019-02

FTB Notice 2020-04: Requests Involving Changes in Accounting Periods or Methods

We have revised FTB Notice 2000-8 regarding Changes in Accounting Periods or Methods and this notice implements a few new procedures:

- Automatic consent is now allowed for changes that:
 - i. Are allowed automatic consent under federal procedures
 - ii. California conforms to
- For different California elections, we implemented a due date of 60 days before the original return is due (rather than binding ourselves to federal due dates).
- Since automatic and deemed consent items are to be filed along with an original tax return, the taxpayer will no longer receive written correspondence from FTB acknowledging the change of method or period.
- Consent will be denied if the taxpayer files a return prior to obtaining required consent.

Go to FTB Notice 2020-04 for more specific details about changes in accounting periods or method with the FTB.

California Competes Tax Credit last application period for fiscal year 2020/2021

For the last application period of fiscal year 2020/2021, the Governor's Office of Business and Economic Development (GO-Biz) will accept applications for the California Competes Tax Credit beginning March 8, 2021, through March 29, 2021.

This application period has \$71.1 million available for allocation, plus any remaining unallocated amounts from the previous application periods.

Applications for the credit will be accepted at calcompetes.ca.gov.

Visit GO-Biz's Program webpage on the California Competes Tax Credit for more information.

Interest rates decrease

For the period July 1, 2021, through December 31, 2021, the interest rate will:

- Decrease from 5% to 3%.

This is the rate compounded daily that accrues with respect to various state taxes including:

- Personal income
- Corporate income
- Franchise income

The rate for corporation tax overpayments for the period will decrease from 2% to 0%.

Visit our interest rates webpage for more information on past interest rates.

New video: Gig economy filing tips

We produced a new video to help taxpayers with their filing requirements. This Gig economy 2021 video focuses on:

- What is the gig economy
- How to keep track of your income and expenses
- Types of expenses
- Filing requirements and tips

We plan to add more videos in the future. Visit our Gig economy webpages for more information.

From the State Controller's Office (SCO): Businesses urged to respond promptly to unclaimed property owner inquiries resulting from SCO notification

The California Unclaimed Property Law requires businesses to annually review their:

- Books
- Records
- Report any property to the State Controller's Office (SCO) when there has been no activity for a period of time. Generally:
 - 3 years for most properties.
 - 1 year for payroll.

Common forms of unclaimed property include:

- Uncashed checks
- Payroll
- Commissions
- Customer refunds
- Vendor payments

During this time of year, businesses may receive calls or emails from individuals or organizations who received a letter from the SCO indicating their property may soon be sent to the state.

The business should make every effort to reunite the property with the owner and not remit it to SCO if:

- An owner makes contact with a business regarding their property.
- The business already included the property on a Notice Report.

For more information or to request one-on-one assistance with reporting unclaimed property to the state, contact the Outreach and Compliance Unit with the Unclaimed Property Division of SCO at updholderoutreach@sco.ca.gov.

MyFTB Corner

MyFTB for trusts



We'd like to hear from you!

We are evaluating the possibility of making more information available for Trusts in MyFTB. Whether or not you specialize in this area, we would like your opinion. If you would like to share ideas about what should be included in MyFTB for Trusts, email us at MyFTBfeedback@ftb.ca.gov.

Please note the following:

- The scope of our current effort is limited to Trust accounts, however, we may consider Estate accounts in the future.
- We are in the initial evaluation of this effort and do not have a timeframe for implementation.

Event Calendar

As part of education and outreach to our tax professional community, we participate in many different presentations and fairs. We provide a calendar that shows the events we attend (virtually), as well as other events happening with us, such as interested party and board meetings.