



STATE OF CALIFORNIA
 BOND INTEREST MS F310
FRANCHISE TAX BOARD
 PO BOX 1998
 RANCHO CORDOVA CA 95741-1998

Interest and Interest-Dividend Payment Reporting Requirement Letter

The law requires you to report payments of interest or interest-dividends on federally tax-exempt non-California municipal bonds during 2016 to the California Franchise Tax Board (FTB). (Revenue and Taxation Code (R&TC) Section 18639)

The filing requirement applies whether a bond is held directly by an individual or partnership through a mutual fund, a money market fund, a unit investment trust, or other financial investment vehicle.

You must report **payments of interest income** for each bond, as well as **payments of interest dividends** for each shareholder to FTB by **June 1, 2017**.

The law requires you to inform payees by **January 31, 2017**, that you are reporting this information to FTB.

You must report payments if the payments meet both of the following conditions:

- Aggregate payments are \$10 or more.
- Payments are made to individuals or partnerships with a California address.

Complete the information below. Check the box that applies, sign and date the bottom of this page, and return your response in the enclosed envelope to:

BOND INTEREST MS F310
FRANCHISE TAX BOARD
 PO BOX 1998
 RANCHO CORDOVA CA 95741-1998

I have a filing requirement. I am providing the requested information through the clearing firm listed below:

Name of Clearing Firm: _____ Address: _____ Telephone: (____) _____ - _____

I have a filing requirement. I submitted the requested information through electronic media transmittal.

I do not have a filing requirement. Please explain: _____

Other. Please explain: _____

I declare under penalty of perjury that the above statements are true and correct to the best of my knowledge and belief.

Print Name: _____ Signature: _____ Date: _____

Interest and Interest-Dividend Information Returns

The due date for providing information returns for payments of interest or interest-dividends made during the 2016 tax year is June 1, 2017. **Provide this information to FTB separately from the other interest or interest-dividend information returns that are due by February 28, 2017.**

For assistance with creating your data file, see the Customer Service Assistance information on PAGE 4.

You can submit your files electronically using Secure Web Internet File Transfer (SWIFT). To set up a new SWIFT account for bond interest, email your request to bondintswift@ftb.ca.gov and provide the following information to create your new account:

1. Company name and address
2. Business contact (name, email address, and telephone)
3. Technical contact (name, email address, and telephone)

A SWIFT account for bond interest must be set up first by the payer receiving our request letter if using a clearing firm to provide information electronically. Then, the SWIFT account information is provided to the clearing firm to submit the files.

The SWIFT account that you set up for bond interest is separate from the SWIFT account that you set up for your other 1099 files.

We also accept CDs. For larger files, we accept ZIP files that are correctly formatted.

Modifications to Internal Revenue Service (IRS) Publication 1220 Specifications

The format specifications for reporting interest and interest-dividend payments to FTB are similar to IRS specifications for 1099-B reporting in IRS Publication 1220. Exceptions to IRS specifications for bonds and funds are listed below:

Bonds

- Use 1099-B format to record earnings on each state or local government bond. Report the income as if it were taxable for federal purposes. A return is due for each bond on which interest was paid.
- Enter payment amounts in positions 55-66 of the payee "B" record. Right-justify, zero-fill.
- Enter the required Committee on Uniform Security Identification Procedure (CUSIP) number in positions 556-568. Left-justify, blank-fill.
- Enter the issuer or security name in positions 569-607. Left-justify, blank-fill.

Funds

- Use 1099-B format to record earnings from mutual funds, money market funds, and unit investment trusts. Report the income as if it were taxable for federal purposes.
- Use a separate "A" record for each fund reported. Use positions 44-46 of the "A" record to report the percentage of mutual fund portfolio income distribution attributable to bonds issued by California, Puerto Rico, Guam, and the Virgin Islands, rounded to the nearest whole number (for example, 25.4 percent would be reported as 025; 25.5 percent would be reported as 026; 99.5 percent would be reported as 100).
- Enter payment amounts in positions 55-66 of the payee "B" record. Right-justify, zero-fill.
- Enter the required CUSIP number of the fund in positions 556-568. Left-justify, blank-fill.



DATA EXCHANGE TEBI MS L120
FRANCHISE TAX BOARD
 PO BOX 1468
 SACRAMENTO CA 95812-1468

**Federally Tax-Exempt Non-California
 Bond Interest and Interest-Dividend
 Payment Information Media Transmittal**

Tax Year: _____ Date File Submitted: _____

Complete the following information, attach additional sheets if needed, and include this form with your file. See PAGE 4 for additional instructions.

1. Transmitter Information

FEIN:	Type of File Submitted (circle one):
Name:	Original Replacement Correction
Address:	
City:	Type of Data Submitted (circle one):
State:	Bonds Funds Both
ZIP Code:	

2. Payer Information

List payers' names and respective payee totals for the records reported on this file.	
Name:	Name:
FEIN:	FEIN:
Number of Payees:	Number of Payees:
\$	\$

Name:	Name:
FEIN:	FEIN:
Number of Payees:	Number of Payees:
\$	\$

Name:	Name:
FEIN:	FEIN:
Number of Payees:	Number of Payees:
\$	\$

Name:	Name:
FEIN:	FEIN:
Number of Payees:	Number of Payees:
\$	\$

Grand Total - Number of Payee Records Reported by All Payers:	Grand Total - Total of All Payment Amounts Reported for All Payers:
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Under penalty of perjury, I declare that I have examined this return, including accompanying records, and to the best of my knowledge and belief, it is true, correct, and complete. In the case of records without recipients' identifying numbers, I have complied with the legal requirements by requesting such numbers from the recipients, but I did not receive them.

Signature: _____ Title: _____ Date: _____

3. Media Characteristics

CDS
File Name Used for Reporting:

4. Person to Contact for Media Problems:
Name: _____
Telephone: (_____) _____ - _____ Ext. _____
Email Address: _____

Preparation Instructions

A. Form Preparation

Follow the steps below to complete each transmittal required based on media type.

1. Transmitter Information

Indicate whether the data on the media file is the original installment, a correction of specific original records, or a replacement for the original file. Enter the name, address, city, state, ZIP code, and FEIN of the organization **transmitting** the media.

2. Payer Information

List the payer name, FEIN, the number of payee documents, and the corresponding dollar amount. If more room is needed to list additional payers, fill out and attach additional forms.

Accumulate and enter (1) the total number of payee returns reported by all payers and (2) the total of all payment amounts reported by all payers. If this information is reported on an attached computer list, it must be carried forward to the **Grand Total** line.

The signature line must be properly signed and dated by the person delegated this responsibility by the organization. An organization transmitting for others becomes the payer's agent and assumes responsibility for data quality and completeness.

3. Media Characteristics

Acceptable media is CD. Provide the file name used for reporting.

4. Contact Information

Enter the name, telephone number, and email address of a person we can contact for technical information or to resolve media problems.

B. Password Protection

If you choose to password protect your CD before sending it to FTB, please send your password to the email address **desbond@ftb.ca.gov**.

Enter "Interest and Interest-Dividend Payments on Federally Tax-Exempt Bonds" on the subject line and include your:

- Business name.
- Transmitter number or other identification number.
- Password.

Write 'Password Protected' on the top of your completed transmittal that you mail with your CD. Do not send your password through the U.S. mail as this will delay the processing of your information.

Mailing Instructions

Complete this form as described above and send it with the media files to:

U.S. Postal Services (USPS)

DATA EXCHANGE TEBI MS L120
FRANCHISE TAX BOARD
PO BOX 1468
SACRAMENTO CA 95812-1468

Private Mail Carriers

DATA EXCHANGE TEBI MS L120
SERVICE AND SUPPLY
FRANCHISE TAX BOARD
9646 BUTTERFIELD WAY
SACRAMENTO CA 95827

Customer Service Assistance

For technical assistance with media reporting and other questions regarding this reporting requirement, call 800.852.5711 to speak with a customer service representative.

Fax Customer Assistance

You may also fax your response or questions to us at 916.843.0943.

Due Date

The due date for providing information returns for payments of interest or interest-dividends made during the 2016 tax year is June 1, 2017. **Provide this information to FTB separately from the other interest or dividend information returns that are due by February 28, 2017.**

Franchise Tax Board Privacy Notice

For privacy information, go to **ftb.ca.gov/forms** and search for **1131**. To request this notice by mail, call 800.338.0505 and enter form code **948** when instructed.