

**Legal Division Guidance 2010-06-02**

(Interaction of RTC Sections 23036 and 23153(f)(1))

Q: How does the new jobs credit allowed under RTC section 23623 reduce the “tax” in a situation where a corporation qualifies under AB 10 (Stats. 1999, ch. 64, which added RTC section 23153(f)(1)) for the exemption from the minimum franchise tax for its first taxable year.

A: For that first taxable year, if the corporation has any measured tax, the credit would reduce (be offset against) the “tax” until the measured tax reaches zero rather than the normal \$800 minimum franchise tax.