



STATE OF CALIFORNIA  
**FRANCHISE TAX BOARD**  
PO BOX 1998  
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JOHN CHIANG  
Chair  
JEROME E. HORTON  
Member  
ANA J. MATOSANTOS  
Member

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## Interested Parties Meeting (Updated to reflect change of contact person)

To attend this meeting, please RSVP by September 26, 2012, by contacting Marian McKenna at (916) 845-6471 or Email: [Marian.McKenna@ftb.ca.gov](mailto:Marian.McKenna@ftb.ca.gov).

To participate in this meeting by telephone, use this number to dial in: (877) 923-3149. The participant pass code is 2233420.

### When

October 11, 2012  
1:30 p.m.

### Where

Franchise Tax Board  
Golden State Room B, North Lobby  
9646 Butterfield Way  
Sacramento, CA 95827

### Topic

IRC § 41 provides for a federal research tax credit equal to 20% of the amount by which a taxpayer's qualified research expenditures for a taxable year exceeded its base amount for that year, or for basic research payments.

Generally, California allows the credit in accordance with IRC § 41, as modified by California Revenue & Taxation Code §§ 17052.12 (Personal Income Tax) and 23609 (Corporation Tax). California allows a credit against tax for the amounts paid or incurred for research conducted in California.

California allows the alternative incremental credit as an alternative method to the original (or "regular") method for computing the credit; the election to apply the alternative incremental method only effects the calculation of the credit for qualified research expenses and does not apply to the calculation of the credit for basic research payments. The election once made is permanent unless permission is granted to return to the regular method.

FTB has available reference material located on its web: search term: [research credit](#).

### Purpose

To open dialog with the public regarding the following specific areas of the R&D credit:

1. What legislative proposals should be considered for California?
2. What is the best way to understand the taxpayer's business?
3. How can FTB expedite the audit process while ensuring the documentation and substantiation is sufficient to determine the proper qualified activities and expenses?
4. What are some solutions to overcoming base year documentation issues?

The department encourages submission of any comments and/or suggestions on the items set forth above by any interested parties.

**Contact: Marian McKenna:**

- Email: [Marian.McKenna@ftb.ca.gov](mailto:Marian.McKenna@ftb.ca.gov)
- Telephone: (916) 845-6471
- Address: Audit Division (MS-F370), P.O. Box 1998, Rancho Cordova, CA 95741-1998.

**[Visitors Parking Map](#)**

**\* This facility is architecturally accessible to persons with physical disabilities.**