

Request for Permission to Proceed to Interested Parties Meeting for Proposed Amendments to California Code of Regulations, Title 18, Sections 18662-0 through 18662-6, and Section 18662-8, Relating to Withholding on Payments Derived from California Sources To Nonresident Individuals and Non-California Business Entities and From the Sale or Exchange of any California Real Property.

Revenue and Taxation Code (RTC) section 19503 provides that the Franchise Tax Board (FTB) shall prescribe all rules and regulations necessary for the enforcement of the tax laws it administers, including Part 10.2 (commencing with Section 18401) of the RTC, which includes the withholding statutes in RTC sections 18662 through 18668. The FTB recently promulgated revisions to California Code of Regulations, Title 18, sections 18662-0 through 18662-6 and section 18662-8 to conform to statutory changes to the withholding statutes. These revisions became effective on July 1, 2014.

Staff has received input from the taxpayer community suggesting the need for various technical changes to the revised regulations, including changes to terminology in the current regulatory language and line items on the withholding forms.

If approved, staff will schedule an interested parties meeting to solicit public input, discuss issues relating to proposed modifications to the regulations, and develop proposed regulatory language to address these issues. Staff anticipates presenting the results of the interested party meetings to your Board and may request permission to enter into the formal regulatory process at that time.