

**Status Report on Proposed Amendment to
Regulation Section 25110(d)(2)(F)3., Relating to Deductions with
Respect to Non-Effectively Connected Income**

At the March 29, 2005 meeting of the Board, staff requested permission to formally notice proposed amendments to Regulation 25110 in order to specifically provide for the allowance of deductions against non-effectively connected income required to be included in a water's-edge combined report. As directed by the three-member Franchise Tax Board on March 29, 2005, a second symposium was held on May 23, 2005 to discuss draft examples to be included in the proposed amendments to the regulation. Staff is continuing to work on the development of appropriate examples and will probably schedule an additional meeting with interested parties.