



FTB NOTICE

California Franchise Tax Board - Legal Branch

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January 6, 1998

FTB NOTICE 98-1

**SUBJECT: REQUEST FOR PUBLIC COMMENT:
DISCUSSION DRAFT AMENDMENT TO REGULATION SECTION 25137
NET GAINS FROM SALE OF CERTAIN INTANGIBLES IN THE SALES FACTOR**

The Franchise Tax Board staff has prepared a discussion draft of a proposed amendment to the regulations adopted under Revenue and Taxation Code Section 25137. Section 25137 provides for an adjustment of the standard apportionment formula under certain circumstances. The proposed amendment provides for the inclusion of net gains from the sale of certain intangibles in the sales factor. Except for changes to incorporate references to applicable California law, the discussion draft is the same text as the amendment recommended by the Uniformity Committee of the Multistate Tax Commission. Since this proposed amendment impacts a uniform regulation, staff encourages a discussion regarding the need for uniformity among the states.

Because of the potentially broad impact of this proposed change, the Franchise Tax Board staff is making the discussion draft and a brief explanation available to the public for review and comment prior to commencing the formal regulatory process.

For copies of the discussion draft of the proposed amendment to the regulations or for further information regarding this notice, contact Beverly Moore at the Franchise Tax Board Legal Branch, P.O. Box 1720, Rancho Cordova, CA 95741-1720; Tel.: (916) 845-3354; Fax: (916) 845-3648; E-Mail: bev_moore@ftb.ca.gov. The discussion draft and brief explanation are also available at the Franchise Tax Board's website at www.ftb.ca.gov.

Written comments may be addressed to Ms. Moore and should be submitted by March 1, 1998. If there is enough interest, Franchise Tax Board staff intends to hold a public meeting or symposium on this matter prior to commencement of the formal regulation adoption process.

If you are interested in obtaining supplements to the discussion draft or the formal notice to amend the regulation (in the event a notice is issued) please contact Ms. Moore at the above address.

DRAFTING INFORMATION

The principal author of this notice is Kathleen Andleman of the Franchise Tax Board, Legal Branch. For further information regarding this notice, contact Ms. Andleman at the Franchise Tax Board, Legal Branch, P.O. Box 1720, Rancho Cordova, CA 95741-1720.