



STATE OF CALIFORNIA
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March 9, 1998

FTB NOTICE 98-4

**SUBJECT: DRAFT REGULATION SYMPOSIUM—COMBINED REPORT MECHANICS
PROPOSED 18 CAL. CODE OF REG. SEC. 25106.5
(EXCLUDING PROPOSED 25106.5-A, INTERCOMPANY TRANSACTIONS)**

In FTB Notice 97-6, Aug. 12, 1997, the staff of the Franchise Tax Board released discussion draft regulations dealing with combined report mechanics. These regulations were presented in two versions, one of which would be consistent with the intrastate apportionment of income under Appeal of Finnigan (Cal. St. Bd. of Equal., 88-SBE-022, August 28, 1988, pet. reh. den. 88-SBE-022A, Jan. 25, 1990) and Appeal of NutraSweet (Cal. St. Bd. of Equal., 92-SBE-024, Oct. 29, 1992), the other of which represented the Franchise Tax Board's pre-Finnigan intrastate apportionment approach as described in Legal Ruling 234 (Oct. 27, 1959).

In addition, both of the discussion draft regulations provided rules which would pertain to such items as treatment of capital gains and losses in a combined group, tax credits in a combined group, combined reporting for members on different fiscal years, and short period combination. A number of comments have been received. In addition, the department has received requests for a public discussion forum for these draft regulations.

In response to such requests, the department will hold a symposium to discuss the discussion draft regulations (excluding draft regulation 25106.5-A, Intercompany Transactions) on April 22, 1998, at the Howard Johnson Plaza Hotel, 3343 Bradshaw Rd., Sacramento, CA, in the Fremont Room, beginning at 10:00 am.

When the discussion draft regulations are officially noticed, comments will be entered into the regulation record. Participants may comment without name attribution. A summary of the symposium will be made available to all participants, and will also be entered into the

regulation record, if any. If you have any questions regarding the symposium, contact Ms. Beverly Moore at (916) 845- 3354 (E-mail: bev_moore@ftb.ca.gov).

Drafting Information

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