

TITLE 18. FRANCHISE TAX BOARD
PROPOSED AMENDMENTS TO REGULATION SECTION 17952

On July 17, 2006, Natasha Page of the department's Legal Staff held a hearing at the Franchise Tax Board's central office to receive public comments on the proposed amendment to Regulation section 17952. Both the proposed amendment and the proposed adoption were noticed in the California Regulatory Notice Registry on May 26, 2006. Section 17954 of the Revenue and Taxation Code authorizes the Franchise Tax Board to promulgate regulations apportioning and allocating income of nonresident individuals to sources within and without California.

As a result of the comments received during the hearing process, staff recommends that a change be made to the proposed amendment to Regulation section 17952. This change constitutes a sufficiently related change within the meaning of Government Code section 11346.8. The changes provided by this notice are reflected by double underscore. (The amendment to Regulation 17952 as initially proposed is reflected by single underscore.)

The proposed amendment seeks to clarify when the sourcing rules should apply, but does not seek to change which sourcing rules are applicable. Accordingly, the proposed change to the amendment is the addition of a parenthetical phrase in the first example provided. The parenthetical phrase clarifies that the business situs exception is still available to nonresident taxpayers.

These sufficiently related changes are being made available to the public for the 15 day period required by Government Code section 11346.8, subdivision (c), and California Code of Regulations, title 1, section 44. Written comments regarding these changes will be accepted until 5:00 pm on February 12, 2007. The Franchise Tax Board is sending a copy of the proposed amendments to Regulation 17952 to all individuals who requested notification of such changes, as well as those who commented in writing to the previously noticed proposed amendments to Regulation 17952.

All inquiries concerning this notice should be directed to Colleen Berwick at Franchise Tax Board, Legal Department, P.O. Box 1720, Rancho Cordova, CA 95741-1720; Telephone (916) 845-3306; Fax (916) 845-3648; E-Mail: Colleen.Berwick@ftb.ca.gov. In addition, all questions on the substance of the proposed regulation can be directed to Natasha Sherwood Page; Tel.: (916) 845-6729. The notice and the proposed amendments will also be made available at the Franchise Tax Board's website at <http://www.ftb.ca.gov/>.