

**REVISED STATEMENT OF REASONS FOR SECTION 100 CHANGES TO
REGULATION SECTION 19503**

The proposed section 100 changes to this regulation are needed to conform the regulation to various statutory changes.

Part 11 of Division 2 (and Chapter 1 of the same division) of the Revenue and Taxation Code has been amended to reflect statutory changes made by Stats. 2001, Ch. 543 (SB 1185). Proposed changes to this regulation reflect this statutory change. "Bank and Corporation Tax Law" has been renamed to "Corporation Tax Law."

Numerous sections of the Revenue and Taxation Code were renumbered by Stats. 1993, Ch. 3 (SB 3), when the administrative provisions of the Personal Income Tax Law (Part 10 of Division 2) and the Corporation Tax Law (Part 11 of Division 2) were consolidated into a new Part 10.2 of Division 2 of the Revenue and Taxation Code. This regulation was renumbered following those legislative changes, but references to the Personal Income Tax Law were inadvertently omitted at that time. Since both Part 10 and Part 11 have numerous statutory provisions that conform to provisions of the Internal Revenue Code, the reference "Personal Income Tax Law" is being added to this regulation. By adding reference to Revenue and Taxation Code section 17024.5, this change is nonsubstantive since the statute governs the regulation.

Revenue and Taxation Code section 23042 was amended in 2000 by Stats. 2000, Ch. 862 (AB 1843), to eliminate use of the term "income year" under the Corporation Tax Law. Section 227 of AB 1843 contained off-code language articulating the Legislature's intent for this change. As a result, the phrase "income year" is being deleted from this regulation.

Finally, the authority is being updated to refer to the correct Revenue and Taxation Code section, 19503, under which this regulation is authorized, and the references are also being updated to refer to the two "specified date" federal conformity sections in the Revenue and Taxation Code that contain the general interpretative rules for conformed sections. Under Part 10, that relevant section is 17024.5; under Part 11, that relevant section is 23051.5. These changes are also necessary as a result of Stats. 1993, Ch. 3 (SB 3)