

TITLE 18. FRANCHISE TAX BOARD
PROPOSED AMENDMENTS TO
PROPOSED REGULATION 25106.5-1

A hearing was held on July 14, 2000, by Tommy Leung of the Franchise Tax Board Legal Staff, on Proposed Regulation Section 25106.5-1, which was noticed in the California Regulatory Notice Register on May 26, 2000. Section 25106.5 of the Revenue and Taxation Code authorizes the Franchise Tax Board to promulgate regulations relating to the mechanics of combined reporting. This Proposed Regulation, if promulgated, will provide detailed rules for the treatment of intercompany transactions on a combined report.

This notice proposes minor editing changes to the proposed regulation for clarity. With one exception, the proposed modifications constitute nonsubstantial changes (within the meaning of Govt. Code Section 11346.8). There is one sufficiently related change (within the meaning of Govt. Code Section 11346.8) which is described below:

As originally drafted, subsection (k) of Proposed Regulation section 25106.5-1 contained an effective date of January 1, 2000. Due to the complexity of the subject matter and public comment attesting thereto, the effective date of this Proposed Regulation is being changed to January 1, 2001.

The nonsubstantial and sufficiently related changes reflected in this notice are being made available to the public for the 15-day period required by Government Code Section 11346.8(c) and Section 44 of Title 1 of the California Code of Regulations. Additions to the indicated regulation are reflected by bold italic, and deletions are reflected by bold strikeout. Written comments regarding these changes will be accepted until 5:00 p.m. on October 13, 2000.

A copy of the proposed amendments is being sent to all individuals who requested notification of such changes, as well as those who attended the hearing and those who commented orally or in writing, and will be available to other persons upon request from the agency officer named below.

All inquiries and written comments concerning this notice should be directed to Colleen Berwick (916) 845-3306, FAX (916) 845-3648, E-Mail (colleen_berwick@ftb.ca.gov), or by mail to the Legal Branch, Attn: Colleen Berwick, P.O. Box 1720, Rancho Cordova, CA 95741-1720. The notice and the proposed amendments will also be made available at the Franchise Tax Board's website at www.ftb.ca.gov.