

**State of California  
Office of Administrative Law**

**In re:**  
**Franchise Tax Board**

**Regulatory Action:**  
**Title 18, California Code of Regulations**

**Amend sections: 25128**

**NOTICE OF APPROVAL OF CHANGES  
WITHOUT REGULATORY EFFECT**

**California Code of Regulations, Title 1,  
Section 100**

**OAL Matter Number: 2026-0804-04**

**OAL Matter Type: Nonsubstantive (N)**

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In this section 100 action, the Franchise Tax Board proposes to define "qualified business activity" pursuant to changes to Revenue and Taxation Code section 25128 as amended by Statutes 2025, chapter 17, section 22 (SB 132).

OAL approves this change without regulatory effect as meeting the requirements of California Code of Regulations, title 1, section 100.

**Date: September 16, 2026**

**Ashita  
Mohandas**

Digitally signed by Ashita  
Mohandas  
Date: 2026.09.16 09:10:28  
-07'00'

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**Ashita Mohandas  
Attorney**

**For: Kenneth J. Pogue  
Director**

**Original: Selvi Stanislaus, Executive  
Officer**

**Copy: L. Red Gobuty**

## NOTICE PUBLICATION/REGULATIONS SUBMISSION

STD. 400 (REV. 10/2019)

|                                                         |                                 |                                                 |                              |
|---------------------------------------------------------|---------------------------------|-------------------------------------------------|------------------------------|
| OAL FILE NUMBERS                                        | NOTICE FILE NUMBER<br><b>Z-</b> | REGULATORY ACTION NUMBER<br><b>2026-0804-04</b> | EMERGENCY NUMBER<br><b>N</b> |
| For use by Office of Administrative Law (OAL) only      |                                 |                                                 |                              |
| NOTICE                                                  |                                 | REGULATIONS                                     |                              |
| AGENCY WITH RULEMAKING AUTHORITY<br>FRANCHISE TAX BOARD |                                 |                                                 |                              |

For use by Secretary of State only

**ENDORSED - FILED**  
in the office of the Secretary of State  
of the State of California

SEP 16 2026

2:17 PM  
*[Signature]*

AGENCY FILE NUMBER (If any)

**A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)**

|                                                                                                                |                                                                                                                                                                          |                          |                        |                               |
|----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------------|-------------------------------|
| 1. SUBJECT OF NOTICE                                                                                           |                                                                                                                                                                          | TITLE(S)                 | FIRST SECTION AFFECTED | 2. REQUESTED PUBLICATION DATE |
| 3. NOTICE TYPE<br><input type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other |                                                                                                                                                                          | 4. AGENCY CONTACT PERSON | TELEPHONE NUMBER       | FAX NUMBER (Optional)         |
| OAL USE ONLY                                                                                                   | ACTION ON PROPOSED NOTICE<br><input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn |                          | NOTICE REGISTER NUMBER | PUBLICATION DATE              |

**B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)**

|                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                          |                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------------------|-----------------------------------------------------------------------------|
| 1a. SUBJECT OF REGULATION(S)<br>Changes due to SB 132 (Stats. 2025, Ch. 17 - Allocation of Income)                                                                                                                                                                                                                                                                                     |  | 1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S) |                                                                             |
| 2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)                                                                                                                                                                                                                                                                              |  |                                                          |                                                                             |
| SECTION(S) AFFECTED<br>(List all section number(s) individually. Attach additional sheet if needed.)                                                                                                                                                                                                                                                                                   |  | ADOPT                                                    |                                                                             |
| TITLE(S)<br>18                                                                                                                                                                                                                                                                                                                                                                         |  | AMEND<br>25128                                           |                                                                             |
| 3. TYPE OF FILING                                                                                                                                                                                                                                                                                                                                                                      |  | REPEAL                                                   |                                                                             |
| <input type="checkbox"/> Regular Rulemaking (Gov. Code §11346)<br><input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4)<br><input type="checkbox"/> Emergency (Gov. Code, §11346.1(b))                                                                                                                                   |  |                                                          |                                                                             |
| <input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.<br><input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1) |  |                                                          |                                                                             |
| <input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h))<br><input type="checkbox"/> File & Print<br><input type="checkbox"/> Other (Specify) _____                                                                                                                                                                                                                         |  |                                                          |                                                                             |
| <input checked="" type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)<br><input type="checkbox"/> Print Only                                                                                                                                                                                                                                          |  |                                                          |                                                                             |
| 4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)                                                                                                                                                                                                           |  |                                                          |                                                                             |
| 5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)                                                                                                                                                                                                                                                                                       |  |                                                          |                                                                             |
| <input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a)) <input type="checkbox"/> Effective on filing with Secretary of State <input checked="" type="checkbox"/> §100 Changes Without Regulatory Effect <input type="checkbox"/> Effective other (Specify) _____                                                                           |  |                                                          |                                                                             |
| 6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY                                                                                                                                                                                                                                                         |  |                                                          |                                                                             |
| <input type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660) <input type="checkbox"/> Fair Political Practices Commission <input type="checkbox"/> State Fire Marshal<br><input type="checkbox"/> Other (Specify) _____                                                                                                                                                  |  |                                                          |                                                                             |
| 7. CONTACT PERSON<br>L. Red Gobuty                                                                                                                                                                                                                                                                                                                                                     |  | TELEPHONE NUMBER<br>(916)845-7855                        | FAX NUMBER (Optional)<br>E-MAIL ADDRESS (Optional)<br>Red.Gobuty@ftb.ca.gov |

8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

SIGNATURE OF AGENCY HEAD OR DESIGNEE  
L. Red Gobuty  
Digitally signed by L. Red Gobuty  
Date: 2026.08.04 14:59:29 -0700

DATE  
8/4/2026

TYPED NAME AND TITLE OF SIGNATORY

L. Red Gobuty, Regulations Attorney  
PER AGENCY REQUEST  
AM  
8/15/26

For use by Office of Administrative Law (OAL) only

**ENDORSED APPROVED**

SEP 16 2026

Office of Administrative Law