



STATE OF CALIFORNIA  
**FRANCHISE TAX BOARD – Legal Department**  
PO Box 1720  
Rancho Cordova, CA 95741-1720  
Telephone (916) 845-3309  
FAX (916) 845-3648

STEVE WESTLY  
Chair

CAROLE MIGDEN  
Member

MICHAEL C. GENEST  
Member

**FTB NOTICE 2004 - 7**

November 3, 2004

**SUBJECT: 2004 Legislative Change – Include Limited Liability Companies and Their Owners as Qualified Entities Under the Voluntary Disclosure Program**

Revenue and Taxation Code sections 19191, 19192 and 19194 were amended effective August 30, 2004 (Stats. 2004, ch. 354, §§ 10-12, AB 3073 (Assem. Rev. & Tax. Comm.)), to expand the class of entities that fall within the definition of qualified entities under the California Voluntary Disclosure Program (VDP). The VDP is an ongoing non-amnesty program that allows qualified entities that are not in compliance with respect to their California franchise or income tax obligations to correct that omission if they meet certain listed criteria. In exchange for coming forward, the Franchise Tax Board has the discretion to waive most statutory penalties and to limit to six years the look-back period for which tax, interest and fees are owed. Prior to these amendments, the VDP limited relief to only corporations (including limited liability corporations (LLC's) classified as corporations), S corporations, S corporation shareholders, certain trusts and certain trust beneficiaries. The amendment expands the list of qualified entities to include all LLC's and their member owners. The amendments are effective immediately, and are operative with respect to agreements entered into on or after January 1, 2005 (Rev. & Tax. Code, § 19192, subd. (e)).

The principal author of this Notice is Ira Rubinoff of the Franchise Tax Board, Legal Department. For further information regarding this notice, contact Mr. Rubinoff at the Franchise Tax Board, Legal Department, P. O. Box 1720, Rancho Cordova, CA 95741-1720.