



Short Form Analysis

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Sponsor:

Bill Number: AB 71

Amended: May 4, 2021

SUBJECT

Bring California Home Act: Global Intangible Low-Taxed Income (GILTI); and Repatriated Income and Tax Credit Limitation

- Minor/Technical Amendment

SUMMARY

This bill would do the following:

Provision No. 1 ~ PITL Conformity to GILTI (Section 1):

This provision, under the Personal Income Tax Law (PITL), would generally conform to federal law, subject to modifications, and require certain taxpayers that are a United States shareholder of a controlled foreign corporation to include GILTI in their gross income, as provided.

Provision No. 2 ~ CTL Conformity to GILTI, Repatriation Income Provisions, and Limited Use of Tax Credits (Sections 2 and 3):

This provision, under the Corporation Tax Law (CTL), would require a water's-edge taxpayer to take into account 50 percent (50%) of GILTI, as provided, 40 percent (40%) of repatriation income of its affiliated corporations, as provided, and would limit the total use of certain credits, as defined, from reducing the additional tax liability added by the provisions of this bill by not more than five million dollars (\$5,000,000), as provided.

Provision No. 3 ~ FTB Reporting Requirements (Section 9):

This provision, under the Welfare and Institutions Code (WIC), would require the Franchise Tax Board, in consultation with the Department of Finance, to provide revenue information related to the provisions of this bill to the Controller, as provided.

ANALYSIS

The May 4, 2021, amendment added a new subdivision (c) to Section 13055 of proposed Chapter 5.2 of the WIC (Bring California Home Act) providing that moneys allocated pursuant to that chapter shall not be used to pay for land acquisition or for construction work.

The department's analysis of this bill as amended March 25, 2021, still applies.

LEGISLATIVE CONTACT

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