



STATE OF CALIFORNIA
Franchise Tax Board

Notice of Second Interested Parties Meeting

**1031 Exchange Sourcing Regulations –
Sections 17951-7 and 25137(e) of Title 18 of the California Code of Regulations**

RSVP Requested:

To attend this meeting, please RSVP by March 23, 2021, by contacting FTBRegulations@ftb.ca.gov.

When:

Tuesday, March 30, 2021, 10:00 a.m.

How:

This meeting will be held telephonically. To participate, please dial: (888) 278-0296. When directed by the automated system, please enter the participant pass code 9053052, followed by the # sign. You may call in five minutes prior to the start time.

Teleconference Protocol:

Participant phones will initially be muted during the meeting, to minimize distractions. If participants wish to make a comment on matters discussed during the meeting, participants may direct that comment in an email to FTBIPM-Hearing@ftb.ca.gov. All comments will be reviewed in the order in which emails are received, and selected comments will be discussed by the moderator. The moderator will unmute participant phones to receive additional comments at the concluding portion of the meeting.

Topic:

On June 27, 2013, the California Legislature enacted Assembly Bill ("AB") 92. (Stats. 2013, Ch. 26.) Under AB 92, which added sections 18032 and 24953 to the Revenue and Taxation Code ("RTC"), taxpayers who perform Internal Revenue Code ("IRC") section 1031 exchanges of real or tangible personal property located in California for real or tangible personal property located outside of California are required to file an annual information return with the Franchise Tax Board ("FTB") for each year in which the gain or loss from that exchange has not been recognized. As a result of this reporting requirement, FTB has received requests for clarification of the determination of California source gain or loss in IRC section 1031 exchanges, especially in the context of multiple exchanges.

The documents for this Interested Parties Meeting are this Interested Parties Meeting Notice and a handout for discussion purposes regarding the proposed approach to the new regulations, which can be found on the department's [Regulatory Activity page](#).

Purpose:

To elicit public input on the proposed adoption of a new Regulation at Title 18, California Code of Regulations (CCR) Section 17951-7, under Part 10 of the RTC, and a proposed amendment adding subsection (e) to CCR section 25137, under Part 11 of the RTC regarding the sourcing of gain/loss arising from IRC section 1031 exchanges.

Comments:

Written comments may be submitted at the meeting, or should be provided to the contacts listed immediately below, by the deadline of April 30, 2021.

Contact:

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COST IMPACTS OF PROPOSED RULEMAKING

The department encourages submission of information from interested parties during the pre-Administrative Procedures Act process in order to assess the economic impact of a proposed rulemaking action on businesses (including small businesses), employees, jobs or occupations, competitiveness of California businesses, reporting requirements, or individuals.