



STATE OF CALIFORNIA
Franchise Tax Board

Second Interested Parties Meeting
Assignment of Credits - Eligible Assignees and Reorganizations -
California Code of Regulations, Title 18, Section 23663-6

RSVP Requested:

To attend this meeting, please RSVP by June 5, 2018, by contacting Angelina Gutsan at (916) 845-4158 or Email: Angelina.Gutsan@ftb.ca.gov. Space is limited.

To participate in this meeting by telephone, please dial: (877) 923-3149. Enter the participant pass code 2233420, followed by the # sign.

When:

Tuesday, June 12, 2018
1:00 p.m.

Where:

Franchise Tax Board
Goldberg Auditorium
9646 Butterfield Way
Sacramento, CA 95827

Topic:

Revenue and Taxation Code (RTC) section 23663 allows for the assignment of credits to affiliated members of a taxpayer's combined reporting group. RTC section 23663 was added by Section 10 of AB 1452 (Stats. 2008, ch. 763), is specifically operative for assignments made in taxable years beginning on or after July 1, 2008, and first permits assigned credits to be claimed against the tax of the assignee in taxable years beginning on or after January 1, 2010.

The proposed regulation intended to be added to the California Code of Regulations, Title 18, (CCR) at Section 23663-6 (Proposed Regulation) seeks to clarify rules for the eligibility of assignees that are impacted by corporate mergers, acquisitions and reorganizations. RTC section 23663 allows taxpayers to assign credits to eligible assignees but does not provide for the eligibility of potential assignees when the assignor and/or the members of the combined reporting group participated in reorganizations or other corporate restructurings. For example, as a result of a reorganization, the assignor may not be the taxpayer that originally earned a credit, and the members of the assignor's combined reporting group may not be the same as when the assignor was first allowed the credit. It is therefore presently unclear as to which members of the assignor's combined reporting group are eligible for assignment of a credit.

A first interested parties meeting for the Proposed Regulation was held on June 12, 2014, as part of the third interested parties meeting for the proposed regulations intended to be added to CCR Sections 23663-1, 23663-2, 23663-3, 23663-4, and 23663-5. This interested parties meeting will discuss the Proposed Regulation, which will provide rules for determining the eligibility of assignees after certain corporate mergers, acquisitions and reorganizations. These rules will provide certainty for taxpayers as to which members of the taxpayer's combined reporting group is an eligible assignee. To that end, FTB staff is contemplating amending the proposed regulation at CCR Section 23663-1 after its promulgation, so that the definitions contained therein will also apply to the Proposed Regulation.

Handouts for this IPM include:

- Proposed draft text
- Explanation document

Purpose:

To elicit public input regarding draft language of the Proposed Regulation Section. At the first Interested Parties Meeting the general concept and structure of this Proposed Regulation were discussed. This meeting will be the first meeting for parties to discuss and provide comments about the proposed draft language posted with this notice.

Comments Deadline:

Written comments may be submitted at the meeting, or should be provided to the contacts listed immediately below, by the deadline of July 10, 2018. All written and oral comments will be considered without attribution.

Contact Persons:**Richard Tay**

- Email: Richard.Tay@ftb.ca.gov
- Telephone: (213) 897-5224
- Address: Legal Division (MS-A260), P.O. Box 1720, Rancho Cordova, CA 95741-1720.

Ciro Immordino

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[Visitors Parking Map](#)

*** This facility is architecturally accessible to persons with physical disabilities.**

COST IMPACTS OF PROPOSED RULEMAKING

The department encourages submission of information from interested parties during the pre-APA 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.