



STATE OF CALIFORNIA
Franchise Tax Board

**Notice of Second Interested Parties Meeting
Withholding Regulations**

RSVP Requested:

To attend this meeting, please RSVP by July 6, 2016, by contacting Jennifer Johnson at (916) 845-5042 or Email: jennifer.johnson@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

Monday, July 11, 2016
10:00 am

Where:

Franchise Tax Board
Golden State Rooms A & B, North Lobby
9646 Butterfield Way
Sacramento, CA 95827

Topics:

Following the first Interested Parties Meeting (IPM) held on October 12, 2015, at the second IPM, staff will introduce and solicit public input on proposed amendments to California Code of Regulations (CCR), title 18, sections 18662-0 through 18662-6, and section 18662-8 (Withholding Regulations).

1. As discussed at the first IPM,¹ the proposed amendments to the regulations are intended to make various technical changes to the Withholding Regulations, including changes to terminology in the current regulatory language. More specifically, the draft language of the proposed amendments to the regulations is intended to make the following changes, among others:

- Clarifying the process by which a waiver is requested using FTB Form 588, Nonresident Withholding Waiver Request;
- Clarifying the threshold requirements (Part IV, Withholding Computation) for FTB Form 589, Nonresident Reduced Withholding Request;
- Within the Withholding Regulations, adding a new term, "Remitter," to the definition section (Regulation section 18662-2), and revising the definition of "Withholding Agent" and other terms as necessary in the definition section;
- Clarifying the process by which a promoter may qualify for an exemption if certain requirements are met;
- Within the Withholding Regulation, adding total sales price and ownership percentage fields to FTB Form 593, Real Estate Withholding Statement, which is proposed because these additions will make the audit process more accurate;
- Within the Withholding Regulations, clarifying the modified information return penalty amounts in Revenue and Taxation Code section 19183 as per AB 154 (Stats. 2015, Ch. 359);
- Within the Withholding Regulations, detailing that FTB Form 593, Real Estate Withholding Statement will now include elements of the following forms which will no longer exist: FTB Form 593-I, Real Estate Withholding Installment Sale

¹ For details on the first IPM, please see the handout [Summary of October 12, 2015 IPM](#).

Acknowledgement, FTB Form 593-C, Real Estate Withholding Certificate, and FTB Form 593-E, Real Estate Withholding Computation of Estimated Gain or Loss;

- Within the Withholding Regulations, changing the terms "alternate withholding calculation" and "optional gain on sale" to the term "alternative withholding calculation";
- Clarifying and correcting the person responsible for withholding during an installment sale (buyer is responsible for withholding, not the real estate escrow person);
- Within the Withholding Regulations, changing the term "California tax" to "resident and/or nonresident tax" in Regulation section 18662-8;
- Clarifying what can or cannot be filed electronically;
- Within the Withholding Regulations, making other grammatical and technical changes as necessary.

2. As also discussed at the first IPM, the proposed amendments to the Withholding Regulations will change the current rules applicable to domestic pass-through entities (PTE) from a quarterly filing withholding scheme to an annual filing withholding scheme. A new Annual Reconciliation Form and a new PTE voucher form will also be created by staff to effectuate this change. In addition, the proposed amendments to the Withholding Regulations will clarify that the due date of January 31 will be established as the deadline by which the annual PTE Annual Reconciliation Form must be filed.

Purpose:

To elicit public input regarding proposed amendments to the Withholding Regulations. Draft language of the proposed amendments, as well as the Explanations of Changes, will be posted online prior to the second IPM and will be handed out at the second IPM.

Contact: David Muradyan

- Email: david.muradyan@ftb.ca.gov
- Telephone: (916) 845-4540
- Address: Legal Division (MS-A260), P.O. Box 1720, Rancho Cordova, CA 95741-1720.

[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.