



State of California
Franchise Tax Board

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Requested By: Residency Program, Audit Division
Requested Date: 01/28/2014
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SUBJECT: TAM 2011-03 Should No Longer Be Relied Upon

QUESTION PRESENTED

Should staff continue to rely upon TAM 2011-03 subsequent to the issuance of FTB Notice 2014-01?

CONCLUSION

No. Staff should no longer rely upon TAM 2011-03.

ANALYSIS AND DISCUSSION

TAM 2011-03 was issued to provide guidance to staff as to the availability of the other state tax credit for shareholders of an S corporation in the limited circumstance in which the S corporation was engaged in manufacturing and paid the following taxes for the 2008 tax year:

1. The Revised Texas Franchise Tax
2. The Ohio Commercial Activity Tax
3. The Michigan Business Tax.

On January 17, 2014, FTB Notice 2014-01 was issued. FTB Notice 2014-01 withdraws FTB Notice 2010-02 and provides that the Franchise Tax Board Legal Division will be issuing additional guidance. Therefore, the analysis in TAM 2011-03 should no longer be relied upon.

Tax Counsel