



Legal Division MS A260
P O Box 1720
Rancho Cordova, CA 95741-1720
tel: 916.845.5002 fax: 916.364.2747
ftb.ca.gov

Date: 01.12.2016

TechnicalAdviceMemorandum:2016-01

Requested By: Roger Lackey
Requested Date: 12.23.15
TAM Author: Kristen Kane
Phone Number: 916.845.5002
Fax Number: 916.364.2747

SUBJECT

Availability of the California Other State Tax Credit (OSTC) for payment of the Revised Texas Franchise Tax (RTFT).

QUESTIONPRESENTED

Is the payment of the RTFT eligible for the OSTC for any taxable year?

CONCLUSION

The payment of the RTFT is not eligible for the OSTC for any taxable year.

DISCUSSION

California Revenue and Taxation Code sections 18001 through 18006 generally allow a credit for "net income taxes" paid to a state other than California. The RTFT is not a "net income tax" under California law because it is a tax on, or measured by, gross receipts.

FTB will issue a legal ruling with regard to credits and deductions for taxes paid to other states. It is anticipated that this ruling will be issued before the third quarter of the current year with a more complete discussion and analysis.