

## Income/Franchise:

### California FTB Says Returns May Be Prepared Using Current Market-Sourcing Rule, Not Draft

*Public Service Bulletin: Applicability Date of Proposed Revisions to California Code of Regulations, Title 18, Section 25136-2*, Cal. FTB (4/15/21). The California Franchise Tax Board (FTB) recently issued a public service bulletin stating that tax returns prepared for taxable years beginning during the 2020 calendar year are not required to be prepared utilizing the version of market-sourcing rules reflected in proposed revisions to California Code of Regulations, title 18, (CCR) section 25136-2. In doing so, the FTB explains that certain provisions of CCR section 25136-2 are currently undergoing revision, and there have been five Interested Party Meetings (IPMs) held to discuss the proposed revisions with the public [see July 2020 Multistate Tax Alerts “California FTB Proposes Additional Amendments to Market-Based Sourcing Rules,” and “California FTB Retains New Proposed Method for Sourcing Receipts from Asset Management Services” for some details on the proposed revisions to CCR section 25136-2]. While the draft language circulated at the most recent IPM indicated that the proposed revisions would be applicable for taxable years beginning on January 1, 2019, the FTB provides that “the actual applicability date for the proposed revisions has yet to be finally determined.” Accordingly, the FTB explains that the proposed revisions to CCR section 25136-2 “will not apply for taxable years beginning during the 2020 calendar year.” Please contact us with any related questions.

**URL:** <https://www.ftb.ca.gov/about-ftb/newsroom/public-service-bulletins/2021-11-applicability-date-of-proposed-revisions-to-ca-code-of-regs-title-18-section-25136-2.html>

**URL:** <https://www2.deloitte.com/us/en/pages/tax/articles/california-ftb-proposes-additional-amendments-to-market-based-sourcing-rules.html?id=us:2em:3na:stm:awa:tax:050721&sfid=7011000000381ByQAI>

**URL:** <https://www2.deloitte.com/us/en/pages/tax/articles/california-ftb-proposes-new-method-for-sourcing-receipts-from-asset-management-services.html?id=us:2em:3na:stm:awa:tax:050721&sfid=7011000000381ByQAI>

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