

Income/Franchise:

California FTB Issues Another Round of Draft Market-Sourcing Rule Changes with 6th IPM on June 4

Explanation of Draft Language; Meeting Notice and Information; Draft Proposed Amended Cal. Reg. Section 25136-2, Cal. FTB (5/21). On June 4, 2021, the California Franchise Tax Board (FTB) will hold its sixth Interested Parties Meeting (IPM) regarding proposed amendments to California Code of Regulations, Title 18, Section 25136-2. The first IPM was held on January 20, 2017, the second was held on June 16, 2017, the third was held on May 18, 2018, the fourth was held on July 19, 2019, and the fifth was held on July 21, 2020 [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 earlier proposed revisions to CCR section 25136-2]. At this sixth IPM, FTB staff intend to solicit public input regarding additional proposed amendments to this market-based sourcing regulation, which were developed after considering public input received since the fifth IPM and approaches taken in other states. Among other edits, the latest proposal includes a new definition for “asset management services,” as well as provides an effective date for the proposed amendments as taxable years beginning on or after January 1, 2023.

URL: <https://www.ftb.ca.gov/tax-pros/law/regulatory-activity/06042021-explanation.pdf>

URL: <https://www.ftb.ca.gov/tax-pros/law/regulatory-activity/06042021-ipm6-notice.pdf>

URL: <https://www.ftb.ca.gov/forms/Search/Home/FormRequest/4791>

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:052121&sfid=7011O0000038I8qQAA>

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:052121&sfid=7011O0000038I8qQAA>

The sixth IPM will be held telephonically and those interested in attending are asked to RSVP by May 28, 2021; comments on the latest proposal may be submitted at the meeting or by July 5, 2021.

See recently issued Multistate Tax Alert for more details on these draft proposed amendments and please contact us with any questions.

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