

## Income/Franchise:

### California FTB Announces Settlement of Class Action Suit Involving Refunds of Certain LLC Fees

*FTB Notice 2022-02*, Cal. Fran. Tax. Bd. (5/6/22). In a recently issued notice (FTB Notice 2022-02), the California Franchise Tax Board (FTB) informs limited liability companies (LLCs) and the public that the parties in class action litigation known as the “Franchise Tax Board LLC Tax Refund Cases,” which challenged the constitutionality of California’s LLC fee for tax years 1994 through 2006 [see previously issued Multistate Tax Alert for more details on this class action litigation], have entered into a proposed settlement. According to the FTB, this proposed settlement may impact those LLCs with income attributable to activities from outside California, timely filed valid claims for refund of the taxes unconstitutionally collected pursuant to former Cal. Rev. & Tax Code section 17942, and have not yet received underlying full refunds (*i.e.*, non-processed claims). The FTB explains that the proposed settlement was reached to resolve the claims of such class members and establishes a fund that will be used to provide payments to LLCs with valid pending refund claims. FTB Notice 2022-02 states that the proposed settlement requires a “Settlement Administrator” to mail notice of the settlement to all class members, and that all LLCs in the class will be mailed such notice and a claim form by the Settlement Administrator on or before May 6, 2022. For those impacted that do not receive such notice, FTB Notice 2022-02 suggests contacting the Settlement Administrator by telephone at 1-888-874-5887 or by e-mail with additional details found at [www.FTBLLCTaxSettlement.com](http://www.FTBLLCTaxSettlement.com), a special website which provides that the deadline to submit the claim form is July 5, 2022. Please contact us with any questions.

**URL:** <https://www.ftb.ca.gov/tax-pros/law/ftb-notices/2022-02.pdf>

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-ca-court-of-appeal-class-action-suit-seeking-total-refund-of-llc-fees-may-move-forward.pdf>

**URL:** <http://www.ftblctaxsettlement.com/>

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