

Income/Franchise:

California FTB Updates Guidance on State Reporting of Federal Tax Adjustments

FTB Pub 1008, Cal. FTB (rev. 7/22). Applicable to federal determinations that became final on or after January 1, 2000, an updated publication from the California Franchise Tax Board (FTB) explains that California corporate taxpayers must report all federal tax changes or corrections to gross income, deductions, or tax credits even if the changes or corrections do not result in an increase in tax payable to California for any year and that such taxpayers generally must do so within six months of each final federal determination. According to the publication, if the FTB receives the federal changes within the six-month period, it has two years from the date it receives such report to apply the federal changes to the taxpayer's California tax return. If it receives such report more than six months after the date of the final federal determination, it has four years from the date it receives the "sufficiently-detailed" information to apply the federal changes to the taxpayer's California return. The publication also explains that if the taxpayer or the Internal Revenue Service does not provide the FTB timely notification of the taxpayer's federal changes, the statute of limitations for assessment by the FTB "remains open and we may issue an assessment at any time," and interest accrues from the original tax year due date until the taxpayer fully pays the tax liabilities and penalties. Please contact us with any questions.

URL: <https://www.ftb.ca.gov/forms/misc/1008.pdf>

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