

MEMO# 21889

October 24, 2007

ICI Comment Letter Regarding California's Proposed Withholding Regulation

[21889]

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TO: ADVISER DISTRIBUTOR TAX ISSUES TASK FORCE No. 19-07
TAX MEMBERS No. 46-07 RE: ICI COMMENT LETTER REGARDING CALIFORNIA'S PROPOSED WITHHOLDING REGULATION

ICI submitted the attached letter to the California Franchise Tax Board ("FTB") regarding California's proposed withholding regulation. [1] The letter requests that the FTB amend the proposed regulation [2] to clarify that regulated investment company distributions are not California source income subject to withholding. Specifically, we request that two provisions in the proposed regulation be revised to specifically exclude all income that currently is excluded from the definition of "taxable income of a nonresident or part-year resident" under Revenue and Taxation Code section 17955.

Lisa Robinson
Associate Counsel

[Attachment](#)

endnotes

[1] See Institute Memorandum (21481) to Adviser Distributor Tax Issues Task Force No. 12-07 and Tax Committee No. 36-07, dated August 16, 2007.

[2] Go to http://www.ftb.ca.gov/law/intParty/ipmtgTopics_081307.pdf to read a topic overview. Go to http://www.ftb.ca.gov/law/intParty/DraftWH@SourceReg_081307.pdf to read the regulations. Go to http://www.ftb.ca.gov/law/intParty/08DraftWHforms_081307.pdf to see draft forms and instructions related to the proposed regulations.

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