

**MEMO# 21562**

September 7, 2007

## **Draft ICI Comment Letter on California Proposed Withholding Regulation; Comments Requested**

[21562]

September 7, 2007

TO: ADVISER DISTRIBUTOR TAX ISSUES TASK FORCE No. 14-07  
TAX COMMITTEE No. 38-07 RE: DRAFT ICI COMMENT LETTER ON CALIFORNIA PROPOSED  
WITHHOLDING REGULATION; COMMENTS REQUESTED

Attached is the Institute's draft comment letter regarding California's proposed withholding regulation. [\[1\]](#) The letter requests that the California Franchise Tax Board amend the proposed regulation to clarify that, consistent with the California Revenue and Taxation Code, regulated investment company ("RIC") distributions are not California source income subject to withholding. Specifically, we request that two provisions in the proposed regulation reference code section 17955's exclusion for income from "qualifying investment securities," including RIC distributions.

Please provide comments regarding the Institute's letter by close of business on Friday, September 14, 2007. You may contact Lisa Robinson at 202-326-5835 or [lrobinson@ici.org](mailto:lrobinson@ici.org).

Lisa Robinson  
Associate Counsel

[Attachment](#)

## endnotes

[1] Go to [http://www.ftb.ca.gov/law/intParty/ipmtgTopics\\_081307.pdf](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](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](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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