

California FTB to hold second Interested Parties Meeting on Amendments to Market-Based Sourcing Regulation

Overview

In the May 2017 edition of the California Franchise Tax Board's (FTB) [Tax News](#), the FTB announced that it will hold its second Interested Parties Meeting (IPM) on June 16, 2017 to discuss proposed amendments to California's market-based sourcing regulation (California Regulation Section 25136-2).

In September of 2016, the FTB had finalized its first round of amendments to this market-based sourcing regulation. Following those amendments, the FTB began a second round of amendments and held its first IPM for this second round on January 20, 2017, a summary of which is available [here](#).

At this second IPM next month, the FTB plans to issue draft language for the "less controversial issues" and solicit additional feedback from the public on the "more controversial issues." That feedback will provide the basis for draft language on the "more controversial issues" which the FTB will present at a third IPM.

Some issues that will be addressed in this second round of amendments include:

- The reintroduction of asset management fee examples,
- Issues in connection with the benefit of the services received, including the assignment of services performed on tangible personal property and the assignment of long-term government and research and development contracts,
- Issues in connection with the sale of intangible property, including interest and dividends, and
- Issues in connection with reasonable approximation.

If you have questions regarding this second IPM or California tax matters, please contact any of the Deloitte Tax LLP professionals on the next page.

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