

ASSEMBLY BILL

No. 1848

Introduced by Assembly Member Ma

January 28, 2008

An act to amend Section 18661 of, and to add Section 18664 to, the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1848, as introduced, Ma. Income tax: returns: withholding

(1) The Franchise Tax Board administers the taxes imposed under the Personal Income Tax Law and the Corporation Tax Law. Existing law authorizes persons that are required to withhold taxes from recipients of income to require the recipients of the income to provide that person with the recipient's name and address.

This bill would require the recipient of income to also provide the person paying the income with the payee's social security number or other taxpayer identification number if requested by the person paying the income.

(2) Existing law provides that the Franchise Tax Board, may, by regulation, require any person to withhold an amount, determined by the Franchise Tax Board to reasonably represent the amount of tax due, as specified, and to transmit the amount withheld to the Franchise Tax Board at a designated time.

This bill, in modified conformity with the federal income tax law, would require backup withholding, as provided, at a rate of 7% on specified payments made on or after January 1, 2009, whenever such payments are subject to federal backup withholding.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 18661 of the Revenue and Taxation Code
2 is amended to read:
3 18661. When necessary to make effective the provisions of
4 this article or Article 4 (commencing with Section 18631), the
5 ~~name and address~~, *address, social security number or other*
6 *taxpayer identification number* of the recipient of income shall be
7 furnished upon demand of the person paying the income.
8 SEC. 2. Section 18664 is added to the Revenue and Taxation
9 Code, to read:
10 18664. (a) (1) Section 3406 of the Internal Revenue Code,
11 relating to the backup withholding, shall apply, except as otherwise
12 provided.
13 (2) For purposes of this section, the term “reportable payment,”
14 as defined in Section 3406(b) of the Internal Revenue Code, shall
15 include only payments of items of income as defined in Section
16 18662 and any regulations thereunder.
17 (b) The amount of tax to be withheld shall be computed by
18 applying a rate of 7 percent.
19 (c) Where withholding under both this section and other
20 provisions of this article would otherwise be required, withholding
21 shall only be required under this section.
22 (d) Any payer required to withhold tax pursuant to this section
23 shall notify the payee of such withholding at a time and in a manner
24 as may be prescribed in forms and instructions by the Franchise
25 Tax Board.
26 (e) This section shall apply to payments made on or after January
27 1, 2009.

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