

Introduced by Senator Harman

February 21, 2007

An act to add Section 17743.5 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 454, as introduced, Harman. Estates and trust: taxation: trustees. The Personal Income Tax Law imposes a tax upon the income of trusts and estates based upon a specified rate schedule. Among other things, that law imposes a tax upon a trust, and, in the case where the taxability of the trust depends upon the residence of the fiduciary and if there are 2 or more fiduciaries for the trust, the taxable income is apportioned according to the number of fiduciaries that are residents of this state, as specified.

This bill would provide that the trust shall not be subject to tax if the trust derives no income from sources in this state and the beneficiaries and trustees of the trust are not residents of this state.

This bill would take effect immediately as a tax levy.

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 17743.5 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17743.5. Notwithstanding any other law to the contrary, the
- 4 income of a trust shall not be subject to tax under this part if the
- 5 trust derives no income from sources in this state and the
- 6 beneficiaries and trustees are not residents of this state.

1 SEC. 2. This act provides for a tax levy within the meaning of
2 Article IV of the Constitution and shall go into immediate effect.

O