

**Senate Bill No. 1044**

CHAPTER 156

An act to amend Sections 17299.8, 19175, and 24447 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor July 27, 2007. Filed with  
Secretary of State July 27, 2007.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1044, Committee on Revenue and Taxation. Income and corporation taxes: tax withholding.

The Personal Income Tax Law and the Corporation Tax Law disallow a deduction for amounts paid to an individual or entity as remuneration for personal services if that individual or entity fails to report payments required under specified provisions of those laws.

This bill would correct references to obsolete provisions of those laws.

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

SECTION 1. Section 17299.8 of the Revenue and Taxation Code is amended to read:

17299.8. The Franchise Tax Board may disallow a deduction under this part to an individual or entity for amounts paid as remuneration for personal services if that individual or entity fails to report the payments required under Section 13050 of the Unemployment Insurance Code or Section 18631 on the date prescribed therefor (determined with regard to any extension of time for filing).

SEC. 2. Section 19175 of the Revenue and Taxation Code is amended to read:

19175. (a) In addition to the penalty imposed by Section 19183 (relating to failure to file information returns), if any person or entity fails to report amounts paid as remuneration for personal services as required under Section 13050 of the Unemployment Insurance Code or Section 18631 on the date prescribed therefor (determined with regard to any extension of time for filing), that person or entity may be liable for a penalty determined under subdivision (b).

(b) For purposes of subdivision (a), the amount determined under this subdivision is the maximum rate under Section 17041 multiplied by the unreported amounts paid as remuneration for personal services.

(c) The penalty imposed by subdivision (a) shall be assessed against that person or entity required to file a return under Section 13050 of the Unemployment Insurance Code or Section 18631.

(d) Article 3 (commencing with Section 19031) of this chapter (relating to deficiency assessments) shall not apply with respect to the assessment or collection of any penalty imposed by subdivision (a).

(e) The penalty imposed under subdivision (a) shall be in lieu of the penalty imposed under Section 13052.5 of the Unemployment Insurance Code (relating to unreported compensation). In the event that a penalty is imposed under this section and Section 13052.5 of the Unemployment Insurance Code, only the penalty imposed under Section 13052.5 of the Unemployment Insurance Code shall apply.

SEC. 3. Section 24447 of the Revenue and Taxation Code is amended to read:

24447. The Franchise Tax Board may disallow a deduction under this part to an individual or entity for amounts paid as remuneration for personal services if that individual or entity fails to report the payments required under Section 13050 of the Unemployment Insurance Code or Section 18631 on the date prescribed therefor (determined with regard to any extension of time for filing).