

ASSEMBLY BILL

No. 278

Introduced by Assembly Member Charles Calderon

February 12, 2009

An act to amend Section 18639 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 278, as introduced, Charles Calderon. Franchise and income tax law: information returns.

Existing law requires every person who makes payments of exempt-interest dividends, as specified, to any person, and every person who receives payments of interest exempt from tax, as specified, as a nominee and who makes payments to any person with respect to the interest received to file an information return as prescribed by the Franchise Tax Board and to furnish a statement to each person named in the return.

This bill would make a technical, nonsubstantive change to that provision.

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

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

1 SECTION 1. Section 18639 of the Revenue and Taxation Code
2 is amended to read:
3 18639. (a) (1) In addition to those reports required under
4 paragraph (8) of subdivision (c) of Section 18631, information
5 returns shall be required, at the time and in the form and manner

1 and to the extent that the Franchise Tax Board may prescribe, from
2 both of the following:

3 (A) Every person who makes payments of exempt-interest
4 dividends, as described in Section 852(b)(5) of the Internal
5 Revenue Code, that are not exempt-interest dividends, as described
6 in Section 17145 of the Revenue and Taxation Code, aggregating
7 ten dollars (\$10) or more to any person, other than to any person
8 described in paragraph (2), during any calendar year.

9 (B) Every person who receives payments of interest as a
10 nominee and who makes payments aggregating ten dollars (\$10)
11 or more during any calendar year to any other person, other than
12 to any person described in paragraph (2), with respect to the interest
13 so received. For purposes of this paragraph, “interest” is limited
14 to interest on any obligation if the interest is exempt from tax under
15 Section 103(a) of the Internal Revenue Code or if the interest is
16 exempt from tax, without regard to the identity of the holder, under
17 any other provision of Title 26 of the United States Code, but
18 which is not exempt from income tax under Part 10 (commencing
19 with Section 17001).

20 (2) For purposes of this subdivision, a person shall not be
21 required to make a report pursuant to paragraph (1) if the person
22 receiving the payment is any of the following:

23 (A) A corporation.

24 (B) An organization exempt from taxation under Section 23701
25 or an individual retirement plan.

26 (C) The United States or any wholly owned agency or
27 instrumentality thereof.

28 (D) A state, the District of Columbia, a possession of the United
29 States, any political subdivision of any of the foregoing, or any
30 wholly owned agency or instrumentality of any one or more of the
31 foregoing.

32 (E) A foreign government, a political subdivision of a foreign
33 government, or any wholly owned agency or instrumentality of
34 any one or more of the foregoing.

35 (F) An international organization or any wholly owned agency
36 or instrumentality thereof.

37 (G) A foreign central bank of issue.

38 (H) A dealer in securities or commodities required to register
39 under the laws of the United States or a state, the District of
40 Columbia, or possession of the United States.

1 (I) A real estate investment trust, as defined in Section 856 of
2 the Internal Revenue Code.

3 (J) An investment company, as defined in Section 80a-3 of the
4 United States Code, registered at all times during the taxable year
5 under the Investment Company Act of 1940.

6 (K) A common trust fund, as defined in Section 17671.

7 (L) Any trust that is exempt from tax under Section 664(c) of
8 Title 15 of the Internal Revenue Code.

9 (b) Every person required to make a return under this section
10 shall also furnish a statement to each person whose name is set
11 forth in the return, as required to do so by the Internal Revenue
12 Code.

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