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Re: Definitions of Business and Non-Business Income and a Unitary Business
Task Force B: Issue 2: Holding Companies and Pass-Through Entities
Date: July 2, 1997

Holding Companies and Pass-Through Entities

Legal Ruling 95-7 and Legal Ruling 95-8 in California represent a valid and usable approach to the treatment of holding companies. Further, *Appeal of PBS Systems, Inc.* reaches a valid result, particularly as to the reliance on intercompany financing. California Regulation 25137-1 enunciates an acceptable standard for apportionment and allocation of partnership income.