Multistate Tax Commission
Uniformity Committee Meeting
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California Regulation 25136-2

- New Market-Based Rules for Assignment of Sales of Other than Tangible Personal Property
  - For tax years beginning 1/1/2011 forward, only those who elected single sales factor
  - For tax years beginning 1/1/2013, mandatory for all taxpayers who come under UDITPA rules
Main Issues

- Sales from services
  - To the extent the benefit of the service was received in CA

- Sales from intangible property
  - To the extent the property was used in CA

Sales from Services to Individuals

- Billing address -- safe harbor rule for taxpayers

- Reasonable approximation
Sales from Services to Business Entities

- Contract with customer or taxpayer’s books and records
- Reasonable approximation
- The place from where the customer placed the order
- Customer’s billing address

Intangible Property Complete Transfer of All Property Rights

- Contract with customer or taxpayer’s books and records
- Reasonable approximation
- Customer’s billing address
Intangible Property Licensing

- **Marketing Intangibles**
  - Contract with customer or taxpayer’s books and records
  - Reasonable approximation
  - Sales to wholesaler

- **Non-Marketing/Manufacturing Intangibles**
  - Contract with the customer or taxpayer’s books and records
  - Reasonable approximation
  - Licensee’s billing address
Intangible Property Licensing

- **Mixed Intangibles**
  - Separate statement of fees
  - If statement is not separate or is unreasonable, fees are presumed to be paid for marketing

Special Rules

- Taxpayer effort and expense required to obtain necessary information
- Reasonable approximation
- 25137 incorporations