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California Franchise Tax Board holds Interested Parties Meeting on the California Research Credit



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In brief

On October 11, 2012, the Franchise Tax Board ("FTB") held its [Interested Parties Meeting](#) ("IPM") to hear comments regarding the California Research Credit. Mr. Kendall Fox, Partner with PwC, who serves as the Firm's National R&D Expert, submitted written comments to the FTB and was invited to summarize his comments at the IPM. Taxpayers have until November 1, 2012, to submit any additional written comments.

In detail

The purpose of the IPM was to promote an open dialog with the public regarding the following specifics of the R&D credit: legislative proposals that should be considered for California, the best way to understand a taxpayer's business, how the FTB can expedite the audit process while ensuring documentation and substantiation is sufficient to determine the proper qualified activities and expenses, and solutions to overcome base year documentation issues.

Discussions during the IPM included the following suggestions: support for conformity to the federal alternative simplified credit, improved technical and industry training for FTB auditors, and more FTB flexibility with respect to acceptable documentation. The FTB was not specific about what its next step might



be. FTB staff stated that they plan to share and discuss the thoughts presented and that they would publicize any resulting change or development through the FTB publication *Tax News*.

Mr. Fox's written comments addressed how the FTB could expedite the audit process while ensuring documentation and substantiation is sufficient to determine proper qualified activities and expenses. His comments are available at the [following link](#).

Let's talk

If you have questions about the FTB's interested parties meeting, please contact one of the following individuals:

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