

Paula Trust Appeal

**Alan S.
CA Resident**

**Stafford S.
MD Resident**

Trustees

Paula Trust

Trust

**Paula M.
CA Resident**

**Contingent
Beneficiary**

STATE BOARD OF EQUALIZATION



Appeal Name: Paula Trust

Case ID: 759422 ITEM #: B1

Date: 9/23/14 Exhibit No: 9.1

TAXPAYER EXHIBIT

B1

September 23, 2014

Paula Trust

759422

TP FTB DEPT PUBLIC COMMENT

Regulation 17743 Does Not Apply

“If there are two or more fiduciaries of a trust, and one or more are residents and one or more are nonresidents, and **all the beneficiaries are nonresidents**, the trust is taxable”

Not applicable:
beneficiary is a
California resident

**Since the Regulation
does not apply,
what DOES apply?...**

The Statute

Rev. & Tax. Code Sec. 17743

“Where the taxability of income under this chapter depends on the residence of the fiduciary and there are two or more fiduciaries for the trust, the income taxable under Section 17742 shall be **apportioned according to the number of fiduciaries resident in this state** pursuant to rules and regulations prescribed by the Franchise Tax Board.”

History of Trust Sourcing Rules

1935

Statute

Sourcing

Apportionment

Consistent with:

Regulation

Sourcing

Apportionment

1937–Today

Statute

Sourcing (repealed)

Apportionment

...NOT consistent with:

Regulation

Sourcing

Apportionment