

CALIFORNIA STATE LEGISLATURE

**REVENUE AND TAXATION
REFERENCE BOOK**

2005

(SEAL)

Assemblymember Johan Klehs, Chair

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PREFACE

This Revenue and Taxation Reference Book is designed to answer some of the more commonly asked questions about California's tax structure. It is written with the general public in mind and gives a broad overview of most of California's major taxes, as well as summaries of some special features of the tax system. Many of the technical features and fine points of the law are excluded in an attempt to keep the material accessible to lay readers.

This Reference Book reflects California's tax law as of December, 2005. Generally, tax provisions that expired or were repealed prior to that date are not described.

Many features of the state tax system are described more than once in this Reference Book. For instance, certain income tax provisions affecting businesses are described both as a feature of the Personal Income Tax in Chapter 2B and in Chapter 2C, under the Corporation Tax. Readers should watch for cross-references within the text.

The Glossary in Chapter 8 provides short definitions of over 200 terms and acronyms commonly used in tax discussions.

New this year is Chapter 9 - Appendices which reflect Tax Expenditures, and Personal, Sole Proprietorship and Corporate Tax Liability Charts.

Thanks are due to the staff members of the Franchise Tax Board, the Board of Equalization, and other executive agencies who provided information, advice, and editorial comment during the preparation of this book. Legislative Counsel also provided assistance on various issues in this book. Their collective assistance ensures that the information included is both timely and accurate.

The Revenue and Taxation Reference Book has been prepared and maintained over the years by the staff of the Assembly Committee on Revenue and Taxation.

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