



STATE OF CALIFORNIA  
**FRANCHISE TAX BOARD**  
 PO BOX 1998 B I  
 SACRAMENTO CA 94267-1998

Interest or interest-dividends paid on non-California municipal bonds during 2002 to individuals or partnerships with a California address must be reported to the California Franchise Tax Board. The filing requirement applies whether the bond is held directly by the individual or partnership, through a mutual fund, a money market fund, a unit investment trust, or another financial investment vehicle.

Effective January 1, 1997, California Revenue and Taxation Code Section 18639 requires an information return from payers paying interest or interest-dividend income on federally tax exempt bonds issued by non-California governmental entities (municipal bonds). Examples include bonds issued by counties, cities, sewer facilities, and education boards that are located outside California. Payments of interest or interest-dividends aggregating \$10 or more on these types of municipal bonds paid to individuals or partnerships with a California address must be reported. The filing requirement is applicable for payments of interest made on or after January 1, 1997 (for 1997 or subsequent tax years).

**Payments of Interest income** must be reported on a per bond basis and each bond must be identified by the CUSIP number. The format specifications for each record are similar to IRS specifications contained in IRS Publication 1220 (REV 7-2002) that covers Revenue Procedure 2002-34. Exceptions to the IRS specifications are listed on page 2 of this letter. For **payments of interest-dividends**, report the total distribution to each shareholder. Provide the percentage of the fund's portfolio income distribution attributable to bonds of California, Puerto Rico, Guam, and the Virgin Islands.

**Please note that a fund CUSIP number must now be reported for each fund payment.** Formatting instructions are detailed in subsequent pages.

You are required to inform payees by January 31, 2003, that this information is being reported to the California Franchise Tax Board.

If you are not submitting a file under this reporting requirement, please check the box next to the reason that applies and return this page in the enclosed envelope to:

**FRANCHISE TAX BOARD**  
**PO BOX 1998**  
**RANCHO CORDOVA CA 95741-1998**

I do not have a filing requirement.

I am providing the requested information through a clearing firm.

Name of firm: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone number: (     )     -     

Other. Please Explain: \_\_\_\_\_

If you have **250 or more** returns, you must provide the information on magnetic media. See the Magnetic Media Transmittal and preparation instructions on pages 3 and 4.

- We will accept IBM compatible cartridges, diskettes, and compact disks.
- Submit either 3.5" or 5.25" diskettes formatted on an MS-DOS/PC-DOS operating system. Files should be in standard ASCII code. ZIP files are acceptable if correctly formatted.

If you have **fewer than 250** returns, you must provide the information on either magnetic media or paper. For paper filing, use the Hard Copy Reporting Form provided on page 5 to submit all of the following:

- For all returns you submit, include the social security number, name, address, interest or interest dividend earned and the customer account number. For bonds also provide the CUSIP number of the bond and a description. For mutual funds provide the CUSIP number of the fund and the percentage of mutual fund portfolio income distribution attributable to bonds issued by California, Puerto Rico, Guam, and the Virgin Islands (rounded to the nearest whole number).

Make additional copies of the Hardcopy Reporting Form as necessary.

The due date for furnishing the information returns for payments of interest or interest-dividends made during 2002 is June 1, 2003. **Please provide this information separately from other interest or dividend information returns (generally due annually on February 28).**

For assistance with reporting information on magnetic media or paper, contact the Franchise Tax Board Data Exchange Office at (916) 845-3778. If you have other questions regarding this reporting requirement, call (916) 845-6660.

Please note the following modifications to the IRS Publication 1220 specifications:

## **BONDS**

- Use 1099-B format to record earnings on each state or local government bond. Report the income as if it were taxable for federal purposes. Note: A return is due for each bond on which interest was paid.
- Enter payment amounts in positions 55-66 of the payee "B" record. Right-justify, zero-fill.
- Enter both the CUSIP number and security name on the record. Enter the CUSIP number in position 556-568. Left-justify, blank-fill.
- Enter the issuer or security name in positions 569-607. Left-justify, blank-fill.

## **FUNDS**

- Use 1099-B format to record earnings from mutual funds, money market funds, and unit investment trusts. Report the income as if it were taxable for federal purposes.
- Use a separate "A" record for each fund reported. Use positions 40 - 42 of the "A" record to report the percentage of mutual fund portfolio income distribution attributable to bonds issued by California, Puerto Rico, Guam and the Virgin Islands, rounded to the nearest whole number – e.g., 25.4% would be reported as 025. 25.5% would be reported as 026.
- Enter payment amounts in positions 55-66 of the payee "B" record. Right-justify, zero-fill.
- Enter the CUSIP number of the fund in positions 556-568. Left-justify, blank-fill.



STATE OF CALIFORNIA  
**FRANCHISE TAX BOARD**  
 PO BOX 942840  
 SACRAMENTO CA 94240-6090

**Federally Tax Exempt Non-California Bond Interest and  
 Interest-Dividend Payment Information**

**MAGNETIC MEDIA TRANSMITTAL**

Tax Year \_\_\_\_\_ Date File Submitted \_\_\_\_\_

Please complete the following information, attach additional sheets if needed, and forward this form(s) with the file. See reverse side for additional instructions.

**Transmitter Information**

FEIN:	Type of file submitted (circle one):
Name	
Address	
City	
State	
ZIP Code	
	Original                      Replacement
	Correction                      Test

**Payer Information**

List name of payers and respective payee totals for the records reported on this file.	
Name:	Name:
FEIN:	FEIN:
No. of Payees:	No. of Payees:
\$	\$

Name:	Name:
FEIN:	FEIN:
No. of Payees:	No. of Payees:
\$	\$

Name:	Name:
FEIN:	FEIN:
No. of Payees:	No. of Payees:
\$	\$

Name:	Name:
FEIN:	FEIN:
No. of Payees:	No. of Payees:
\$	\$

GRAND TOTALS	
Number of payee records reported by all payers:	Total of all payment amounts reported for all payers:

Under penalties of perjury, I declare that I have examined this return, including accompanying records on magnetic media, and to the best of my knowledge and belief, it is true, correct and complete. In the case of records without recipients' identifying numbers I have complied with the requirements of the law by requesting such numbers from the recipients, but did not receive them.

Signature \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

**Media Characteristics**

<b>CARTRIDGES</b>	Sequence	External Label #	<b>DISKETTES/COMPACT DISKS</b>
Internal Header Labels (circle one): Yes    No	1 of		Filename Used for Reporting:
	2 of		
Recording Mode (circle one) EBCDIC    ASCII	3 of		Density (circle one):    Single    Double
	4 of		
Record Length = 750, Blocksize = _____	Person to contact for media problems:		
Cartridge Compatibility (Circle one): 3480    3490	Name _____		
	Telephone _____ Ext. _____		

## PREPARATION INSTRUCTIONS

### A. Form Preparation

Prepare a separate transmittal form for cartridge, diskette, or compact disk media. If your organization reports on one or more media type, then a transmittal form prepared in the manner described below must accompany each media type.

#### 1. Transmitter Information

Indicate whether the data on the media file is the original installment, a correction of specific original records, a replacement for the original file, or a test file. **Note:** To submit test file(s) contact the Franchise Tax Board Magnetic Media Unit at (916) 845-3778. Test files are not mandatory.

Enter the name, address, city/state/zip code and FEIN of the organization **transmitting** the magnetic media.

#### 2. Payer Information

List the payer name, FEIN, the number of payee documents and the corresponding dollar amount. If more room is needed to list additional payers, fill out and attach additional forms.

Accumulate and enter: (1) the total number of payee returns reported by all payers, and; (2) the total of all payment amounts reported by all payers. If this information is reported on an attached computer list it must be carried forward to the "GRAND TOTAL" line.

The affidavit signature line must be properly signed and dated by the person to whom the organization has delegated this responsibility. An organization transmitting for others may sign the form provided written permission has been granted by the payer(s). If permission is granted, the organization becomes the payer's agent and assumes responsibility for data quality and completeness.

#### 3. Media Characteristics

**IMPORTANT:** Nine track magnetic tape reels are no longer acceptable. Acceptable media are cartridge, diskette, and compact disk.

Indicate the cartridge/diskette/compact disk recording characteristics by filling in the necessary information and completing the appropriate boxes. This information should be obtained from someone in your data processing department familiar with this reporting procedure. Please consult that source if help is needed.

#### 4. Contact Information

Enter the name and telephone number of a person we can contact for technical information or to resolve media problems.

#### B. File Preparation

If multiple volumes are submitted, list the volume sequence numbers on the media labels (i.e., 1 of 2, 2 of 2). If only one media file is submitted, list it as "1 of 1".

## MAILING INSTRUCTIONS

Complete this form as described above and either ship it or mail it with the media file(s) to:

### SHIPPING

Franchise Tax Board  
Data Exchange TEB  
Service and Supply  
9646 Butterfield Way  
Sacramento CA 95827

### U.S. MAIL

Franchise Tax Board  
Data Exchange TEB  
PO Box 942840  
Sacramento CA 94240-6090

## TECHNICAL ASSISTANCE

For technical assistance regarding magnetic media reporting, please call the Data Exchange Office at (916) 845-3778. For other questions regarding this reporting requirement, call (916) 845-6660.

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**FRANCHISE TAX BOARD**  
 PO BOX 942840  
 SACRAMENTO CA 94240-6090

**FEDERALLY TAX EXEMPT NON-CALIFORNIA  
 BOND INTEREST & INTEREST-DIVIDEND PAYMENTS  
 HARDCOPY REPORTING FORM**

**PAYER INFORMATION**

\*Name \_\_\_\_\_ \*FEIN \_\_\_\_\_  
 \*Street \_\_\_\_\_  
 \*City \_\_\_\_\_  
 \*State \_\_\_\_\_  
 \*ZIP Code \_\_\_\_\_ Payment Year: \_\_\_\_\_

**PAYEE INFORMATION**

1. SSN	7. Amount Earned:
2. Name	8. Acct. No.:
3. Street	9. Fund Distribution Percentage:
4. City	10. CUSIP No.
5. State	CUSIP Description:
6. ZIP Code	

1. SSN	7. Amount Earned:
2. Name	8. Acct. No.:
3. Street	9. Fund Distribution Percentage:
4. City	10. CUSIP No.
5. State	CUSIP Description:
6. ZIP Code	

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2. Name	8. Acct. No.:
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2. Name	8. Acct. No.:
3. Street	9. Fund Distribution Percentage:
4. City	10. CUSIP No.
5. State	CUSIP Description:
6. ZIP Code	

**Person to contact regarding this report:**

Name \_\_\_\_\_  
 Telephone ( ) \_\_\_\_\_ Ext. \_\_\_\_\_

Mail to: Franchise Tax Board  
 Data Exchange TEB  
 PO Box 942840  
 Sacramento CA 94240-6090