



STATE OF CALIFORNIA  
 BOND INTEREST MS F310  
**FRANCHISE TAX BOARD**  
 PO BOX 1998  
 RANCHO CORDOVA CA 95741-1998

**Interest and Interest-Dividend Payment Reporting Requirement Letter**

The law requires you to report payments of interest or interest-dividends on federally tax-exempt non-California municipal bonds during 2010 to the California Franchise Tax Board (FTB). (Revenue and Taxation Code (R&TC) Section 18639)

The filing requirement applies whether a bond is held directly by an individual or partnership through a mutual fund, a money market fund, a unit investment trust, or other financial investment vehicle.

You must report **payments of interest income** on a per bond basis. You must report **payments of interest dividends** on a per shareholder basis.

The law requires you to inform payees by **January 31, 2011**, that you are reporting this information to the FTB.

You must report payments if:

- Aggregate payments are \$10 or more.
- Payments are made to individuals or partnerships with a California address.

If you choose not to submit a file under this reporting requirement, complete the information below, check the box next to the reason that applies, and return this page in the enclosed envelope to:

BOND INTEREST MS F310  
**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 Clearing Firm: _____  Address: _____  Telephone: (____) _____ - _____
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- Other. Please explain: \_\_\_\_\_

## **Interest and Interest-Dividend Information Returns**

The due date for furnishing information returns for payments of interest or interest-dividends made during 2010 is June 1, 2011. *Provide this information separately from other interest or interest-dividend information returns that are due by February 28, 2011.*

For assistance with creating your data file or electronic filing, see the Technical Assistance information on PAGE 4.

### ***250 or More Returns***

If you have 250 or more returns, you must provide the information on cartridge, diskette, or compact disk (CD). See the transmittal and instructions on PAGES 3 and 4.

We accept IBM compatible cartridges, diskettes, and CDs. You must format 3.5 inch diskettes on an MS-DOS/PC-DOS operating system. Files should be in standard ASCII code. We accept ZIP files if correctly formatted.

### ***Fewer Than 250 Returns***

If you have fewer than 250 returns, you must provide the information on either a data file or paper. For paper filing, use the Hard Copy Reporting Form provided on PAGE 5. Make additional copies of the form, as necessary.

## **Modifications to Internal Revenue Service (IRS) Publication 1220 Specifications**

The format specifications for reporting interest and interest-dividend payments to FTB are similar to IRS specifications for 1099-B reporting in IRS Publication 1220. Exceptions to IRS specifications for bonds and funds are listed below:

### **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. 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 the CUSIP number in positions 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 percent would be reported as 025; 25.5 percent 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.



DATA EXCHANGE TEB MS L120  
**FRANCHISE TAX BOARD**  
 PO BOX 1468  
 SACRAMENTO CA 95812-1468

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

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

Complete the following information, attach additional sheets if needed, and include this form with the file. See PAGE 4 for additional instructions.

**Transmitter Information**

FEIN:	Type of file submitted (circle one): Original                  Replacement                  Correction
Name:	
Address:	
City:	
State:	
ZIP Code:	Type of data submitted (circle one): Bonds                  Funds                  Both

**Payer Information**

List payers' names 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 Total - Number of payee records reported by all payers:	Grand Total - Total of all payment amounts reported for all payers:
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Under penalty of perjury, I declare that I have examined this return, including accompanying records, 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 legal requirements by requesting such numbers from the recipients, but did not receive them.

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

**Media Characteristics**

Cartridges	Sequence	External Label #	Diskettes/CDs
Internal Header Labels (circle one): Yes    No	1 of		File Name Used for Reporting:  Density (circle one): Single    Double
Recording Mode (circle one): EBCDIC    ASCII	2 of		
Record Length=750, Blocksize=_____	3 of		
Cartridge Compatibility (circle one): 3480    3490	4 of		
Person to contact for media problems: Name: _____ Telephone: (_____)_____._____ Ext. _____			

## Preparation Instructions

### A. Form Preparation

Prepare a separate transmittal form for cartridges, diskettes, or CDs. If your organization reports on more than one 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, or a replacement for the original file. 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 signature line must be properly signed and dated by the person delegated this responsibility by the organization. An organization transmitting for others becomes the payer's agent and assumes responsibility for data quality and completeness.

#### 3. Media Characteristics

**Important:** We do not accept nine-track magnetic tape reels. Acceptable media are cartridge, diskette, and CD. Indicate the cartridge, diskette, or CD recording characteristics by filling in the necessary information and checking the appropriate boxes. Obtain this information from someone in your data processing department familiar with this reporting procedure. Consult that source for help.

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

### C. Password Protection

If you choose to password protect your diskette or CD before sending it to FTB, please send your password to the email address [desbond@ftb.ca.gov](mailto:desbond@ftb.ca.gov).

Enter "Interest and Interest-Dividend Payments on Federally Tax-Exempt Bonds" on the subject line and include your:

- Business name.
- Transmitter number or other identification number.
- Password.

Write 'Password Protected' on the top of your completed transmittal that you mail with your diskette or CD. Do not send your password via the U.S. mail as this will delay the processing of your information.

### Mailing Instructions

Complete this form as described above and send it with the media files to:

#### U.S. Postal Services (USPS)

DATA EXCHANGE TEB MS L120  
**FRANCHISE TAX BOARD**  
PO BOX 1468  
SACRAMENTO CA 95812-1468

#### Private Mail Carriers

DATA EXCHANGE TEB MS L120  
SERVICE AND SUPPLY  
**FRANCHISE TAX BOARD**  
9646 BUTTERFIELD WAY  
SACRAMENTO CA 95827

### Technical Assistance

For technical assistance with media reporting, call the Data Exchange Office at 916.845.3778. For other questions regarding this reporting requirement or submitting data electronically, call 916.845.6660.

The due date for furnishing information returns for payments of interest or interest-dividends made during 2010 is June 1, 2011. ***Provide this information separately from other interest or dividend information returns that are due by February 28, 2011.***



PROGRAM LIAISON TEAM MS F310  
**FRANCHISE TAX BOARD**  
 PO BOX 1998  
 RANCHO CORDOVA CA 95741-1998

**Federally Tax-Exempt Non-California Bond Interest  
 and Interest-Dividend Payments**

**Hard Copy Reporting Form**

**Payer Information**

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

**Payee Information**

For more information on privacy and disclosure, get FTB 1131, *Franchise Tax Board Privacy Notice*, at [ftb.ca.gov](http://ftb.ca.gov).

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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Mail to: PROGRAM LIAISON TEAM MS F310  
**FRANCHISE TAX BOARD**  
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 RANCHO CORDOVA CA 95741-1998

**Person to contact regarding this report:**

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