



STATE OF CALIFORNIA  
**FRANCHISE TAX BOARD** *BI*  
 PO BOX 1998  
 RANCHO CORDOVA CA 95741-1998

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

You must report payments of interest or interest-dividends on federally tax exempt non-California municipal bonds during 2006 to the California Franchise Tax Board. (R&TC Section 18639)

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

**Payments of interest income** must be reported on a per bond basis. **Payments of interest-dividends** must be reported on a per shareholder basis.

You are required to inform payees by January 31, 2007 that you are reporting this information to the California Franchise Tax Board.

Payments must be reported if:

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

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

FRANCHISE TAX BOARD *BI*  
 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 number: (        )        -

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

## **INTEREST AND INTEREST-DIVIDEND INFORMATIONAL RETURNS**

The due date for furnishing information returns for payments of interest or interest-dividends made during 2006 is June 1, 2007. *Please provide this information separately from other interest or dividends information returns (generally due annually on February 28).*

For assistance with creating your data file, see our Technical Assistance information on page 4.

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

If you have 250 or more returns, you must provide the information on tape, cartridge, diskette, or CD. See the transmittal and instructions on pages 3 and 4.

- We will accept IBM compatible cartridges, diskettes, and compact disks.
- 3.5 diskettes must be formatted on an MS-DOS/PC-DOS operating system. Files should be in standard ASCII code. ZIP files are accepted 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 Hard Copy Reporting Form as necessary.

## **MODIFICATIONS TO IRS PUBLICATION 1220 SPECIFICATIONS**

The format specifications for reporting interest and interest-dividend payments to the Franchise Tax Board are similar to IRS specifications for 1099-B reporting in IRS Publication 1220. Exceptions to the 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. 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 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.



DATA EXCHANGE TEB MS A10  
STATE OF CALIFORNIA  
**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 \_\_\_\_\_

Please complete the following information, attach additional sheets if needed, and forward this form with the file. See page 4 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 –	GRAND TOTALS –
Number of payee records reported by all payers:	Total of all payment amounts reported for all payers:

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 requirements of the law by requesting such numbers from the recipients, but did not receive them.

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

**Media Characteristics**

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

## PREPARATION INSTRUCTIONS

### A. Form Preparation

Prepare a separate Transmittal form for cartridge, diskette, or compact disk media. 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, a replacement for the original file, or a test file. **Note:** To submit test files contact the Franchise Tax Board Data Exchange Office 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 signature line must be properly signed and dated by the person to whom the organization has delegated this responsibility. An organization transmitting for others 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, or compact disk recording characteristics by filling in the necessary information and checking 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 files to:

#### U.S. Mail

DATA EXCHANGE TEB MS A10  
**FRANCHISE TAX BOARD**  
PO BOX 1468  
SACRAMENTO CA 95812-1468

#### Private Mail Carriers

DATA EXCHANGE TEB MS A10  
SERVICE AND SUPPLY  
**FRANCHISE TAX BOARD**  
9646 BUTTERFIELD WAY  
SACRAMENTO CA 95827

## TECHNICAL ASSISTANCE

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

**NOTE:** The due date for furnishing the information returns for payments of interest or interest-dividends made during 2006 is June 1, 2007. ***Please provide this information separately from other interest or dividend information returns (generally due annually on February 28).***



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

**FEDERALLY TAX EXEMPT NON-CALIFORNIA  
 BOND INTEREST & 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 *Franchise Tax Board Privacy Notice* (FTB 1131) at [www.ftb.ca.gov](http://www.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:
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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	

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

**Person to contact regarding this report:**

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