

## Income/Franchise:

### California: Limited Time Resolution for Some Eligible Transactions Subject to NEST Penalty is Extended

*FTB Notice 2023-03*, Cal. Fran. Tax Bd. (11/13/23). The California Franchise Tax Board (FTB) issued FTB Notice 2023-03, which extends its recently created resolution process allowing certain eligible taxpayers to resolve “eligible transactions” that may be subject to the non-economic substance transaction (NEST) understatement penalty under Cal. Revenue and Taxation Code (RTC) section 19774 by providing reduced penalties [see FTB Notice 2023-02, Cal. Fran. Tax Bd. (5/31/23) and *State Tax Matters*, Issue 2023-23, for more details on this program as originally announced]. Under FTB Notice 2023-03, such eligible taxpayers may submit a complete and signed “Notice 2023-02 Closing Agreement” and pay all taxes, applicable penalties, and accrued interest (or enter into a qualifying installment payment arrangement) by January 31, 2024, rather than by November 17, 2023. Please contact us with any questions.

**URL:** <https://www.ftb.ca.gov/tax-pros/law/ftb-notices/2023-03.pdf>

**URL:** <https://www.ftb.ca.gov/tax-pros/law/ftb-notices/2023-02.pdf>

**URL:** [https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230609\\_1.html](https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230609_1.html)

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