

## INSTRUCTIONS FOR CALIFORNIA GENERATION-SKIPPING TRANSFER TAX RETURN

### GENERAL INFORMATION:

This return must be filed whenever a Federal Generation-Skipping Transfer Tax Return is required to be filed as the result of the death of a deemed transferor, and the generation-skipping transfer contains property subject to California jurisdiction.

Pursuant to section 16702 of the Revenue and Taxation Code, "Generation-skipping transfer includes every transfer subject to the tax imposed under Chapter 13 of Subtitle B of the Internal Revenue Code of 1986, as amended, where the original transferor is a resident of the State of California at the date of original transfer, or the property transferred is real or personal property in California."

This return must be filed by the same person or persons required to file the Federal Generation-Skipping Transfer Tax Return, Form 706GS(D).

**DUE DATE:** The return is due and the tax liability is payable on or before the final filing date for the Federal Generation-Skipping Transfer Tax Return, Form 706GS(D).

A copy of the Federal Generation-Skipping Tax Return, Form 706GS(D), must be filed with this return.

If an amended Federal Generation-Skipping Transfer Tax Return, Form 706GS(D), is filed, an amended California return must immediately be filed, together with a copy of the amended federal return and with payment of any additional tax plus interest.

Written notice of final determination of a Federal Generation-Skipping Transfer Tax that contains any adjustments must be given to the State Controller, together with payment of any additional tax plus interest.

### SPECIFIC INSTRUCTIONS:

"Property located in California" of a California resident includes: real property located in California; tangible personal property having an actual situs in California; and all intangible personal property, wherever the notes, bonds, stock certificates or other evidence, of any, of the ownership of the intangible personal property may be physically located or wherever the banks or other debtors of the decedent may be located or domiciled.

"Property located in California" of a non-resident of California who is a resident of the United States includes real property located in California and tangible personal property having an actual situs in California.

"Property located in California" of a non-resident of the United States includes: real property located in California; and tangible personal property in California, including all stock of a corporation organized under the laws of California or that has its principal place of business or does a major part of its business in California and all stock of a federal corporation or national bank that has its principal place of business or does the major part of its business in California, excluding, however, savings accounts in savings and loan associations operating under the authority of the Division of Savings and Loan or the Federal Home Loan Bank Board, and bank deposits, unless those deposits are held and used in connection with a business conducted or operated, in whole or in part, in California.

Line 4--There is no penalty for late filing. However, interest on the tax accrues from the due date of the return to the date of payment. An extension of time to file the federal return does not relieve the payment of interest. Unpaid tax accrues interest from the due date of the return to December 31, 2000, at 12% per annum. Subsequent to December 31, 2000, the unpaid tax bears interest at the federal rate for underpayment of tax provided in section 6621(a)(2) of the Internal Revenue Code and is compounded daily. You may access the applicable rates on the SCO's Web site at <http://www.sco.ca.gov>.

Line 5--If a payment is insufficient to cover the total amount due, it will be applied first to interest due and then to the tax itself. Subsequent to December 31, 2000, all payments made will be applied to the total unpaid balance due.

### PRIVACY NOTIFICATION

The Information Practices Act of 1977 (IPA), California Civil Code Section 1798, and the Federal Privacy Act (FPA), United States Code sections 366-409, require the State Controller's Office (SCO) to provide the following information to individuals supplying personal or confidential information to this office.

The principal purpose for requesting generation-skipping transfer tax return information is to administer the Generation-Skipping Transfer Tax Law of the State of California. This includes the determination and collection of the correct amount of tax.

The California Revenue and Taxation Code requires every individual liable for any tax imposed by the code to file a Generation-Skipping Transfer Tax Return (return) according to the rules and regulations prescribed by the State Controller (§§16720 and 16721). Individuals filing Generation-Skipping Transfer Tax Returns, statements, or other documents are required to include Social Security numbers to provide proper identification and to permit processing of the declarations.

Furnishing all the appropriate information requested on the return and any related data is mandatory. Failure to provide all or part of the requested information may result in the disallowance of claimed exemptions, exclusions, credits, deductions or adjustments, resulting in increased tax liability, loss or delay in issuance of a refund for overpayment, interest charges on unpaid taxes, and other disadvantages to the taxpayer.

Information furnished on the return may be transferred to other governmental agencies as authorized by law [IPA §§ 1798.24 (e), (f) and (p) (i.e., the U.S. Internal Revenue Service and the State Franchise Tax Board)] and may be examined by other local, state and/or federal officials charged with the administration of any tax law.

For those individuals with outstanding tax liabilities, the total amount due may be disclosed to employers, financial institutions and/or county agencies for the purpose of collecting the amount owed.

This will be the principal notification under the Information Practices Act and Executive Order No. B22-76 (1977) concerning the solicitation of information in connection with any tax return or tax liability of an individual.

Individuals have the right to review their own records maintained by the State Controller's Office, Local Government Programs and Services Division, Bureau of Tax Administration and Government Compensation.