



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
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June 26, 2002

Mr. Michael O'Neill, Manager
Payroll Coordination & Tax Services
University of California, Office of the President
1111 Franklin Street, 10th Floor
Oakland, California 94607-5200

Re: Are payments made to the University of California subject to information return reporting?

The University of California and its affiliated organizations are considered to be part of the State of California and its instrumentalities. As such, it is not subject to income tax, and, therefore, payments made to the UC System are not reportable.

As a public body, the University of California is not subject to the Revenue and Taxation Code. Therefore, it is not classified as a tax exempt organization and does not apply for, or receive, tax exempt status. Such a classification would be unnecessary. The UC System and its affiliates are government organizations, not subject to income taxes. Therefore, payments made to them by businesses will not be reported on information returns.

Sincerely,

A handwritten signature in cursive script that reads "Denise Hubbard".

Denise Hubbard
Information Return Reporting Specialist
California Franchise Tax Board