

**[Letterhead]**

**[Date]**

**By Certified Mail**

Refund Unit  
Franchise Tax Board  
P.O. Box 942857  
Sacramento, CA 94257-4040

Re: Claim for Refund  
[insert Taxpayer name]  
CA Corp. Number: [insert]  
Taxable Year Ending [insert]

Dear Sir or Madam:

Through this letter [insert Taxpayer name] (“Taxpayer” or “[insert short Taxpayer name]”) is filing a claim for refund of California Corporation Income or Franchise Tax. In connection with this claim, we provide the following information:

**1. Name and Address of Taxpayer:**

[insert Taxpayer name]  
[insert address and phone]

**2. Corporation Number:**

The Taxpayer’s California Corporation Number is [insert]

**3. Years:**

Income Year[s] Ending [insert]

**4. Amount of Claim:**

This claim is in the amount of \$[insert] plus statutory interest.

[Insert chart of tax by year if claim covers multiple years]

**5. Grounds for Claim:**

Taxpayer is entitled to a refund on the following grounds:

- (a) Taxpayer is entitled to alternative apportionment or separate accounting under Section 25137 because the allocation and apportionment method used to compute Taxpayer’s California Corporation Income or Franchise tax does not fairly represent the extent of

Taxpayer's business activity in the state. For example, Taxpayer is entitled to use a three-factor apportionment formula that properly takes into account its payroll and property.

- (b) Taxpayer is entitled to recompute its apportionment using three-factor apportionment because the single-sales-factor method required by the Clean Energy Jobs Act (approved by the voters as Proposition 39 of 2012) is invalid. *See* Cal. Const. Art. II, § 8(d) and *One Technologies, LLC v. Franchise Tax Board*, No. 21 ST CV 21 844 (Los Angeles Super.).
- (c) The single sales factor method of apportionment violates the Commerce Clause of the United States Constitution because it is imposed: (1) on activity without a substantial nexus to California; (2) in a manner that is not fairly apportioned; (3) in a manner that discriminates against interstates commerce; and/or (4) in a manner that is not fairly related to services provided by California. *See Complete Auto Transit, Inc. v. Brady*, 430 U.S. 274 (1977).
- (d) The single sales factor method of apportionment violates the Equal Protection, Commerce and Due Process Clauses of the United States Constitution and the California Constitution. *See* U.S. Cons. Art. I., Sec. 8, Cl. 3; U.S. Const. Amend. XIV, Sec. 1; Cal. Const. Art. I, § 7.
- (e) The single sales factor method of apportionment violates the California Constitution, including, but not limited to, Art. II, § 8(d), and Art. XIII, § 19.
- (f) The single sales factor method of apportionment reflects such a high effective tax rate that it violates Taxpayer's due process rights and amounts to a taking of property without compensation in violation of the Takings Clause of the United States Constitution. *See* U.S. Cons. Amend. V; Cal. Const. Art. I, § 19(a).

Taxpayer reserves the right to supplement this refund claim and to submit further factual information and additional arguments regarding this refund claim. This refund claim pertains, without limitation, to the property, payroll, and sales factors of the apportionment formula contained in Section 25120 through 25139, business income issues, non-business income issues, and any and all tax credit issues. Further, this refund claim pertains to all variations from the standard apportionment formula set forth in Section 25137. Rather than enumerate those variations, those variations are incorporated by this reference as a basis for Taxpayer's refund claim.

Please contact me with questions.

[signature]

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