

State of California

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Legislative Change No.

04-39

Bill Number: SB 1543

Author: Figueroa

Chapter Number: 04-921

Laws Affecting Franchise Tax Board: Sections 5063.3, 22252.1, and 22253.2 of the Business and Professions Code

Date Filed with the Secretary of the State: September 30, 2004

SUBJECT: FTB Notify California Tax Education Council Of Tax Preparers Who Violate Regulations/FTB May Cite, Levy, And Issue Cease & Desist Orders

Senate Bill 1543 (Figueroa), made the following changes to California law that impact the Franchise Tax Board:

Section 5063.3 is added to the Business and Professions Code.

This act, except in certain enumerated circumstances, prevents an accountant from disclosing confidential information concerning a client or prospective client unless the client or prospective client consents in writing.

Section 22252.1 is added to the Business and Professions Code.

This act, except in certain enumerated circumstances, prevents Tax Preparers from disclosing confidential information concerning a client or prospective client unless the client or prospective client consents in writing.

Section 22253.2 of the Business and Professions Code is amended.

This act requires the Franchise Tax Board (FTB) to notify the California Tax Education Council (CTEC) when it identifies individuals preparing tax returns who are not registered with CTEC. In addition, this act transfers the authority to enforce the penalties for violating the rules governing Tax Preparers from the law enforcement agencies to FTB. This act also allows FTB to:

- cite individuals preparing tax returns in violation of the rules governing Tax Preparers, which generally require registration with CTEC and certain other provisions,
- levy a fine on these individuals not to exceed \$5,000 per violation, and
- issue a cease and desist order, effective until the Tax Preparer is in compliance with the registration requirement.

This act specifies that FTB would not begin enforcement actions until funding is provided to cover the associated costs. The act states that the funding shall be provided via FTB's annual budget or through reimbursement from CTEC.

The provisions of this act relating to disclosure of information and to FTB enforcement would be effective and operative beginning January 1, 2005.

This act will not require any reports by the department to the Legislature.

Bureau Director

Jana Howard for Brian Putler

Date

10/7/04