

SUMMARY ANALYSIS OF AMENDED BILL

Author: Hayashi Analyst: Deborah Barrett Bill Number: AB 2755
 Related Bills: See Prior Analysis Telephone: 845-4301 Amended Date: April 16, 2008
 Attorney: Patrick Kusiak Sponsor: Franchise Tax Board

SUBJECT: Mandatory Personal Income Tax Electronic Payments

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.
- AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.
- FURTHER AMENDMENTS NECESSARY.
- DEPARTMENT POSITION CHANGED TO _____.
- REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 22, 2008, STILL APPLIES.
- OTHER – See comments below.

SUMMARY

This three-member Franchise Tax Board sponsored bill would require personal income taxpayers with estimated tax or extension payments that exceed \$20,000 or with tax liabilities of more than \$80,000 to remit their payments electronically.

SUMMARY OF AMENDMENTS

The April 16, 2008, amendments would clarify the following:

- Requirements of the bill would be applicable to individual taxpayers,
- A waiver of the bill’s requirements would be made in writing, and
- A taxpayer would be able to discontinue electronic payments under certain conditions.

The “This Bill” discussion has been revised. The remainder of the department’s analysis of the bill as introduced February 22, 2008, still applies.

Board Position:	Asst. Legislative Director	Date
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<input type="checkbox"/> PENDING		

POSITION

Support.

On November 28, 2007, the three-member Franchise Tax Board voted 2-0, with the member from the Department of Finance abstaining, to sponsor the language included in this bill.

THIS BILL

This bill would require for all payments made by an individual on or after January 1, 2009, regardless of the taxable year to which the payments apply, to be electronically remitted to the department in a form and manner prescribed by the department once either of the following conditions are met for taxable years beginning on or after January 1, 2009:

- Any installment payment of estimate tax or extension payment exceeds \$20,000.
- The total tax liability, as defined, exceeds \$80,000.

For purposes of this section, the following definitions apply:

- "Total tax liability" is the total tax liability as shown on the original return after any adjustments are made for mathematical errors or erroneously omitted tax.
- "Electronically remit" means to send payment through use of any of the electronic payment applications provided by the Department.

This bill would permit a taxpayer that is required to remit electronic payments to elect to discontinue making electronic payments in instances where the threshold requirements are not met in the preceding taxable year. A taxpayer required to remit electronic payments may obtain a written waiver of those requirements if the Department determines that the amounts paid in excess of the threshold amounts were not representative of the taxpayer's tax liability. Once the written waiver is received, the requirement to make, or not make, future electronic payments are subject to the terms of the written waiver.

A taxpayer that is required to remit electronic payments, but remits payment by other means, shall be subject to a penalty of 10% of the amount paid, unless the failure to remit electronically was for reasonable cause and not willful neglect.

This bill would specify that requirements of the Administrative Procedures Act are not applicable to the provisions of this bill.

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