

Author: Walters Analyst: Anne Mazur Bill Number: AB 561
 Related Bills: See prior Analysis Telephone: 845-5404 Amended Date: April 17, 2007
 Attorney: Douglas Powers Sponsor: Franchise Tax Board

SUBJECT: Amnesty Relief

- ANALYSIS NOT REQUIRED of this bill – Not within scope of responsibility of this department.
- TECHNICAL BILL – No program or fiscal changes to existing program.
- BILL AS AMENDED NO LONGER WITHIN SCOPE of responsibility or program of the department.
- TECHNICAL AMENDMENT – No change in previously submitted analysis required.
- Approved position of prior analysis is SUPPORT.
- MINOR AMENDMENT – Remainder of previous analysis of the bill as introduced/amended still applies.
- MINOR AMENDMENT – No change in approved position of See Comments below.
- OTHER – See comments below.

COMMENTS:

This bill would provide relief to certain taxpayers with respect to the 2005 income and franchise tax amnesty as follows:

1. Allow taxpayers to request Chief Counsel review for relief from the amnesty penalty if certain criteria are met.
2. Convert the existing post-amnesty penalty to additional interest for liabilities that become final after the end of amnesty.
3. Eliminate the amnesty penalty on balance due amounts that are generated as a result of a post-amnesty change in interpretation or application of law.
4. Change the rate of interest for corporate taxpayers that filed protective claims in lieu of participating in amnesty so that any overpayment would bear the same interest rate imposed on underpayments.
5. Eliminate all or a portion of the amnesty penalty for taxpayers that made protective claim payments for anticipated additional post-amnesty tax liabilities.

The April 17, 2007, amendments make nonsubstantive technical changes. The department's analyses of the bill as introduced December 4, 2006, and as amended April 9, 2007, still apply.

Board Position: <input checked="" type="checkbox"/> S <input type="checkbox"/> NA <input type="checkbox"/> NP <input type="checkbox"/> SA <input type="checkbox"/> O <input type="checkbox"/> NAR <input type="checkbox"/> N <input type="checkbox"/> OUA <input type="checkbox"/> PENDING	Franchise Tax Board Staff Date Anne Mazur 4/20/07
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