Franchise Tax Board

SHORT FORM ANALYSIS

Author: <u>Assembly Budget Committee</u>   Analyst: <u>Will Koch</u>   Bill Number: <u>AB 110</u>

Related Bills: <u>SB 86</u>   Telephone: <u>845-4372</u> Amended Date: <u>March 14, 2011</u>

Attorney: <u>Patrick Kusiak</u>   Sponsor:

SUBJECT: FTB Revise Tax Form Instructions To Include Use Tax Lookup Table/ Eliminate Refundable Portion Of Child & Dependent Care Expense Credit /Financial Institution Record Match/ Voluntary Compliance Initiative

---

SUMMARY

This bill would do the following:

Provision No. 1: Require the Franchise Tax Board (FTB) to revise the income tax forms and instructions to include a use tax table that would allow taxpayers to determine the amount of use tax they owe.

Provision No. 2: Revise the current child and dependent care expenses tax credit to be nonrefundable.

Provision No. 3: Authorize a voluntary compliance initiative (VCI) permitting taxpayers to file amended returns and pay the tax and interest associated with abusive tax avoidance transactions (ATATs) or unreported offshore income and avoid criminal prosecution and the imposition of certain penalties;

Make amendments to current law to encourage participation in the VCI; and

Make amendments to eliminate definitional inconsistencies in current abusive-tax-shelter laws by creating a uniform definition of an ATAT.

Provision No. 4: Establish a record match process between financial institution customer records and FTB debtor records. FTB would use the match information, which would be more current than information now available to FTB, to collect delinquent state income tax debts and non tax debts using existing laws and computer systems.

ANALYSIS

SB 86 (Senate Comm. on Budget & Fiscal Review, Stats. 2011, Ch. 14) contains provisions identical to this bill. An analysis of SB 86 can be found at:
http://www.ftb.ca.gov/law/legis/11_12bills/sb86_FINAL.pdf.

LEGISLATIVE STAFF CONTACT

William Koch   Brian Putler

Legislative Analyst ,FTB   Legislative Director, FTB

(916) 845-4372   (916) 845-6333

william.koch@ftb.ca.gov   brian.putler@ftb.ca.gov

Board Position:

___ S	___ NA	_X_ NP
___ SA	___ O	___ NAR
___ N	___ OUA	

Legislative Director   Date

Brian Putler   March 29, 2011