



STATE OF CALIFORNIA
Franchise Tax Board

Effective Compliance – A Strategic Approach

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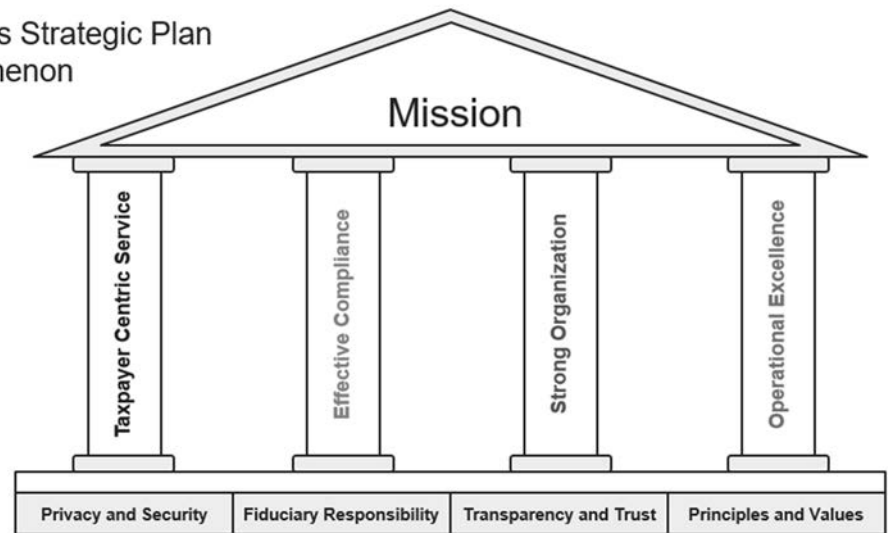
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FTB's Mission Statement

Our mission is to help taxpayers file timely and accurate tax returns, and pay the correct amount to fund services important to Californians.

FTB's Strategic Plan
Parthenon

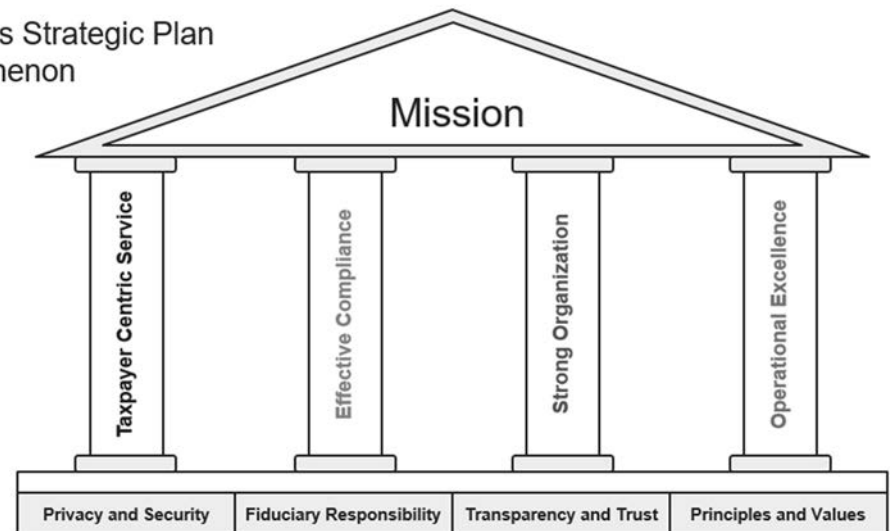


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FTB's Mission Statement

- Taxpayer Centric
- Effective Compliance
- Strong Organization
- Operational Excellence

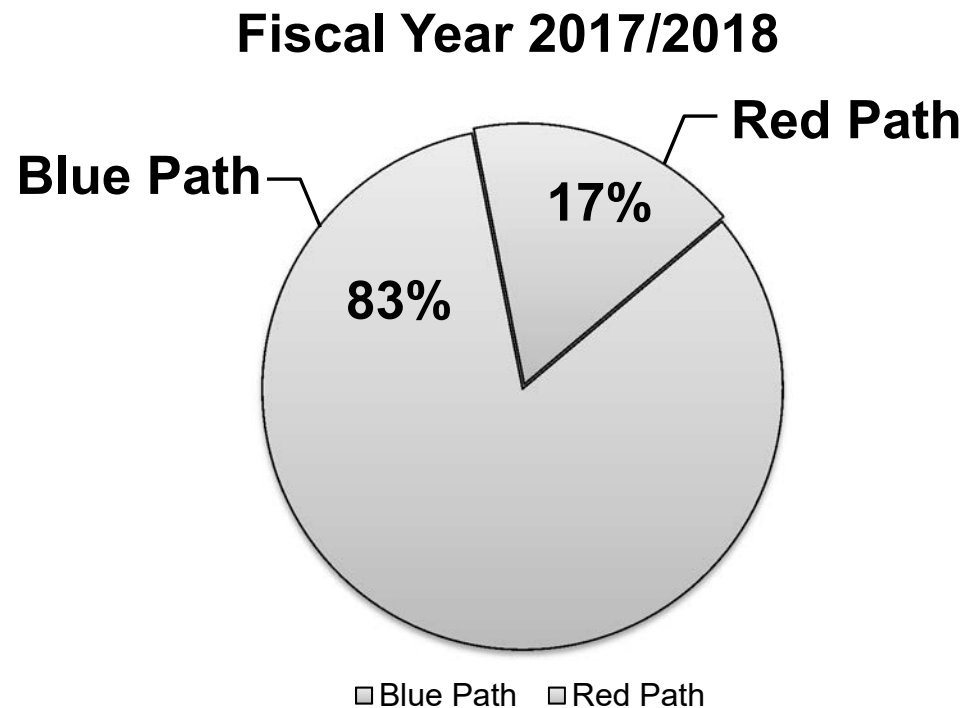
FTB's Strategic Plan
Parthenon



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Blue Path and Red Path

- **Blue Path:**
Revenue that comes from compliant taxpayers
- **Red Path:**
Revenue that comes from helping taxpayers become compliant



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Step 1

Identify Taxpayer Segments

- Use internal tools and statistical data
- Reduces number of letters sent
- Strategy: Proactive vs. Reactive

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Step 2

Analyze Specific Taxpayer Segments

- Higher than average deductions
- Incomplete or missing forms
- Filed tax return data appear inconsistent with tax laws

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Step 3

Send Education Letters:

- Educate taxpayers
- Provide helpful resources
- Allows for self-correction

Benefits include:

- Less intrusive to taxpayers
- Saves FTB resources when taxpayer self-corrects

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Examples:

- Itemized Deductions
- Corporate miscellaneous expenses
- Head of household—Form 3532
- CA Like Kind Exchanges—Form 3840
- Corporate non-filers under new rules for apportionment

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Benefits of Educational Approach:

- Efficient: Reaches out to specific taxpayers
- Taxpayer-friendly: nudge towards compliance
- Transparent
- Less intrusive
- Cost Effective
- Better customer experience

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Desired Outcome

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What's Next?

- Continue to evaluate these types of efforts
- Incorporate lessons learned into other education & outreach opportunities

Questions?