

REQUEST TO PROCEED

Staff Requests Permission to Proceed to an Interested Parties Meeting for Proposed Amendments to California Code of Regulations, Title 18, Section 19133, Relating to Penalty for Failure to File Return upon Notice and Demand

Revenue and Taxation Code (RTC) section 19133 states if any taxpayer fails to file a tax return upon notice and demand by the Franchise Tax Board, the Franchise Tax Board may add a penalty of 25 percent of the amount of tax.

California Code of Regulations, title 18, section 19133 (Regulation), became operative on December 23, 2004, to provide a framework for the Franchise Tax Board to impose the notice and demand penalty on individual taxpayers pursuant to authority provided in RTC section 19133.

Recently, staff has reviewed the current regulatory language and believes it may be worthwhile to explore whether clarifying updates could be made to allow for ease of administration, and to avoid confusion regarding the Franchise Tax Board's imposition of the notice and demand penalty.

Thus, staff requests permission from your Board to begin the Interested Parties Meeting process to draft proposed amended regulatory language to clarify the Franchise Tax Board's application of the Regulation and meet with taxpayers. At a later time, staff would anticipate returning to your Board to present proposed amended regulatory language and to request permission to proceed to the formal rulemaking process under the Administrative Procedures Act.