



STATE OF CALIFORNIA
Taxpayers' Rights Advocate Office MS F385
FRANCHISE TAX BOARD
PO BOX 157
SACRAMENTO CA 95741-0157

02.01.2022

California Society of Enrolled Agents
3200 Ramos Circle
Sacramento, CA 95827-2513

Dear Mr. Miller, EA,

I would like to thank the California Society of Enrolled Agents (CSEA) for attending and presenting these issues at the December 2021 Taxpayers' Bill of Rights Hearing. As the Taxpayer Advocate, CSEA's concerns are important to me.

The following responses were provided by the appropriate program areas within the Department:

AB 150 Concerns and Potential Remedy

While Franchise Tax Board (FTB) does not generally advance tax policy, we do work with legislative members and inform them of key compliance issues on an ongoing basis. We will monitor any developments on this issue in current and future legislative sessions, including the recent proposal by the Governor and provide appropriate assistance and communication as items proceed through the legislative process. Additionally, we will take into consideration whether this is an item to advance in an FTB legislative proposal.

Non-Filer Compliance: Use of Occupational Licenses as Source Information (Filing)

FTB uses active California occupational licenses as an indicator that an individual or business may have a California filing requirement. We understand that not everyone who has an active California occupational license earns income from it. We have rules and processes in place to prevent erroneous filing enforcement notices from being mailed, when we have information available to us indicating that an individual or business does not have a California filing requirement. If we do not have enough information available to make a determination that the individual or business does not have a filing requirement, we mail a Request or Demand notice asking for additional information. The Request or Demand notice indicates they may have a filing requirement.

The best way to ensure FTB is able to assess a taxpayer's true filing requirement is by providing the additional information requested in a Request or Demand notice. The individual or business may respond to the notice by filing a tax return or providing us with information that supports they did not use their occupational license and do not have a filing requirement. If no response is received within 60 days, a Notice of Proposed Assessment is issued.

We continuously work to seek ways to further improve our processes, increase the quality of contacts with taxpayers, and reduce erroneous notices. We are also currently working on the second phase of the Enterprise Data to Revenue (EDR) project, which includes an initiative to improve filing enforcement case selection.

Sincerely,



Brenda Voet, EA
Taxpayer Advocate

cc: Betty T. Yee
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