



Tax News

May 2019

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NEW! Cannabis cultivation permitting events/workshops

As part of our education and outreach, we participate in many different presentations including the upcoming **Cannabis Cultivation Permitting Events/Workshops**.

The California Department of Fish and Wildlife and the State Water Resources Control Board are hosting free cannabis permitting workshops.

Who should attend?

Cannabis cultivators and interested parties.

The workshops are open to cannabis cultivators, consultants, and anyone interested in the topic.

The workshop will include presentations from the California Department of Fish and Wildlife and the State Water Resources Control Board on the requirements and process of obtaining proper permits for cannabis grows. Workshop attendees will have time to talk with agency staff about individual projects. Representatives from the California Department of Food and Agriculture's CalCannabis Cultivation Licensing Division and county permitting and planning departments will also be available to answer questions.

State Water Board staff will be available to:

- Provide one-on-one assistance
- Help you file for a cannabis Small Irrigation Use Registration and apply for coverage under the Cannabis Cultivation General Order
- Answer site-specific questions related to your project

Upcoming Workshop Schedule:

When	Where
Thursday, May 8, 2019	California City
10 AM to 1:30 PM	Arts and Community Building
(Presentations at 10:30 AM)	10400 Heather Avenue
	California City, CA

When	Where
Tuesday, May 14, 2019 10 AM to 3 PM (Presentations at 10:30 AM)	Redway Mateel Community Center 59 Rusk Lane Redway, CA
Thursday, May 16, 2019 10 AM to 2 PM (Presentations at 10:30 a.m.)	San Luis Obispo County Library Community Room 995 Palm Street San Luis Obispo, CA
Tuesday, June 25, 2019 10 AM to 1:30 PM (Presentations at 10:30 AM)	Sacramento Natural Resources Building – First floor auditorium 1416 Ninth Street Sacramento, CA

Visit [CDFW’s cannabis program webpage](#) and the [SWRCB cannabis program webpage](#) for more information.

Has your client received a Demand Notice?

We are aware that some tax professionals may be confused, or not entirely informed by their clients, regarding the “notice and demand” penalty assessed pursuant to Revenue and Taxation Code (R&TC) Section 19133. When we become aware of a taxpayer who received California-source income (via a 1099 form, a K-1, or some other similar vehicle), and cannot locate a tax return from that taxpayer, we may issue a demand notice for Tax Return (Demand). The

Demand requests the taxpayer do one of the following within a certain time period: file a tax return, prove a return was filed, or explain why there is no filing requirement.

If the taxpayer does not respond or file a tax return is not filed within the time period specified in a demand notice, we assess a 25 percent penalty of the total tax assessed **before** applying any payments or credits (R&TC Section 19133). Therefore, the taxpayer may owe penalties and interest even if their tax return, when filed, shows the tax was paid timely or a refund is due. This penalty is assessed as of the date of the Notice of Proposed Assessment and may be assessed in addition to the delinquent filing and late payment penalties (R&TC Sections 19131 & 19172 or 19172.5).

Therefore, we recommend that you carefully review all notices received by any of your clients. You may want to request a copy of the notice from your client, as many people confuse the demand penalty with the failure to file penalty. The result of such confusion may be a 25 percent penalty based upon the tax amount, without regard to any payments or credits.

Notice of Tax Return Change mailing starts late May

Once we process all incoming returns and payments, we will start mailing **Notice of Tax Return Change - Revised Balance** (FTB 5818-B). This notice corrects an error(s) made on a tax return and may result in your clients contacting you. We anticipate notices starting to go out the last week of May.

You can go to our website at ftb.ca.gov and search **notice of tax return change**, for additional information about this notice. Additionally, if you are an authorized representative, you can view your client's notice in MyFTB:

- For your POA clients, use the **Client Notices** page from your Tax Professional account.
- For your TIA clients, go to your client's MyFTB account and select **Notices & Correspondence** from the Communications dropdown menu.

Changes to IRS' EIN process

At the end of March, the IRS issued a news release [IR-2019-58](#) announcing changes to the Employer Identification Number (EIN) application process. Beginning May 13, only individuals with a taxpayer identification number (SSN or ITIN) may request an EIN as the “responsible party” on the application.

The new requirement will provide greater security to the EIN process and improve transparency.

As a result of this change, entities will now be prohibited from using their own EINs to obtain additional EINs. However, there is no change for tax professionals who may act as third-party designees for entities and complete the paper or online applications on behalf of clients.

California Society of Tax Consultant's (CSTC) 2019 Summer Tax Symposium

Don't miss the opportunity to learn from the best, network with other tax professionals, and become a better tax preparer.

- Date:** June 9-12, 2019
- Location:** Westgate Las Vegas Resort and Casino
Las Vegas, NV
- Price:** CSTC Member: \$575
Staff of CSTC Member: \$600
Non-Member: \$675

[View the schedule](#)

[Register](#)

The CSTC Summer Symposium offers 72 CE hours of educational programming covering a broad range of topics that address the needs of most tax professionals, including California Tax Education Council (CTEC) preparers, enrolled agents, certified public accountants (CPAs), and attorneys. 14 incredibly talented speakers will instruct you on topics such as best practices, Section 199(a), California taxation, rental properties, representation, trusts and estates, ethics, and more!

California Society of Enrolled Agent's (CSEA) 2019 Super Seminar

As you reflect on the challenges and opportunities of your practice, look to the Super Seminar for answers.

Date: June 26 – 28, 2019

Location: Grand Sierra Resort and Casino
Reno, NV

Price:

	Super Saver On or Before May 15	Standard After May 15
Member	\$559	\$649
Non-Member	\$784	\$874
Guest	\$150	\$150

[View the schedule and sessions](#)

[Register](#)

If you are searching for the latest and the best in fail-safe techniques, tools, technologies and processes, look no further. Super Seminar is powerful and will arm you with step-by-step method to help you do your job better, in less time, and with far greater impact. This is an excellent opportunity to earn continuing education credits for EAs, certified financial planners, CTEC registered tax preparers, CPAs, and attorneys.

IRS tips on payment options

Most taxpayers are being affected by [major tax law changes](#). While most will get a tax refund, others may find that they owe taxes. Those who owe may qualify for a [waiver](#) of the estimated tax penalty that normally applies. See [Form 2210](#), Underpayment of Estimated Tax by Individuals, Estates and Trusts, and its instructions for details.

How to make a tax payment

Taxpayers should visit the “[Pay](#)” tab on IRS.gov to see their payment options. Most tax software products give taxpayers various payment options, including the option to withdraw the funds electronically from a bank account. These include:

- [IRS Direct Pay](#) offers taxpayers a free, fast, secure and easy way to make an electronic payment from their bank account to the U.S. Treasury
- Use an approved payment processor to pay by credit or debit card for a fee.
- Mail checks or money orders made out to the U.S. Treasury
- Make monthly or quarterly tax payments using [IRS Direct Pay](#) or through the [Electronic Federal Tax Payment System](#)

Can't pay a tax bill?

Everyone should file their 2018 tax return by the tax filing deadline, regardless of whether they can pay in full. Taxpayers who can't pay all their taxes have options including:

- [Online Payment Agreement](#) — Individuals who owe \$50,000 or less in combined income tax, penalties and interest, and businesses that owe \$25,000 or less in payroll tax and have filed all tax returns may qualify for an Online Payment Agreement. Most taxpayers qualify for this option and an agreement can usually be set up on [IRS.gov](#) in a matter of minutes.
- [Installment Agreement](#) — Installment agreements are paid by direct debit from a bank account or a payroll deduction.
- [Delaying Collection](#) — If the IRS determines a taxpayer is unable to pay, it may delay collection until the taxpayer's financial condition improves.
- [Offer in Compromise](#) (OIC) — Taxpayers who qualify enter into an agreement with the IRS that settles their tax liability for less than the full amount owed.

Your clients can find answers to questions, forms and instructions, and easy-to-use tools online at [IRS.gov](#). They can use these resources to get help when it's needed at home, at work, or on the go.

Ask the Advocate



Susan Maples, CPA

Taxpayers' Rights Advocate

Follow me on Twitter at

twitter.com/FTBAdvocate

A new look is coming for FTB's website

2019 has definitely been a year of change for tax professionals. Depending on the focus of your practice, these changes may have been significant for you. Like nearly all of you, I prepare my own tax returns. I empathize with you and your clients, having to deal with the new law, a new look for both the Federal and California returns and the questions that invariably come when the "bottom line" is markedly different than last year or what was expected.

This month, I want to let you know about some required changes coming to FTB's website June 22. We'll be talking about these in greater detail in the months ahead, but I want to mention them now since we are starting to get some questions about what is planned.

State agencies' websites are often the primary way of communicating information to the public and it is important that these sites and the information they provide are available to everyone. [AB 434 \(2017\)](#) required state entities to improve the accessibility of websites and certify that their site meets Web Accessibility Initiative standards by July 1, 2019.

What will this mean to you? You may notice a difference in the look and feel of our website, and depending on the information or content that you access, you may find that some archived or infrequently accessed material will no longer be available online. We are looking at ways of making content that is no longer available online, available offline through different channels. Again, there will be more information about this coming soon.

In closing, I hope the first part of the 2019 filing season went well for you and that your interactions with FTB, if you had to contact us, were positive. There are so many hardworking and dedicated people behind the scenes here at FTB who never receive the recognition they deserve for making your filing experience go as smooth as possible. I am grateful for everything they do to answer your questions, get returns processed, and get refunds out to taxpayers as soon as possible.

MyFTB Corner

File a Nonresident Withholding Waiver Request service will be temporarily unavailable

MyFTB **File a Nonresident Withholding Waiver Request** (Form 588) service will be temporarily unavailable. This service will be unavailable effective June 23, 2019. We expect to have it available by October 1, 2019.

If you need to request a waiver prior to this date, please complete **Nonresident Withholding Waiver Request** ([Form 588](#)).

File the form by mail or fax:

Withholding Services and Compliance MS F182

Franchise Tax Board

PO Box 942867

Sacramento, CA 94267-0651

Fax: (916) 845-9512

We apologize for this inconvenience.

MyFTB Corner

Changes to Power of Attorney (POA) Declarations “Pending Taxpayer Approval”

We want to inform you about a POA process change coming this summer. We anticipate this change will become effective in July. This **only** applies to those POA declarations you submit on MyFTB and do not attach the signed declaration.

Declarations submitted on MyFTB that do not have the signed declaration attached require taxpayers to log in to their MyFTB account to approve. If the taxpayer does not approve the declaration, they remain in a “Pending Taxpayer Approval” status indefinitely.

To efficiently manage these declarations, your client will now have 90 calendar days to approve the pending declaration. If your client does not approve the pending declaration within the established timeframe, it will expire and be rejected.

If I no longer have a business need for the pending declaration, do I need to do anything?

No. We will reject the declaration when it expires.

If I still have a business need for the pending declaration, what do I need to do?

Contact your client and advise them to log in to their MyFTB account and approve the declaration. If they do not have a MyFTB account or do not have access to their MyFTB account, advise them to contact us at (800) 852-5711 for instructions on how they can approve the declaration.

How can I check if I have declarations that are pending my client's approval?

To check the status of declarations you submitted on MyFTB, see [How To Check the Status of a Power of Attorney \(POA\) Declaration/Tax Information Authorization \(TIA\) Client Submitted on MyFTB](#). Declarations that require your client's approval will display on MyFTB with a status of "Pending Taxpayer Approval."

Watch for more details in next month's Tax News.

All About Business

Extended due dates

Now that April 15, 2019 has come and gone, you may have new clients coming to you after the due date worried about not having filed timely. Fortunately, in California we have an automatic extension for taxpayers to file their returns. The extended due date to file individual returns is October 15, 2019.

Keep in mind that the automatic extension is only to file the tax return, the due date for payment of tax was April 15. If your client failed to pay their tax liability by April 15, 2019, they will incur a late payment penalty plus interest. If your client did not file a 2018 return by April 15, 2019, and owes tax for 2018, they should use the **Payment for Automatic Extension for Individuals** ([Form 3519](#)) to pay the tax. Also, if their estimate tax was too low, they can use FTB 3519 to pay the additional tax. Paying the tax or making estimated tax payments as soon as possible could help them avoid or minimize further accumulation of penalties and interest. If

the taxpayer does not file their tax return by October 15, 2019, they will incur a late filing penalty plus interest from the original due date of the tax return on the unpaid tax as of the payment due date.

Businesses also have an automatic extension to file their tax returns. Go to [Businesses: Due Dates](#) to find our tax return and payment due date information for the different business entity types.

Event Calendar

As part of education and outreach to our tax professional community, we participate in many different presentations and fairs. We now provide a [calendar](#) that shows the events we attend, as well as other events happening with us, such as interested party and board meetings.