



Tax News

November 2021

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Real Estate Withholding When a Trust is on Title

California law requires withholding when California real estate is sold or transferred unless a full or partial exemption applies.

It is important for the seller to report the correct name and identification number on the Real Estate Withholding Statement (Form 593) when title is held in the name of a trust. This ensures the withholding credit is applied correctly and is available when the seller files their California income tax return. This also helps Franchise Tax Board process the form efficiently.

If the seller is a grantor trust, which is also known as a living trust or family trust, then the individual name and social security number (SSN)/Individual Taxpayer Identification Number (ITIN) of the grantor should be entered as the seller in Part II of the Form 593. The name of the grantor trust or trustee information should **not** be included. The grantor trust is disregarded for federal and California income tax purposes and the individual seller/transferor must report the sale and claim the withholding on the grantor's individual California income tax return. If the trust was a grantor trust that became irrevocable upon the grantor's death, enter the name of the trust and the trust's Federal Employer Identification Number (FEIN).

When the seller is a non-grantor trust, the name of the trust and trust's FEIN should be included on the Form 593. If the non-grantor trust has not applied for a FEIN, leave the identification number blank. Trustee information should not be included. When the non-grantor trust receives their FEIN, they should contact Withholding Services and Compliance at 888-792-4900 or 916-845-4900 to provide the trust's FEIN. The non-grantor trust will report the income and claim the withholding on the trust's California income tax return.

For more information, please visit [Real estate withholding](#).

Should I Submit Form 592?

Should I submit Resident and Nonresident Withholding Statement (Form 592) or Pass-Through Entity Annual Withholding Return (Form 592-PTE)?

If you are a withholding agent who remits payments and submits nonresident withholding forms to Franchise Tax Board, use these tips to ensure proper submission and avoid errors that could result in the assessment of penalties and interest.

1. Which form should be used to report nonresident withholding?

File Form 592 to report withholding on domestic nonresident individuals. Items of income that are subject to withholding are payments to independent contractors, recipients of rents, endorsement income, royalties, etc.

Do not use Form 592 if:

- You are reporting withholding as a pass through entity. Use Form 592-PTE.
- You are reporting withholding on foreign partners or members. Use Foreign Partner or Member Annual Withholding Return (Form 592-F).

File Form 592-PTE to allocate withholding on distributions paid to your own domestic nonresident partners, members, or shareholders, or pass-through entities to allocate withholding paid on their behalf to its partners, members, or shareholders.

Do not use Form 592-PTE if:

- You are reporting withholding on domestic nonresident individuals. Use Form 592.
- You are reporting withholding on foreign partners or members. Use Form 592-F.

2. When are Forms 592 and 592-PTE due?

Form 592 must be filed for each payment period for which withholding was required to be remitted to the FTB. Payment Voucher for Resident and Nonresident Withholding (Form 592-V) must be submitted with Form 592 and the nonwage withholding payment.

Specific Payment Period and Due Date

January 1 through March 31, 2021.....	April 15, 2021
April 1 through May 31, 2021.....	June 15, 2021
June 1 through August 31, 2021.....	September 15, 2021
September 1 through December 31, 2021.....	January 15, 2022

Form 592-PTE must be filed on an annual basis no later than January 31st of the year following the year for which withholding was required to be remitted to the FTB. Form 592-Q must be submitted with the annual Form 592-PTE and the pass-through entity withholding payments.

3. Which voucher should be used when remitting nonresident withholding payments?

Use Payment Voucher for Resident or Nonresident Withholding (Form 592-V) to remit withholding payments reported on Form 592.

Use Payment Voucher for Pass-Through Entity Withholding (Form 592-Q) to remit withholding payments reported on Form 592-PTE.

4. How is the payee informed of the withholding amount?

Resident and Nonresident Withholding Tax Statement, (Form 592-B) must be sent to all payees (domestic nonresident partners, members, shareholders, foreign partners or members, and nonresident independent contractors) to report the amount of payment or distribution subject to withholding and tax withheld as reported to FTB.

5. What should the withholding agent do if they file the incorrect form?

If an error is discovered after Form 592 or Form 592-PTE is filed, including filing an incorrect taxable year form, then an amended Form 592 or Form 592-PTE must be filed to correct any errors. Only withholding agents may file an amended form.

For more information, please visit our website at ftb.ca.gov and search, nonresident withholding.

CalSavers

FTB/CalSavers Notices Coming January 2022

Franchise Tax Board (FTB) partnered with the [CalSavers Retirement Savings Board](#) as mandated by [AB 102 \(2020\)](#) to issue penalty imposition notices beginning in January 2022, to eligible employers deemed by the CalSavers Retirement Savings Board to be noncompliant with the CalSavers Retirement Savings Program (CalSavers).

What is CalSavers?

State law established the CalSavers to give workers a way to save for their future. State law requires eligible employers that do not offer an employer sponsored retirement plan and have at least five employees to register for CalSavers and make the program available to their employees.

CalSavers has three registration deadlines determined by the number of employees. All eligible employers can register any time prior to their registration deadline or report their exemption.

Employer registration

Number of employees	Registration deadline
More than 100	*September 30, 2020
More than 50	*June 30, 2021
5 or more	June 30, 2022

*Deadline passed. Register today.

Eligible employers that fail to comply with the CalSavers requirements will become noncompliant. CalSavers will send noncompliant employers three notices notifying them that they will be subject to a financial penalty. CalSavers may refer penalties of noncompliant eligible employers to the FTB for collection.

What is FTB's primary role?

Beginning in January 2022, FTB will:

- Send penalty imposition notices to eligible employers deemed by the CalSavers Retirement Savings Board to be noncompliant.
 - First Notice = \$250 Penalty Per Employee
 - Final Notice = \$750 Penalty Per Employee (if noncompliance continues)
- Collect payments and remit payments to the CalSavers Retirement Savings Board.
- Answer questions from eligible employers regarding penalty notices and in most cases route detailed questions to the CalSavers customer service center.
- Operate an appeals process for employer disputes not resolved directly by the CalSavers Retirement Savings Board.

What is the Eligible Employer’s role?

By law, eligible employers must comply with the requirements of CalSavers, including registering and facilitating program activities by specific deadlines.

For more details, visit the CalSavers Retirement Savings Board's [webpage](#) to find resources, including [videos](#) and [frequently asked questions](#).

What’s next?

By January 2022, FTB plans to launch an external webpage with more information about CalSavers and post examples of the noncompliance notices that FTB will issue.

Franchise Tax Board Legislative Stakeholder Meeting Dates

Announcing Franchise Tax Board (FTB) Stakeholder Meeting Dates

FTB’s Legislative Proposal (LP) and Conformity meetings are fast approaching. The meetings will be held virtually through WebEx on the same day, November 17.

Legislative Proposal Stakeholder Meeting

Date: November 17, 2021

Time: 11AM to 12PM

Each year we identify ideas to ease tax administration for submission to our three-member Board for approval.

Stakeholders will hear about the Department’s LP and be given the opportunity to provide input or comments.

Conformity Stakeholder Meeting

Date: November 17, 2021

Time: 1PM to 3PM

During the Conformity meeting, the panel will gather input and feedback on conformity topics and highlight the updated Summary of Federal Income Tax Changes report online tool.

For More Information

Instructions for logging into the meetings will be available on [FTB Meetings](#) in early November. In the meantime, if you have questions or would like more information, please send your inquiries to FTBLegislativeServices@ftb.ca.gov.

Reminder: Exempt Organization Extension Filing Due Date Fast Approaching

Exempt Organization Extension Filing Due Date

Exempt organizations that follow a calendar year-end should plan to file Form 199 or FTB 199N by November 15 to avoid late fees and penalties.

Exempt organizations are required to file annual information returns by the 15th day of the 5th month following the close of their taxable year. For a calendar year organization, that date is May 15.

We grant an automatic 6-month extension to file a return if both of the following apply:

- The organization is not suspended on the original due date.
- The organization's return is filed on or before the extended due date.

Refer to our [Business Due Dates](#) webpage for more information.

Our exempt organization call center is available to assist nonprofits with questions concerning exemption, missing returns, or balances due.

Phone

916-845-4171

916-845-6500 (outside the U.S.)

Weekdays, 7AM to 4:30 PM

Closed state holidays

Mail - Exempt Organization Unit MS-F120

Franchise Tax Board

PO Box 1286

Rancho Cordova CA 95741-1286

Visit [Charities and nonprofits](#) webpage for more information.

Reminder: Main Street Small Business Tax Credit II

Main Street Small Business Tax Credit II – Get your reservation now!

The time to get your reservation for the 2021 Main Street Small Business Hiring Tax Credit II is starting! To claim the credit, taxpayers must obtain a tentative credit reservation between November 1, and November 30, 2021.

The California Department of Tax and Fee Administration (CDTFA) administers the reservations. You can apply for a reservation at [2021 Main Street Small Business Tax Credit II](#). The total amount of credit available is approximately \$116 million and will be allocated on a first-come, first-served basis.

The credit can offset either sales and use tax, or income and franchise tax. Taxpayers must make this election as to which tax they will offset when applying for their reservation.

Eligible taxpayers must:

1. Have 500 or fewer employees on December 31, 2020, (all employees, including part-time employees, whose wages are subject to California withholding laws).
2. Have experienced a decrease of 20% or more in gross receipts:
 - o Calendar year filers compare gross receipts for 2020 to gross receipts for 2019.
 - o Fiscal year filers can either:
 - Compare gross receipts for fiscal year 2019-20 to the gross receipts for fiscal year 2018-19, or
 - Compare the gross receipts average for fiscal year 2019-20 and fiscal year 2020-21 to the gross receipts for fiscal year 2018-19.
 - o New businesses that commenced business after January 1, 2019, but on or before January 1, 2020, can determine by comparing gross receipts from:
 - January 1, 2020, through February 28, 2020, multiplied by 1.5 to gross receipts for the period of April 1, 2020, and ending on June 30, 2020.
3. Apply for a tentative credit reservation from CDTFA during the period of November 1, 2021, through November 30, 2021, and receive a tentative credit reservation.
4. Not be required or authorized to be included in a combined report.

The amount of credit is equal to \$1,000 for each net increase in qualified employees, measured by the monthly average full-time employee equivalents.

Each employer may receive up to \$150,000 in credit. The amount of credit you may receive for the 2021 taxable year is reduced by the [Main Street Small Business Tax Credit](#) you received for taxable year 2020. The amount of reduction is either:

- Your 2020 credit allocated for application to Sales and Use Tax; or,
- Your 2020 credit received for application against income taxes.

For more information and requirements related to the credit, visit CDTFA's [2021 Main Street Small Business Tax Credit II](#), or our [Main Street Small Business Tax Credit II](#) webpage.

Notice of Public Disclosure of Tax Delinquency

FTB Updates the Top 500 Delinquent Taxpayers List for State Income Taxes

Franchise Tax Board (FTB) is required by law to publish a list of the 500 largest tax delinquencies in excess of \$100,000 twice a year and update the list when names are removed. The list is replaced when a new list is published. For 2021, the list was published in April and again in October.

The intent of this program is to encourage those who are on the list (or may be placed on the list) to pay their outstanding tax liabilities. Since the list's inception in October 2007, FTB has collected more than \$1.3 billion from delinquent taxpayers through the program.

In August, FTB sent letters to taxpayers scheduled to appear on the list (Notice of Tax Delinquencies – FTB 4192). This letter gives the taxpayer at least 30 days to avoid being placed on this list. Of these taxpayers, 143 made arrangements to pay their tax debt. Another 298 individuals, and 59 businesses did not, resulting in their inclusion on the list.

On October 21, FTB published its [newest Top 500 Delinquent Taxpayers list](#), which includes individuals and businesses that collectively owe the state more than \$169 million in income tax.

Delinquent taxpayers on the list face an array of consequences:

- Holders of professional or occupational licenses will have that information noted on the list and the licenses may be suspended until the tax bill is resolved.
- The state may suspend delinquent taxpayers' driver's license until the tax bill is resolved.
- State agencies are prohibited from entering into contracts for the acquisition of goods or services with listed taxpayers.
- FTB publishes the names and titles of principal officers of corporations on the list.

FTB removes a taxpayer from the list once the debt is paid, the taxpayer agrees to make payments under an approved agreement, or another agreed upon resolution. Tax liabilities for which the persons liable have filed for bankruptcy protection are not included on the list.

Individual taxpayers on the list can call 888-426-8555 to resolve their accounts.

Business taxpayers on the list can call 888-426-8751 to resolve their accounts.

The California Department of Tax and Fee Administration has a [similar list](#) of the state's top sales and use tax debtors, which is updated quarterly.

Ask the Advocate

As you prepare for the holidays, don't forget to prepare to safeguard your client's confidential information

Tax practitioners remain high-value targets for cybercriminals seeking to steal sensitive tax information. Whether you are a sole-proprietor, or partner of a firm, please take the time to be proactive to safeguard your client's information in preparation for the upcoming tax filing season.

While Franchise Tax Board (FTB) does not offer independent guidance, the Internal Revenue Service (IRS) provides the following guidance I would like to share with you:

- [Tax Security 2.0: The Taxes-Security-Together Checklist](#)
- [Publication 4557](#), Safeguarding Taxpayer Data
- [Publication 5293](#), Data Security Resource Guide for Tax Professionals

Should you experience data theft, or unauthorized access, inform FTB directly at ftbdatabreach@ftb.ca.gov and provide the following information:

- Tax professional's name and title
- Name of business
- PTIN/EFIN
- Number of clients affected
- Do you actively use MyFTB? If so, when was your last login?
- Contact information

When you inform us of a data breach, we will provide you with any required actions to protect and document the appropriate account(s).

As we enter the holiday season, all of us in the Taxpayers' Rights Advocate Office hope that you, your loved ones, and your clients' confidential data remains safe and well.

We say Thank You and Goodbye to Terri Isedeh

For those of you who have had an opportunity to participate in Selvi's Advisory Board Meetings, the California Society of Enrolled Agents Liaison meetings, or the CalCPA liaison meetings, then be assured you have benefited from Terri Isedah's remarkable ability to orchestrate all the behind the scenes work necessary to make these meetings so successful.

Terri's knowledge of how the Taxpayers' Rights Advocate Office (TRAO) operates, her willingness to share this information, and her remarkable ability to remain calm under pressure has been invaluable. Her dedication and ability to provide leadership and guidance as we moved away from in-person meetings and pivoted to virtual meetings when faced with the

travel ban, and pandemic limitations have been extraordinary. Terri has been the backbone of the team as we rebuild and strategize new processes.

Terri has enabled the TRAO team to provide California taxpayers and tax professional's assistance to resolve tax problems when our normal resolutions have not worked, and worked diligently to identify systemic issues to further assist taxpayers file their tax returns timely, accurately, and pay the correct amount.

Starting this month, Terri will continue her more than 20 years of service to the citizens of California as part of the 2020 California Citizens Redistricting Commission. She will report to an alumni of TRAO, Mr. Alvaro Hernandez, the first Latino Director appointed to lead this commission.

Congratulations to Terri. We thank you, and we wish you continued success in your new endeavor.

Legislative Update 2021

The following bills impacting Franchise Tax Board (FTB) were chaptered in the first year of the 2021-2022 session of the California State Legislature.

[AB 80 \(Chapter 17, Statutes of 2021\), Forgiven Loan Exclusion Expansion & Modified Conformity to Paycheck Protection Program Business Expense Deductions](#)

- Expanded the exclusion from gross income for covered loan amounts forgiven pursuant to California conformity to certain federal provisions.
- Conformed to the exclusion from gross income for Economic Injury Disaster Loan advance grant amounts pursuant to certain federal provisions.
- Conformed to the allowance of deductions and treatment of tax basis and other tax attributes relating to business expenses paid with forgiven covered loan amounts under the Paycheck Protection Program (PPP), except for ineligible entities, as specified.

[AB 81 \(Chapter 5, Statutes of 2021\), Income Exclusion for Tenant Grants and for Forgiveness of Tenant Rent Liability](#)

- Made several amendments and technical changes to existing state law to allow the state to assist individuals impacted by the COVID-19 pandemic and to align with federal provisions.

[AB 88 \(Chapter 12, Statutes of 2021\), Golden State Stimulus Payment/Golden State Grant Program](#)

- Excluded from gross income the one-time Golden State Grant (GSG) payments and made clarifying changes to the one-time Golden State Stimulus (GSS) payment. This bill

excluded one-time GSS and GSG payments from garnishment orders, with some exceptions, and added requirements for financial institutions to identify these payments.

[AB 137 \(Chapter 77, Statutes of 2021\), Budget Trailer Bill - Real Estate Fraud Fee & Lien Release Fee](#)

- Under the Government Code (GC), specified that the fee for recording certain full lien releases would be twice the fee charged to record the first page of a lien, encumbrance, or notice. It also applied the same modification to certain releases of documents relating to an agreement to reimburse a county for public aid and releases of judgments.
- Clarified that certain fees applicable to recording or filing an instrument, paper, or notice do not apply to the state or any county, municipality, or other political subdivision of the state.
- Added language to expressly state that the real estate fraud fee does not apply to any real estate instrument, paper, or notice presented for recording for the benefit of the state or any county, municipality, or other political subdivision of the state.

[AB 150 \(Chapter 82, Statutes of 2021\), Budget Trailer Bill – Various Tax Credits and Data Sharing](#)

- Sections 1 and 24: Extended the collaboration period related to the effectiveness of the Rehabilitation of Certified Historic Structures Credit (RCHSC) between the specified parties to January 1, 2027, and added intended goals and performance metrics for the credit provisions to accomplish.
- Sections 11 and 20: Extended the operative date of the RCHSC under the Personal Income Tax Law (PITL) and the Corporation Tax Law (CTL) to taxable years beginning before January 1, 2027.
- Sections 5, 6, 8, 16, and 23: For the taxable year beginning on or after January 1, 2021, and before January 1, 2022, under the Sales and Use Tax Law, the PITL, and the CTL, allowed a qualified small business employer a small business hiring credit (Main Street Small Business Tax Credit, Part II), subject to receiving a tentative credit reservation. The amount of the credit is reduced by the credit reservation amount under RTC section 6902.8. The California Department of Tax and Fee Administration (CDTFA) will administer the tentative credit reservation process and allocate the credit, not to exceed a cumulative total of \$70,000,000. It also established a reporting requirement for the CDTFA and the FTB.
- Section 15: Created the Small Business Relief Act (SBRA) for taxable years beginning on or after January 1, 2021, and before January 1, 2026, and allows qualified entities taxed as a partnership or an S corporation to pay an additional elective tax at the entity level.

- Sections 7 and 12: Under the PITL, allows a qualified taxpayer, who is an owner of a qualified entity that makes an annual election to pay an additional elective tax authorized by the SBRA, a tax credit for the entity-paid elective tax in an amount equal to 9.3% of the qualified taxpayer's pro rata or distributive share, as applicable, of the qualified net income subject to the election made by an electing qualified entity for taxable years beginning on or after January 1, 2021, and before January 1, 2026.
- Sections 9, 17, and 26: Under the PITL and the CTL allows a qualified taxpayer that employs an eligible individual to receive a tax credit for hiring homeless individuals. Also refer to AB 176.
- Sections 10 and 18: Under the PITL and the CTL, modified the credit for agriculture product donations to food banks by extending the operative date by 5 years. It also extended FTB's existing reporting requirement for this credit another 5 years.
- Sections 13, 19, and 25: Under the PITL and the CTL, increased the amount of the California Competes Tax Credit allocated for the 2021-22 fiscal year by \$110 million.
- Section 14: Upon FTB request, requires the California Department of Health Care Services to share data with the FTB for specified purposes related to the eligibility for the California Earned Income Tax Credit.

[AB 176 \(Chapter 256, Statutes of 2021\), Budget Trailer Bill – Clean-up Language](#)

- Sections 1, 18, 19, 20, and 21: Under the Administration of Franchise and Income Tax Laws (AFITL), renumbered the code sections related to FTB collections of recaptured California Competes Grants (CCGs) and made various technical changes to update the new numbers where applicable.
- Sections 4, 9, and 17: Under the GC, allows for the recapture of grants, under Part 10.2 of the RTC, should the CalOSBA determine that the California Microbusiness COVID-19 grantee and the qualified California Venues grantee has failed to meet the grant requirements, as defined. FTB's role would to collect any recaptured amounts.
- Sections 12 and 16: Limited FTB debt collections relating to Vehicle Registration Collections and Court-ordered debt to specified amounts for orders or levies issued on or after January 1, 2022. Section 16 specifically excluded restitution orders and restitution fines from these thresholds.
- Sections 13 and 22: Under the PITL and the CTL, clarified that an eligible homeless individual's certification would be issued in form and manner determined by the FTB and made other technical corrections.
- Sections 14 and 23: Under the PITL and the CTL, added "ethnicity" to the diversity work plan and goals for the motion picture credit and changed the responsibility of the

adoption of regulations from the Governor's Office of Business and Economic Development (GO-Biz) to the California Film Commission (CFC).

- Sections 15 and 25: Under the PITL and the CTL, for taxable years beginning on or after September 1, 2020, and before January 1, 2030, added an exclusion from gross income of a grant allocation under the California Venues Grant Program.
- Section 24: Under the CTL, allowed for taxable years beginning on or after September 1, 2020, and before January 1, 2023, an exemption from gross income for grant allocations received from the California Microbusiness COVID-19 Relief Program that is administered by the CalOSBA, as defined. A similar exclusion was previously provided under the PITL.
- Section 30: Replaced FTB with GO-Biz for purposes of Section 41 reporting, changed the reporting of credits to the 2021-2022 fiscal year and modified the report elements.

[AB 177 \(Chapter 257, Statutes of 2021\), FTB Collections: Restitution Fines and Restitution Orders](#)

- Under the Penal Code, made technical changes and repeals and added sections related to collections of restitution fines and restitution orders as it relates to prisoners released from custody of the Department of Corrections and Rehabilitation or a county jail facility.

[AB 340 \(Chapter 557, Statutes of 2021\), Conformity to Expanded Definition of Higher Education Expenses](#)

- Partially conformed the existing Golden State Scholarshare Trust for college savings to the federal qualified tuition program (QTP) definition of qualified higher education expenses by adding apprenticeship program expenses, and principal and interest of qualified education loan expenses.

[AB 466 \(Chapter 92, Statutes of 2021\), State Controller's Office \(SCO\) Unclaimed Property Data Sharing](#)

- Under the RTC, allowed the FTB to provide additional information from Business Entity returns to SCO related to unclaimed property.

[AB 447 \(Chapter 344, Statutes of 2021\), Low Income Housing Tax Credit](#)

- Under the PITL and the CTL, expanded the eligibility criteria for buildings that are at risk of conversion for the allocation of Low Income Housing Tax Credit by the California Tax Credit Allocation Committee. This act also expanded allocations for eligible projects of new buildings to include retrofitting and repurposing of existing nonresidential structures.

[AB 742 \(Chapter 96, Statutes of 2021\), School Supplies for Homeless Children Voluntary Tax Contribution Fund](#)

- Under the AFITL, modified provisions of the School Supplies for Homeless Children Fund by renaming the fund as the School Supplies for Homeless Children Voluntary Tax Contribution Fund and extending the provisions of the fund to January 1, 2029, unless the specified minimum contribution amount is not met and specifying that amounts transferred to the fund would be continuously appropriated.

[AB 938 \(Chapter 124, Statutes of 2021\), Code Maintenance](#)

- Made numerous technical, nonsubstantive changes as a matter of code maintenance to various California codes, including to the RTC.

[AB 1219 \(Chapter 419, Statutes of 2021\), Natural Heritage Preservation Tax Credit Act of 2000](#)

- Under the PITL and the CTL, renewed the tax credit for qualified contributions made on or after January 1, 2021, and no later than June 30, 2026.

[AB 1291 \(Chapter 63, Statutes of 2021\), Bagley-Keene Act Public Comment Period](#)

- Under the GC, modified provisions of the Bagley-Keene Open Meeting Act to require a state body to allow at least twice the allotted time for public comment to a member of the public who utilizes translating technology; and made other nonsubstantive technical changes.

[AB 1506 \(Chapter 328, Statutes of 2021\), Worker Status: Employees and Independent Contractors – Newspaper Distributors and Carriers](#)

- Extended the worker classification exemption for newspaper distributors working under a contract and newspaper carriers to January 1, 2025, and requires newspaper publishers and distributors to report information about their workforce to the Labor and Workforce Development Agency (LWDA).

[AB 1561 \(Chapter 422, Statutes of 2021\), Worker Classification: Employees and Independent Contractors](#)

- Extended the worker classification exemption for licensed manicurists to January 1, 2025.
- Extended the exemption from the license requirement available to construction trucking service subcontractors for work performed before January 1, 2025, in order to qualify for the exemption from the “ABC” test in *Dynamex* that has been codified by statute.
- Removed the minimum hourly wage requirement, added a definition, and made several technical changes to the existing Labor Code relating to the exemption from the “ABC”

test for the relationship between a data aggregator and the individual providing feedback.

- Added additional services provided by persons in the insurance and financial service industries to the exemption from the “ABC” test in *Dynamex* that has been codified by statute.

[AB 1582](#) (Chapter 66, Statutes of 2021), Real Estate Withholding/ Internal Revenue Code (IRC) section 1031 Deferred Like-kind Exchange/Failure to Withhold by Qualified Intermediaries (QI)/ Cash-Poor Exchange Taxpayers’ Bill Of Rights Annual Report to the Legislature/Change Due Date

- Limited a QIs withholding obligation to available funds in those situations where the QI does not receive sufficient funds from escrow or the QI disbursed funds for the purpose of completing an exchange under IRC section 1031.
- Changed the Taxpayers’ Bill of Rights Annual Report statutory due date from December 1st to January 15th.

[SB 87](#) (Chapter 7, Statutes of 2021), Collection of Small Business COVID-19 Relief Grants

- Established the Small Business COVID-19 Relief Grant Program under the Office of Small Business Advocate (“CalOSBA”).
- Exempted grants from gross income under the PITL and CTL and provide authority to the FTB to collect any grants identified for recapture by the CalOSBA.

[SB 88](#) (Chapter 8, Statutes of 2021), Budget Trailer Bill - Golden State Stimulus Payment/ Golden State Grant Program

- Under the Welfare and Institutions Code (WIC), authorized the Controller to make a one-time GSS tax refund payment in the applicable amount to each qualified recipient, as defined. Individuals may qualify for this payment if they receive the California Earned Income Tax Credit (CalEITC) or file with an Individual Taxpayer Identification Number (ITIN). The one-time payment is either \$600 or \$1,200.
- Under the WIC, authorized the State Department of Social Services (DSS) to make one-time Golden State Grant payments to grant recipients. Also refer to AB 88.

[SB 91](#) (Chapter 2, Statutes of 2021), COVID-19 Relief – Tenancy: Rental Assistance

- Provided a gross income exclusion for certain rental assistance received under the State Rental Assistance Program and the federal Consolidated Appropriations Act, 2021 (Public Law 116-260).

[SB 139 \(Chapter 71, Statutes of 2021\), Golden State Stimulus II: Golden State Stimulus](#)

- Under the WIC, authorized the Controller to make a one-time GSS II payment in a specified amount to each qualified recipient, as defined. Individuals may qualify for this payment based on certain criteria, such as filing a California individual tax return and adjusted gross income requirements. Additionally, this bill modified the filing time requirement and federal individual taxpayer identification number (ITIN) requirements under the one-time GSS I payment provisions.

[SB 144 \(Chapter 114, Statutes of 2021\), California Motion Picture Credit/Increase Allocation for Recurring TV Series](#)

- Under the PITL and the CTL, increased the funding for the existing motion picture and film tax credit for the 2021-2022 and 2022-2023 fiscal years exclusively for new television series that relocate to California and for recurring television series. In addition, this act allowed a new tax credit in an amount equal to 20 percent (20%) or 25 percent (25%), or as modified by up to 4 percent (4%), of qualified expenditures paid or incurred by a qualified motion picture (QMP) produced at a certified studio construction project (certified project) in the state. This credit would be certified and allocated by the CFC.
- Added new qualifications for the credit and provisions relating to the CFC application process. This bill also specifies new rules relating to the CFC's allocation of the credits and modifies the reporting requirements for the Legislative Analyst's Office (LAO) and the CFC to provide annual reporting related to diversity to the Legislature.

[SB 151 \(Chapter 74, Statutes of 2021\), Budget Trailer Bill – Collection and Income Exclusion](#)

- Required, upon appropriation by the Legislature, the GO-Biz to create the California Competes Grant (CCG) Program to provide grants to qualified grantees, as defined, that meet specified criteria relating to the creation of jobs or investments in the state.
- Provided that, in the event of a recapture, GO-Biz is required to provide the FTB a list of qualified grantees and their recaptured CCG amount. This provision of the bill under the AFITL, requires the FTB to collect any recaptured CCG amounts.
- Under the GC, created the California Microbusiness COVID-19 Relief Grant Program within the CalOSBA. Additionally, provided that under the PITL for taxable years beginning on or after January 1, 2020, and before January 1, 2023, gross income does not include grant allocations received by a taxpayers pursuant to the program established by the bill.

[SB 347 \(Chapter 104, Statutes of 2021\), California Community and Neighborhood Tree Voluntary Tax Contribution Fund](#)

- This act, under the AFITL, created the California Community and Neighborhood Tree Voluntary Tax Contribution Fund, and allowed a taxpayer to make a voluntary contribution to the California Community and Neighborhood Tree Voluntary Tax Contribution Fund on their state personal income tax return.

[SB 796 \(Chapter 435, Statutes of 2021\), Gross Income Exclusion for Sale or Transfer of Bruce's Beach](#)

- Under the PITL and the CTL, allowed for a gross income exclusion for a one-time sale, transfer, or encumbrance of a portion of land within Manhattan State Beach, known as "Peck's Manhattan Beach Tract Block 5" and commonly referred to as "Bruce's Beach."

Event Calendar

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