



State of California
Franchise Tax Board

12.21.2007

Michele Pielsticker
Cal-Tax
1215 K Street, Ste. 1250
Sacramento, CA 95814

Dear Ms. Pielsticker:

Thank you for your presentation at the Taxpayers' Bill of Rights Hearing held on 11.28.2007. I am responding to the issues you raised at the hearing.

You expressed Cal Tax's interest in seeing renewed efforts to obtain federal conformity to ease taxpayer compliance. As you know, Franchise Tax Board has a policy in favor of conformity, and we will continue working with the legislature and all of the interested parties to pass a conformity date-change bill in 2008.

You also expressed concern regarding a Board of Equalization audit practice and security measures to protect confidential taxpayer information on electronic media.

FTB takes the privacy and security of confidential tax information very seriously, and we do everything we can to ensure it remains secure. As you probably know, during an audit the FTB auditor has authority to take information necessary to conduct the audit, which includes taking relevant data offsite to document the taxpayer's position in the audit file.

We understand the practice of the Board of Equalization is for the auditor to download electronic information from the taxpayer's personal computer and utilize sampling techniques and software programs to test the data offsite. This is different from FTB's audit practice. FTB auditors request documentation from the taxpayer, which can be provided on paper or media file or both. The data is reviewed at the taxpayer's location or offsite. If the taxpayer has concerns about the auditor taking any information offsite, the taxpayer should discuss the matter with the auditor or audit supervisor to resolve the issue.

If you have any questions about the status of your issues, feel free to contact me.

Sincerely,

Selvi Stanislaus
Executive Officer

cc: Hon. John Chiang, Chair
Hon. Betty T. Yee, Member
Hon. Michael C. Genest, Member