

chair **John Chiang**
member **Betty T. Yee**
member **Michael C. Genest**



State of California
Franchise Tax Board

03.04.09

David Shaw
California Society of Enrolled Agents
3200 Ramos Circle
Sacramento, CA 95827

Dear David Shaw,

Thank you for your presentation at the Taxpayers' Bill of Rights Hearing held on 12.04.08. I am responding to the issues you raised at the hearing regarding conformity and the substantial authority penalty standard.

Conformity

Conformity between Federal and California Tax Law is an important goal in tax administration. It also concerns us that the last "date change" conformity bill was enacted in 2005 by AB 115 (Stats. 2005, Ch. 691). Although AB 1561 (Calderon, 2007/2008) was not enacted, many of the issues you testified on were part of that bill. This year we plan to once again sponsor legislation to address the federal changes that have been enacted since 01.01.05.

Substantial Authority Penalty Standard

We will draft a Legislative Proposal to conform to the recent federal change with respect to the standards for the preparer penalty.

Sincerely,

Steve Sims, EA
Taxpayers' Rights Advocate

cc: Hon. John Chiang, Chair
Hon. Betty T. Yee, Member
Hon. Michael C. Genest, Member
Catherine Apker
Vicki Mulak