

chair **Betty T. Yee**
member **Jerome E. Horton**
member **Michael Cohen**



State of California
Franchise Tax Board

01.29.16

Douglas Pickford, EA
CA Society of Enrolled Agents
3200 Ramos Circle
Sacramento, CA 95827-2513

Dear Mr. Pickford:

Thank you for your proposals presented at the Taxpayers' Bill of Rights hearing last December. As the Taxpayers' Rights Advocate, your concerns are important to me. I am always interested to hear your concerns and to partner with you to help resolve them. Please note my response to your proposal from the hearing below:

Inability to Dissolve/Cancel Business Entities Formed and not "Launched"

Thank you for bringing this issue to the Taxpayer Bill of Rights hearing. We agree that this issue has been discussed for many years. In 2006, AB 2431 was enacted to simplify the entity dissolution and cancellation process by eliminating burdensome tax clearance requirements. The department has set up a team to study why entities continue to have challenges with dissolving and cancelling. The team will formalize a planned approach including anticipated deliverables no later than July of 2016. We anticipate the deliverables to include a complete analysis of the dissolution and cancellation process, identification of opportunities for improved education and outreach, and a review of administrative, regulatory, and/or legislative changes that might present opportunities to address this continuing issue. This effort would include seeking input from and feedback from our partner state agencies and our stakeholders.

Inadvertent Failure to File Form 568 by Single-Member LLC's (SMLLC)

We are currently working on a feasibility study in regards to the SMLLC filing requirements for personal income tax filers. We will also include in this study the filing requirements for corporations that have SMLLCs. Our feasibility study will address potential form changes suggested by the CSEA and Spidell as well as impacts to department business areas such as processing, systems, Legal, and Audit. We expect to complete the study and recommend a resolution by spring 2016.

2015 California Disasters

The original Presidentially declared disaster was only for the Valley Wildfire (Lake County). We updated Pub 1034 based on this original declaration but were not aware that the original Presidential disaster declaration was later amended to add the Butte

Wildfire (Calaveras County). We have updated Pub 1034 and the links to the publication on FTB's external disaster webpage. Additionally, we are updating our procedures so that we are aware of federal amendments to Presidentially declared disasters.

Sincerely,

Susan Maples
Taxpayers' Rights Advocate

cc: Hon. Betty T. Yee
Hon. Jerome E. Horton
Hon. Michael Cohen