



## State Tax Media Host Guide 2009

Franchise Tax Board  
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ReadyReturn

CalFile

### Introduction

Taxes can be complex and confusing to your broadcast audience. We try to take the hassle out of tax time by offering new and innovative ways to get tax help and file via the Internet. We appreciate your help in getting this information to the people in your community who need it.

### Frequently Asked Questions

The following questions might assist you in planning your interview. Feel free to use these questions frequently asked by the public, or choose your own.

#### Q. What's new this year?

New state law allows you to exclude from income certain cancelled mortgage debt linked to your principal residence. Generally, when a lender forgives or cancels debt, taxpayers must include the debt as taxable income on their return.

Quarterly estimated tax payments are no longer calculated as 25 percent each. The first and second quarter installments increased to 30 percent and the third and fourth quarter installments decreased to 20 percent. Taxpayers with adjusted gross income equal to or greater than \$1 million (or \$500,000 if married, registered domestic partner, or filing separately) must pay at least 90 percent of their current year tax to avoid an underpayment penalty.

For 2008 and 2009, for taxpayers with taxable income of more than \$500,000, business tax credits are limited to 50 percent of the net tax before the application of any credits. Be sure to review our tax form instructions for specific details.

Another new law for high-income earners requires individuals who make estimated tax or extension payments larger than \$20,000 or with tax liabilities more than \$80,000 to make all payments electronically. Taxpayers can meet this requirement using Web Pay.

We are advising same-sex couples married on or after June 16, 2008, and before November 5, 2008, to file as married. However, the California Supreme Court has agreed to review the challenges to the passage of Proposition 8, which eliminated the right of same-sex couples to marry. The California Attorney General has stated he believes these marriages are valid and will defend these marriages in the court action. Same-sex married couples should follow the court action since the decision may impact their marital status. Check our website at [ftb.ca.gov](http://ftb.ca.gov) for updates following the Supreme Court decision.

Taxpayers can contribute to 15 charitable funds featured on the tax form. New this year are:

- California Ovarian Cancer Research Fund
- Municipal Shelter Spay-Neuter Fund
- California Cancer Research Fund
- ALS/Lou Gehrig's Disease Research Fund

Contributions reduce your refund or increase taxes you owe. Taxpayers who contribute can take a charitable contribution deduction on next year's return if they itemize their deductions.

#### Q. Who has to file?

Surprisingly, not everyone has to file. Each year we get thousands of tax returns from people who have no filing requirements. We base our filing requirements on income amounts and exemption credits. For 2008, you will not have to file if:

- You are single or head of household and your total income was less than **\$14,845**.
- You are married or registered domestic partners and your total combined income was less than **\$29,690**.

These income threshold amounts are higher if you have dependent or senior exemptions. Also, the rules differ if you can be claimed as a dependent on someone else's return.

Keep in mind that if you had withholding taken from your pay or you made estimated tax payments, you must file a tax return to get your refund.

#### Q. What is *ReadyReturn*?

*ReadyReturn* is our free direct-to-government filing option that provides a completed state income tax return to taxpayers who file simple returns. You will need to review the completed *ReadyReturn* and make any necessary changes before you file it.

*ReadyReturn* is based on a simple premise: we use information we already have from you and your employers, such as W-2 information and last year's tax return, to provide you with a completed tax return. We do most of the work, so you benefit.

You are eligible if last year you filed as single or head of household, earned wages from one employer, and took the standard deduction. You are still eligible if you claimed up to 5 dependents, claimed the nonrefundable renter's credit, or have been claimed as a dependent on another person's return – typically college students.

We estimate that 1.9 million California taxpayers qualify to use *ReadyReturn*. To see if we have a *ReadyReturn* waiting for you, check our website at [ftb.ca.gov](http://ftb.ca.gov) or call **800.338.0505**.

#### Q. What is *CalFile*?

Available to more than 6.4 million taxpayers, *CalFile* is our free direct-to-government filing option that allows you to complete and e-file your state income tax return. *CalFile* is also available in Spanish.

*CalFile* accepts income up to \$326,379, itemized deductions, and tax credits such as the nonrefundable renter's credit and the child and dependent care expenses credit.

To see if you qualify to use *CalFile*, check our website at [ftb.ca.gov](http://ftb.ca.gov).

#### Q. Why do we love e-file so much?

- You'll get a quick refund, normally within seven days, if you choose direct deposit. **Note:** if you mail your return in January or February, you'll generally get your refund in a couple of weeks. However, if you wait until late March or April, expect to wait 6-8 weeks for your refund.
- It's safe, accurate, fast, and easy. e-filed returns have fewer errors, which means you're less likely to hear from us later.
- You'll know we got it. FTB sends a confirmation almost immediately when we receive your tax return.
- It's free if you use *CalFile* or *ReadyReturn*. And, some commercial software companies offer free e-file for selected customers.

It also reduces the cost of government. Last year, nearly 10.5 million or 67 percent of California taxpayers filed their tax returns electronically.

Besides *CalFile*, there are many e-file software packages available to help ease the tax filing process. The programs walk you through a virtual tax interview and prompt you to take advantage of relevant tax credits. Links to many software vendors can be found on our website. You can e-file from your home computer or through a professional tax preparer.

#### Q. Does FTB split refunds?

Yes. Individuals can request that we electronically deposit their refunds into more than one account. The purpose of allowing you to "split" your refund is to encourage you to save at least some of your refund money. Refunds can be split into two accounts such as:

- Checking
- Savings
- IRA
- Money Market

Taxpayers should make sure their financial institutions accept deposits into certain accounts.

**Q. What other online services are available at [ftb.ca.gov](http://ftb.ca.gov)?**

You can do many tax chores online including:

- Get your refund status.
- Check My FTB Account for your wage and withholding data, plus your balance due or payments made—great for estimate paying taxpayers.
- Use Web Pay to make payments via your bank account.
- Use your credit card to make payments.
- Apply for payment plans.
- Email your tax questions.
- Calculate the right amount of tax.
- Determine if you qualify for the Head of Household filing status.
- Respond to a Head of Household questionnaire.
- Find answers to tax questions.
- Report tax fraud.

**Q. What's new on tax forms?**

We added a “check-box” near the signature line for taxpayers to designate a family member, friend, or their tax professional as someone with whom we can discuss information needed to:

- Process the return.
- Inquire about the status of a refund or payment made.
- Respond to notices about math errors or other corrections.

The designated person is not authorized to:

- Discuss any other tax year.
- Receive any refund checks.
- Bind you to anything (including additional tax liabilities).

**Q. What is the tax gap?**

The tax gap is the difference between taxes owed and paid. It continues to receive a lot of attention at both the state and federal levels. We estimate it costs California \$6.5 billion a year in lost tax revenue. Economists estimate that honest taxpayers pay nearly 15 to 20 percent more in taxes each year because of taxpayers who fail to pay what they owe.

Most of the tax gap comes from people and businesses that underreport their income or overstate their deductions.

You can now help solve the tax gap by reporting suspected tax fraud. Go to our website at [ftb.ca.gov](http://ftb.ca.gov) and use our new online “Report Tax Fraud” service or call our Informant Hotline at **800.540.FILE (3453)**.

To encourage people to pay what they owe, we publish an annual list of the largest 250 tax debtors who owe \$100,000 or more. This list is updated each spring.

We are also concentrating on conducting criminal investigations and prosecutions of tax evasion, fraud, and employee misconduct to encourage compliance and maintain the public's trust. Approximately 98 percent of our criminal prosecutions resulted in convictions and included sentences to prison, jail, or probation.

**Q. If I want to prepare my own tax return, how do I get started?**

For many people, it's not that hard. For those of you who want to prepare your own state tax return, remember: we are here to help. Some points to keep in mind are:

- Gather the needed documents to prepare your state tax return, such as W-2s and 1099s to report your income. If you have tax deductions, gather those documents as well, such as property tax payment records, mortgage interest expense, charitable contributions, etc.
- Complete your federal tax return first. That's because the California tax return starts with your federal adjusted gross income.

Follow the instructions on the California tax return. To arrive at California taxable income, you start with your federal adjusted gross income and then make adjustments for differences between federal and state law.

If you don't know, don't guess. Contact us for answers to your tax questions.

**Q. Where can I get tax help?**

**Internet/Toll Free Phone Services**

Our web address is [ftb.ca.gov](http://ftb.ca.gov).

Our toll-free automated phone line is **800.338.0505**.

If you need to speak with a customer service representative, call us at **800.852.5711**. We are ready to answer your questions from 7 a.m. to 6 p.m., Monday through Friday, except state holidays.

**Field Offices**

If you want to see us in person, visit one of our six field offices located throughout California. Our office hours are Monday through Friday, 8 a.m. to 5 p.m. We offer walk-in service in Los Angeles, Oakland, Sacramento, San Diego, San Francisco, and Santa Ana.

**Volunteer Income Tax Assistance**

We also have lots of free help available through the Volunteer Income Tax Assistance and Tax Counseling for the Elderly programs.

### Q. What is the volunteer program?

This program is staffed with trained volunteers at more than 1,000 sites throughout California. Our volunteers provide free help with electronic filing or completing tax forms for low-income, senior, disabled, and non-English speaking persons who need to file simple federal and state tax returns.

Starting February 1 through April 15, you can search for the location closest to you online at [ftb.ca.gov](http://ftb.ca.gov) by zip code, city, or county.

Many military bases also provide this service for the U.S. Armed Forces. Check our website or call us to find a location nearest you.

### Q. What if I want to use a Tax Return Preparer?

If you decide to use an income tax preparer, you may want to read FTB Pamphlet 982 - *How to Select an Income Tax Return Preparer*. It offers tips from the IRS and us about selecting someone you can trust. Remember, it is you, the taxpayer, who is held responsible for the accuracy of your tax return information.

### Q. What tax credits are available to reduce my tax bill?

We have several credits that many people can use to lower their taxes.

#### Personal Exemption Credit

This year's credit totals \$99 per person and \$198 for married couples and registered domestic partners. Seniors who are 65 years or older and blind individuals receive double the individual amount.

#### Dependent Exemption Credit

Families can reduce their tax bill by \$309 for each dependent.

#### Renter's Credit

Single renters can claim a \$60 credit if their adjusted gross income is \$34,936 or less. Married couples, registered domestic partners, or head of household filers can claim \$120 if their adjusted gross income is \$69,872 or less.

#### Child & Dependent Care Expenses Credit

For individuals who pay for dependent care to seek or maintain employment, this credit provides up to \$1,050.

#### Federal Earned Income Tax Credit

This is a federal incentive for low-income individuals and families. Taxpayers earning less than \$41,646 can qualify for a "refundable" credit that can total up to \$4,824.

"Refundable" means that you do not have to have a tax liability to get a refund check from the government. If you think you might qualify, visit the IRS' Website at [irs.gov](http://irs.gov) and search for *EITC Assistant*. California has no comparable state credit.

### Q. What are the common errors and how do I avoid them?

The most common errors are claiming the wrong estimated tax payments, exemption credits, and making tax computation errors. To avoid these errors, we suggest you:

- Visit our website and select *My FTB Account* to verify the amounts we have on record for your estimated tax payments, wage and withholding information, and your current balance due.
- Accurately add and transfer your total exemption credits to the correct line of the tax return.
- Double-check your math.
- Have your refund deposited directly into your bank account. It's faster, safer, and more convenient than waiting for a check.

### Q. What should I do if I find I cannot file by April 15?

No problem. All taxpayers get an automatic six-month filing extension to October 15. **Note:** The extension is only for filing the return and not for payment of any taxes that may be due. Be sure to pay by April 15 to avoid penalties and interest.

### Q. What if I owe and can't pay?

First, always file on time and pay as much as you can with the return. This will save you money in penalties and interest. We realize that unforeseen events occur that prevent you from paying your taxes on time.

If you have a financial hardship and cannot pay your taxes in full, you can generally arrange to make monthly installment payments if you owe \$10,000 or less and can repay it within three years. If you owe more than \$10,000 and less than \$25,000, call us at **800.689.4776** between 7:30 a.m. and 6 p.m., Monday through Friday, except state holidays.

You can apply online or by mail. Go to our website at [ftb.ca.gov](http://ftb.ca.gov) and search for "installment agreement." We can approve most requests within a few days.

For more information, call **800.689.4776**.

You may also want to consider paying by credit card. We accept Visa, MasterCard, Discover/NOVUS, and American Express.

- Use your touch-tone phone to call toll-free **888.2PAY.TAX** or **888.272.9829**.
- Or, visit Official Payments Corporation's website at: [officialpayments.com](http://officialpayments.com).

Keep in mind that service providers will charge you a convenience fee for this service based on the amount charged.

We also have California and federal wage withholding calculators on our website; search for "withholding calculators." It is a good idea to use these to help calculate the proper amount of withholding from your paycheck to ensure you don't have too much or too little tax withheld.

**Q. What do I do if I made an error on my return, forgot to claim a deduction, or received a late W-2?**

You can correct your California tax return by filing Form 540X, *Amended Individual Income Tax Return*. Amended returns do take longer to process than original returns.

For simple math errors or missing documents, you generally do not need to file an amended return, as we typically correct math errors when we process the return. We will contact you about any missing documents.

**Q. What should I do if I changed my address during the year?**

Notify us immediately! Either write or call, but be sure we have your current address, even if you leave the state. You can use Form 3533, *Change of Address*, to send us your new mailing address.

Each year millions of dollars in refund checks are returned to us as undeliverable by the U.S. Post Office. This is generally because taxpayers have moved between the times they filed their taxes and the refunds were mailed. Refund checks are not forwarded by the Post Office.

**Q. Why do I have to file separate federal and California returns?**

Federal tax laws differ from California tax laws, which is why you need to file separate tax returns for each government agency. To make it as easy as possible, California's return starts with federal adjusted gross income and then makes adjustments for state differences.

**Q. Do I have to attach a copy of my federal return to my state return?**

If you file a 540 2EZ or 540A, the answer is always no. If you file a 540 and attach schedules other than Schedule A or B to your return, you must attach a complete copy of your federal return to the California Form 540.

**Q. What form do I file if I moved into or out of California?**

You need to complete a nonresident or part-year resident return for the year you moved.

Nonresidents and part-year residents can use the 540NR long or short form. The short form is for those whose income is made up mostly from wages.

Depending on the laws of the state that you moved to or from, you may have to file a return for that state too. If you are reporting the same income to two states, California has agreements with nearly all the states to allow a credit for the tax paid when the same income is taxed by both states.

**Q. When or why does the Franchise Tax Board do audits?**

We select returns for audit to verify the correctness of income, exemptions, credits, and deductions. Most returns are computer selected based on the information reported on the return and information we receive from third parties.

**Q. What do I need to do if the IRS audited me?**

Once your IRS audit is done, you should let us know within six months. You have the option of filing an amended tax return or sending us copies of the federal changes. We eventually receive federal audit information, but notifying us as quickly as possible will save you money in interest and penalties.

For more information, refer to FTB Publication 1008 - *Federal Tax Adjustments and Your Notification Responsibilities to California*, online or call **916.845.4028** for assistance.

**Q. What do I do when I receive mail from FTB?**

Most notices you receive from us are to inform you of changes we made. You do not need to do anything. However, if we are asking for information, be sure to respond.

Information notices include:

- *Notice of Tax Change*
- *Return Information Notice*

We send these notices after we find and correct one or more errors while processing your tax return.

**Q. What is use tax and how do I know if I owe it?**

California residents are required to pay California use tax on purchases made from out-of-state sellers, such as by telephone, over the Internet, by mail, or in person if:

- The seller does not collect California sales or use tax.
- You use, give away, store, or consume the item in California.

Visit the Board of Equalization's website at [boe.ca.gov](http://boe.ca.gov) for more details.

**Q. What can I do if I think the FTB is being unreasonable?**

Contact us. We equip our employees to help you with your problems. If you feel that you are unable to resolve your problem through normal channels, we have a Taxpayers' Rights Advocate. You can contact the advocate's office by:

Mail: **TAXPAYERS' RIGHTS ADVOCATE  
EXECUTIVE LIAISON SECTION  
PO BOX 157  
RANCHO CORDOVA CA 95741-0157**

Phone: **800.883.5910**

Fax: **916.845.6614**

**Q. Any last minute thoughts you want to leave with us today?**

*ReadyReturn*—Your free California tax return may already be done! Check our website to see if we have one waiting for you.

e-file and use direct deposit to get your tax refund fast—generally within seven days. FTB’s *ReadyReturn* and *CalFile* are no-cost, easy-to-use filing options.

If you owe tax, consider using Web Pay, which allows you to authorize a payment from your bank account on a specific date to satisfy a return balance due or extension payment. Pay on or before April 15 to avoid penalties and interest.

After you file, be sure to keep a copy of your tax return and all supporting records. We may request information from you regarding your tax return at any time within the California statute of limitations period, which is generally four years from the due date of the return.

**Tax Trivia: Did you know?**

Californians file more than 16 million tax returns annually and contribute nearly \$55 billion toward the state’s general fund.

Last year 10.5 million Californians received refunds averaging \$800.

The most common tax error concerns estimated tax payments, followed by calculating the number of exemptions incorrectly, and picking up the incorrect amount of tax from the tax tables.

Last year 10.5 million California returns, or about 67 percent of the total, were filed electronically.

FTB was established in 1929 to administer the new Bank and Corporation Franchise Tax Act. The first year California taxpayers had to file a state tax return was 1935.

**Tax Assistance Telephone Numbers**

Automated Toll-Free Phone Service: **800.338.0505**

- Listen to recorded answers to frequently asked tax questions.
- Order state tax forms.
- Find out about your refund status.
- Verify your balance due/payments made.
- Check to see if you qualify for *ReadyReturn*.

Taxpayers can refer to the back of their tax booklet for instructions on using our automated phone service.

General Toll-Free Phone Service: **800.852.5711**

If you prefer to speak to someone, call us on our general toll-free tax assistance line open Monday through Friday from 7 a.m. to 6 p.m.

Federal Tax Questions: **800.829.1040**

Website: [ftb.ca.gov](http://ftb.ca.gov)

- E-file your tax return for free using *ReadyReturn*, *CalFile*, or other online filing service.
- Check your refund status.
- Check your account status for payments made or a balance due.
- Choose a payment option, including WebPay.
- Apply for an installment payment plan.
- Request an email reminder to file or to make estimated tax payments.
- Find answers to frequently asked questions.
- Get tax forms and publications.
- Research legal rulings, reports, statistics, and much more.

**Field Offices**

Los Angeles .....	300 S. Spring St.
Oakland .....	1515 Clay St.
Sacramento .....	3321 Power Inn Rd.
San Diego .....	7575 Metropolitan Dr.
San Francisco .....	121 Spear St.
Santa Ana .....	600 W. Santa Ana Blvd.

Field office hours are Monday through Friday, 8 a.m. to 5 p.m.