

# **2022 Handbook for Authorized e-file Providers**

## **FTB Publication 1345**



STATE OF CALIFORNIA  
**Franchise Tax Board**

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## Change Log

Section	Changes
Throughout publication	Updated tax years

## Section 1 Introduction

### 1.1 Welcome

Thank you for participating in the California e-file Program.

This publication provides you with general information about our California e-file Program, including the rules and procedures for various aspects of the program, and your responsibilities as a participant.

### 1.2 Where Can I Get More Information?

For more detailed e-file information and assistance, go to our website or contact e-Programs Customer Service.

#### Website:

**ftb.ca.gov** and search for **tax professionals**

#### e-Programs Customer Service:

Available Monday through Friday, between 8 a.m. and 5 p.m., PST.

Phone: 916.845.0353

Fax: 916.855.5556

Email: [e-file@ftb.ca.gov](mailto:e-file@ftb.ca.gov)

#### Assistance for persons with disabilities:

For the California relay service please call 711 or 800.735.2929 for persons with hearing or speaking limitations.

Send comments or suggestions regarding the California e-file Program or this publication to:

Mail: e-file Coordinator, MS F-284  
Franchise Tax Board  
PO Box 1468  
Sacramento, CA 95812-1468

Email: [e-file.coordinator@ftb.ca.gov](mailto:e-file.coordinator@ftb.ca.gov)

### 1.3 Subscription Services

Get emails on topics that are important to you. Just enter your email address and manage your subscriptions. In addition to Tax News, we also offer subscriptions for:

- Press releases
- Public service bulletins
- Law and Legislation
- Board meetings
- Regulation hearings and Interested Parties Meetings
- e-Program news
- Estimated tax payment reminders
- Withholding information

For more information, go to **ftb.ca.gov** and search for **subscription services**.

### 1.4 Reminders

#### Requirements for e-file Participation:

- In order to be enrolled in the California e-file Program, you need to be an accepted participant in the IRS e-file program. FTB receives confirmation within 7-10 business days after the IRS accepts you into their program.

- To verify your enrollment with California, once you receive your IRS ETIN/EFIN, contact our e-Programs Customer Service at 916.845.0353.
- If you are an Electronic Return Originator (ERO) or an Online Filing Provider, defined in section 2.2, use your IRS-assigned Electronic Filer Identification Number (EFIN) to e-file with FTB.
- Comply with the guidelines in this publication.

### **Verify Your Clients' Information in MyFTB before You File**

FTB sends taxpayers an FTB 5818, *Notice of Tax Return Change*, because the California withholding and estimated tax payments reported on the tax return do not match our records. You can help your clients avoid receiving these notices by verifying this information is correct prior to e-filing their tax return using MyFTB.

MyFTB is a valuable online tool, which allows taxpayers and their authorized representatives full online account access to view estimated tax payments and available credits that can be claimed on their tax return, as well as California Wage and Withholding information received from the Employment Development Department (EDD). In addition, the total balance due on the account, including tax year summaries (similar to the IRS's tax account transcript), tax returns, notices, and FTB-Issued forms 1099-G and 1099-INT are also available. To become an authorized representative, file an FTB 3520-PIT, *Individual or Fiduciary Power of Attorney Declaration* or an FTB 3534, *Tax Information Authorization*.

To access MyFTB, follow the links within your software or go to **ftb.ca.gov** and select **MyFTB account** at the top right hand corner. If you do not already have a MyFTB account, you will need to complete a one-time registration process and have your client grant you full online account access to their tax information. For more information about online account access levels for tax professionals, go to **ftb.ca.gov** and search for **tax professional online account access**.

**Note:** Access to client tax account information is based on your relationship and online permission level. For more information go to **ftb.ca.gov** and search for **tax professional online account access**.

### **Verifying Banking Information**

To avoid Direct Deposit Requests (DDR) or Electronic Funds Withdrawal (EFW) being returned by a taxpayer's bank, we encourage the use of double entry or other techniques that require the taxpayer to double-check the entered bank account and routing number information. This will help ensure the accuracy of the information that is entered or imported from previous requests, tax return filings, etc.

## Section 2 e-file Program

### 2.1 General Information

Our e-file software verifies the tax return information for completeness and accuracy. Due to these verifications, e-file tax returns have the lowest error rate of all tax returns filed. In addition, taxpayers and tax practitioners receive an acknowledgment (ACK) for each e-filed tax return. If our e-file software accepts the tax return, you receive an ACK stating that we accepted the tax return. If our e-file software rejects the tax return, you receive an ACK identifying the error(s) that must be corrected before retransmitting the tax return for processing.

We accept the following tax forms, via a transmitter or sent directly to us:

- 540, 540NR, 540 2EZ, 541
- 100, 100S, 100W, 100X
- 199, 565, and 568

Tax returns are electronically transmitted to us via the Internet, using our Secure Web Internet File Transfer (SWIFT) system. Check with your software provider or transmitter if you have questions about submitting your tax returns.

We only accept e-file tax returns for the following tax years:

- Individual e-file: 2022, 2021, and 2020
- Business e-file: 2022, 2021, and 2020
- Fiduciary e-file: 2022, 2021, and 2020

### 2.2 Definition of e-file Participants

A participant in California's e-file Program is an "Authorized FTB e-file Provider." An Authorized FTB e-file Provider is defined as a:

- **Electronic Return Originator (ERO):** An ERO originates the electronic submission of a tax return after the taxpayer authorizes the electronic filing of the tax return. To be an ERO, you must be an accepted participant in the IRS's e-file Program.
- **Online Filing Provider:** An Online Filing Provider allows taxpayers to self-prepare tax returns by entering tax return data directly into commercially available software downloaded from an Internet site and prepared off-line, through an online Internet site, or loaded from physical media onto a desktop computer or mobile device.
- **Software Developers:** An Authorized FTB e-file Provider that develops software for the purpose of formatting the electronic portions of tax returns according to FTB Pub. 1346X, *California Individual and Fiduciary e-file Guide for Software* and FTB Pub. 1346B, *Business e-file Guide for Software Developers* and transmitting the electronic portion of tax returns directly to FTB.
- **Transmitters:** An Authorized FTB e-file Provider that transmits the electronic portion of a tax return directly to FTB.

An Authorized FTB e-file Provider may serve its customers in more than one of these roles. For example, an ERO can, at the same time, be a Transmitter, or a Software Developer depending on the function(s) performed.

An Authorized FTB e-file Provider may use any tax return information provided by a taxpayer, whether in and for the current year or for prior years, for the purpose of identifying a suspicious or potentially fraudulent tax return from or related to that taxpayer. For these purposes, tax return information means any and all documents or materials provided by the taxpayer or required by the taxing authority that the Authorized FTB e-file Provider uses in the course of the tax return preparation and submission.

## 2.3 Differences Between the IRS and FTB e-file Programs

We follow the e-file Program requirements found in IRS Publication 1345, and in IRS Revenue Procedure 2007-40, 2007-26, I.R.B. 1488 (or the latest update) and Publication 3112, to the extent that they apply to FTB's e-file Program. The differences between the IRS and FTB e-file programs are:

- Transmit all state tax returns and attachments directly to FTB in Sacramento, California.
- Do not send paper documents to FTB.
- Unlike the IRS, we allow ERO's and most online filers to use a pen-on-paper signature method (Form FTB 8453 series) in addition to electronic signature methods.
- EROs and taxpayers must retain forms FTB 8453, FTB 8453-OL, FTB 8453-C, FTB 8453-P, FTB 8453-LLC, FTB 8453-EO, 8453-FID, FTB 8879, FTB 8879-FID, FTB 8453 (PMT), FTB 8453-BE (PMT), 8453-FID (PMT), FTB 8879 (PMT). Do not mail these forms to FTB.
- Individual taxpayers must retain forms W-2, W-2G, 592-B, 593 and 1099-R, along with a complete copy of the tax return.
- We do not have an "offset" indicator.
- We do not have an electronic signature option for business e-file tax returns.
- e-filing is mandatory for certain preparers of individual income tax returns.

## 2.4 Mandatory e-file (Individual e-file)

e-file of individual tax returns is mandatory for tax returns prepared by certain income tax preparers. California law requires tax preparers who prepare more than 100 individual state income tax returns annually and prepare one or more using tax preparation software to e-file all current year individual income tax returns.

**Note:** The mandatory e-file law does not apply to the filing of fiduciary tax returns.

For the purposes of this law, an "Income Tax Preparer" is defined as *a person who prepares, in exchange for compensation, or who employs another person to prepare, in exchange for compensation, any tax return for the tax imposed.*

This means, even if a person in your employ or one of your offices files less than 100 individual tax returns, if the total of all individual income tax returns prepared by multiple preparers or from multiple offices equals more than 100 and tax preparation software is used for one or more tax returns, all acceptable tax returns prepared are required to be e-filed.

If you reside or have an office outside California and you meet the requirements of the mandate, all California individual tax returns you prepare are required to be e-filed.

**Note:** There is no provision in the law that allows for a preparer waiver from the mandate.

### What types of tax returns must be e-filed?

All current year individual income tax returns are required to be e-filed. Prior year and amended individual tax returns, and fiduciary income tax returns are not required to be e-filed under the mandate. Beginning January 2005, a \$50 per tax return penalty may be assessed for each tax return filed on paper that should have been e-filed.

## What if my client (the taxpayer) does not want their tax return e-filed?

Section 19170 of the Revenue and Taxation Code includes reasonable cause language that states reasonable cause includes, but is not limited to, a taxpayer's election not to e-file. If your client elects not to e-file, you should record that election on the *e-file Opt-Out Record for Individuals* (Form FTB 8454). This form allows you to record your client's election not to e-file and should be retained with your records. **Do not mail this form to FTB.** If this form is not included in your software, go to **ftb.ca.gov** and search for **8454**.

For additional information regarding mandatory e-file: go to **ftb.ca.gov** and search for **e-file for individuals**, contact e-Programs Customer Service at 916.845.0353, or email FTB at [e-file@ftb.ca.gov](mailto:e-file@ftb.ca.gov).

## 2.5 Business e-file Requirement (Business e-file)

Effective January 1, 2015, for taxable years beginning on or after January 1, 2014, California law requires business entities that prepare an original or amended tax return using tax preparation software to electronically file (e-file) their tax return to FTB.

Any business entity required to file a tax return electronically under R&TC Section 18621.10 may annually request a waiver from their e-file requirement.

We may grant a waiver if we determine the business entity is unable to comply with the requirements due to, but not limited to, the following reasons:

- Technology constraints.
- Situations where compliance results in undue financial burden.
- Circumstances that constitute reasonable cause.

We will approve current year waiver requests made during the 2021 calendar year upon submission. Waivers can only be submitted for the current tax year, plus two prior tax years. Subsequent year waiver requests may be subject to review prior to approval.

For more information, go to **ftb.ca.gov** and search for **e-file for business**.



## Section 3 Acceptance into the California e-file Program

### 3.1 Acceptance Process

Software Developers, Transmitters and EROs who transmit directly with FTB must meet all the Participants Acceptance Testing System (PATS) requirements contained in FTB Pub. 1436X, *Test Package for California e-file Program*.

The purpose of the PATS process is to ensure that **prior** to “live” e-file return processing:

- Software Developers and Transmitters send tax returns in the correct format and meet our e-file specifications and have no validation violations (rejections).
- Transmitters can communicate with our e-file system to transmit tax returns as well as retrieve their acknowledgement files.
- Transmitters understand and are familiar with the mechanics of e-filing tax returns to FTB.

**Note:** This acceptance process does not govern VITA (Voluntary Income Tax Assistance), TCE (Tax Counseling for the Elderly), or Not for Profit sites.

Your account manager is available to help with instructions for the PATS process and answer questions.

#### Important Reminders:

- If you are required to complete PATS, you must complete it before accepting or transmitting any “live” e-file tax returns. After you complete PATS, we will notify you of your approval.
- Transmitters must not accept electronic tax returns until FTB approves them for “live” processing.
- Transmitters of Individual, Business and Fiduciary tax returns via SWIFT must be sure to change their setting from “T” (test) to “P” (production) when transmitting “live” tax returns.
- Software Developers must inform their clients that they may use only the accepted version of the developer’s software.
- Software Developers should not distribute their software until FTB notifies them of official acceptance.

### 3.2 EFIN and ETIN Assignments

We use the following identifiers assigned by the IRS for California e-file purposes:

- EFIN (Electronic Filer Identification Number)
- ETIN (Electronic Transmitter Identification Number)

### 3.3 Suitability Check

We may perform a suitability check on all applicants. We may also perform suitability checks on an annual basis for continuing e-file Program participants, with the exception of Software Developers who do not perform Transmitter services and VITA/TCE/Not for Profit sites.

The purpose of the suitability check is to ensure that:

- All business entities are valid and licensed.
- All personal and business tax returns are timely filed.
- All liabilities are paid or current.

If we deny your participation in our e-file Program, we will send a letter explaining the reason for denial. If we deny your participation and you attempt to submit tax returns electronically, we will reject the transmission.

Listed below are some common reasons why we may deny applicants' acceptance into the California e-file Program. The following list is not all-inclusive:

- Failure to pass the IRS's suitability check.
- Failure to file accurate and timely tax returns, both business and personal.
- Failure to pay any State of California personal or business tax liabilities, penalties, or interest.
- Conduct of a disreputable nature that would reflect adversely on the e-file Program.
- Misrepresentation on an enrollment form.
- Unethical practices in tax return preparation.

## Section 4 Responsibilities of Authorized e-file Providers

### 4.1 General Information

The FTB follows the e-file Program requirements found in IRS Pub.1345 and in IRS Revenue Procedure 2007-40, to the extent that they apply to FTB's e-file Program.

You must adhere to the requirements for timely origination and transmission of tax returns as well as retrieve and provide taxpayers with tax return acknowledgements in a timely manner. If you transact with other e-file providers, you must make sure they are Authorized FTB e-file Providers. Contact our e-Programs Customer Service for verification.

Tax returns acknowledged as **“rejected”** are considered **not filed**. You must correct the errors and retransmit the tax return in order to complete the filing of the tax return. For help with rejected tax returns, contact our e-Programs Customer Service or your Transmitter for assistance. Your clients should not contact e-Programs Customer Service directly. If you are unable to resolve the errors and resubmit the tax return, you must take reasonable steps to notify the taxpayer with an explanation of the rejection within 24 hours. The taxpayer can choose to have the electronic portion of the tax return corrected and resubmitted, or can file a paper tax return.

**Note:** For individual e-file tax returns, if the taxpayer chooses to file a paper tax return, we suggest that they sign the *e-file Opt-Out Record for Individuals* (FTB 8454). California law requires individual income tax returns prepared by certain income tax preparers to be e-filed unless the taxpayer elects not to e-file or the tax preparer cannot e-file the tax return due to reasonable cause.

The taxpayer must be allowed to review their completed tax return before signing it. Also, the tax return must be signed before you transmit it to the FTB. Refer to FTB Pub. 1346X, *California Individual and Fiduciary e-file Guide for Software Developers* and FTB Pub. 1346B, *Business e-file Guide for Software Developers* for signature requirements and options.

You should always retain copies of all material furnished to the taxpayer, unless you are legally required to dispose of the copies. Any material exchanged or retained by the taxpayer or preparer can be exchanged electronically, as long as copies of documents or information can be provided upon request.

You must comply with all the latest publications, forms, and notices governing the e-file Program. These include:

- California Revenue and Taxation Code Sections 18621.9 and 19170.
- FTB Pub. 1345, *Handbook for Authorized e-file Providers*
- FTB Pub. 1346B, *California Business e-file Guide for Software Developers*
- FTB Pub. 1346X, *California Individual and Fiduciary e-file Guide for Software Developers*
- FTB Pub. 1436X, *Test Package for California e-file Program*
- Form FTB 8453, *California e-file Return Authorization for Individuals*
- Form FTB 8453-C, *California e-file Return Authorization for Corporations*
- Form 8453-EO, *California e-file Return Authorization for Exempt Organizations*
- Form FTB 8453-LLC, *California e-file Return Authorization for Limited Liability Companies*
- Form FTB 8453-P, *California e-file Return Authorization for Partnerships*
- Form FTB 8453-FID, *California e-file Return Authorization for Fiduciaries*
- Form FTB 8879, *California e-file Signature Authorization for Individuals*
- Form FTB 8879-FID, *California e-file Signature Authorization for Fiduciaries*
- Form FTB 8453 (PMT), *California Payment for Automatic Extension and Estimate Payment Authorization for Individuals*

- Form FTB 8453-BE (PMT), *California Payment Authorization for Business Entities*
- Form FTB 8453-FID (PMT), *California Payment for Automatic Extension and Estimate Payment Authorization for Fiduciaries*
- Form FTB 8879 (PMT), *California Electronic Funds Withdrawal Payment Signature Authorization for Individuals and Fiduciaries*
- Forms posted on **ftb.ca.gov**
- The IRS e-file Program requirements, to the extent they apply to the California e-file Program.

## 4.2 Advertising Standards

Participants in the California e-file Program must comply with the advertising standards specified in IRS Pub. 1345. We will monitor advertising and practices of Authorized FTB e-file Providers for consistency with the IRS requirements.

**Note:** Use of “Franchise Tax Board” or “FTB,” within a firm’s name may result in suspension from the California e-file Program.

## Section 5 Fraud Prevention and Quality Assurance

### 5.1 General Information

The potential for fraud is a concern both at the federal and state level. We are committed to reducing the risk of fraudulent tax return filings. You can help prevent and detect fraud by:

- Verifying the identity of new clients. Review two pieces of identification:
  - One should include a picture with the individual's name and current address, such as:
    - Driver's License
    - State Identification Card
    - Military Identification
    - Alien Registration Card
    - Passport
    - Veteran's Identification Card
  - The second should include the same name and the SSN the individual is using to file the tax return, such as:
    - Social security card
    - Work pay stub
  - Retain a copy of this information in your files for four years from the due date of the tax return or four years from the date the tax return is filed, whichever is later.
- Asking taxpayers for social security cards and other documents to avoid incorrect social security numbers (SSN's) for taxpayers, spouses, and dependents on income tax returns.
- Informing your clients that FTB verifies W-2, Child and Dependent Care Expenses Credit, Earned Income Tax Credit, and Young Child Tax Credit information.
- Verifying supporting information for the nonrefundable Child and Dependent Care Expenses Credit. This includes:
  - Visually inspecting the social security card to verify the child's name and social security number,
  - Obtaining proof of care provided, such as copies of cancelled checks, and
  - Reviewing taxpayer and spouse (if married) earned income to determine if they meet the Child and Dependent Care Expenses Credit requirements.
- Questioning Forms W-2 that appear altered or suspicious.
- Identifying similar W-2 information between clients, such as employers, wages, and withholding.
- Identifying similar tax return information between clients, such as refund amounts, number of dependents, and number of Forms W-2.
- Questioning refunds on different tax returns directed to the same address or post office box.

## 5.2 Monitoring

Our staff conducts site visits to tax practitioners, including Authorized FTB e-file Providers who are participating in our e-file Program to monitor advertising and other practices. If the situation warrants, we will issue a warning letter describing specific corrective action for deviations from advertising standards, or other practices. If the deviation is not corrected, we will issue a letter of suspension and notify the IRS. In extreme cases, we can suspend an Authorized FTB e-file Provider immediately from the program without a warning letter. The suspension will remain in effect until we determine that any deviations have been corrected.

We also:

- Monitor the quality of transmissions and tax returns throughout the filing season. If the quality is unacceptable, we will contact the Authorized FTB e-file Provider and may issue a warning or, in extreme cases, a letter of suspension from California's e-file Program.
- Monitor compliance with the mandatory e-file law.
- Research complaints about e-file Providers and issue warning or suspension letters, as appropriate.

## 5.3 Suspension

We reserve the right to suspend the electronic filing privilege of any Authorized FTB e-file Provider who violates any provision of the requirements, specifications, and procedures stated in the electronic filing procedures or who does not consistently transmit error-free tax returns. The following reasons could lead to a warning letter and/or suspension of an Authorized FTB e-file Provider from the e-file Program. This list is not all-inclusive:

- Conviction of any criminal offense arising from a violation of California tax statutes or revenue laws of the United States, or any offense involving dishonesty, or breach of trust
- Non-compliance with the provisions of California Business and Professions Code §22250-22259 (Tax Preparer Act)<sup>1</sup>
- Failure to file timely and accurate tax returns, both business and personal
- Failure to pay business or personal tax liabilities
- Assessment of penalties under any of California's tax statutes
- Suspension/disbarment from practice before the IRS or local tax agency
- Other facts or conduct of a disreputable nature that would adversely reflect on the e-file Program
- Misrepresentation on an enrollment form
- Unacceptable format quality of individual transmissions
- Unacceptable error rate
- Violation of advertising standards
- Unethical practices in tax return preparation

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<sup>1</sup> This act requires any person who for a fee, assists with or prepares a state or federal tax return excluding CPAs, Attorneys, and Enrolled Agents to register with the California Tax Education Council (CTEC).

- Stockpiling tax returns prior to official acceptance into California’s e-file Program, or at any time while participating in California’s e-file Program
- Failure of Transmitters to provide preparer clients with acknowledgment files within 48 hours of receipt from FTB
- Significant complaints about an Authorized FTB e-file Provider
- Misuse of an Authorized FTB e-file Provider’s EFIN or ETIN
- Practices inconsistent with our recommendations revealed during site visits

## 5.4 Site Visits

Our staff conducts site visits to Authorized e-file Provider offices during the filing season to ensure that you are following the e-file Program requirements. We may ask you to:

- Produce a copy of the original signed forms FTB 8453, FTB 8453-OL, FTB 8453-C, FTB 8453-P, FTB 8453-LLC, FTB 8453-EO, 8453-FID, FTB 8879, FTB 8879-FID, FTB 8453 (PMT), FTB 8453-BE (PMT), 8453-FID (PMT), and FTB 8879 (PMT), for all e-filed tax returns and payments.
- Demonstrate that copies of forms FTB 8453, FTB 8453-OL, FTB 8453-C, FTB 8453-P, FTB 8453-LLC, FTB 8453-EO, 8453-FID, FTB 8879, FTB 8879-FID, FTB 8453 (PMT), FTB 8453-BE (PMT), 8453-FID (PMT), and FTB 8879 (PMT) are being stored in a secure manner.
- Produce any required e-file documentation maintained for the entire filing season.
- Demonstrate that copies of taxpayer tax returns are maintained, if the ERO is also the tax preparer.
- Produce a \$5,000 surety bond and a Letter of Compliance from the California Tax Education Council (CTEC) if you are a registered tax preparer. (To contact CTEC, call toll free 877.850.2832, fax toll free 877.851.2832, or go to [www.ctec.org](http://www.ctec.org)).
- Produce record of clients who opted out of having their tax return e-filed (if you meet the mandatory e-file requirement).

## 5.5 To Contact the Fraud Unit

For questions about fraud prevention or to make comments and suggestions about this section, contact:

Mail: Fraud Unit  
Franchise Tax Board  
PO Box 1468  
Sacramento, CA 95741

Fax: 916.843.6036

## Section 6 Filing an Electronic Tax Return

### 6.1 Filing Due Dates

All due dates that govern when a California individual, business, or fiduciary tax return must be filed, apply to tax returns filed using FTB's e-file Program. For more information about due dates, refer to Section 1 of FTB Pubs. 1346X and 1346B.

### 6.2 Composition of the e-file Tax Return

A tax return filed in the California e-file Program consists of electronically transmitted data and, in some cases, paper documents. Only the forms and schedules listed in Pubs. 1346X and 1346B may be e-filed.

e-file tax returns have the same reporting requirements as paper tax returns. Therefore, all the information, forms, schedules, supporting documentation, federal forms and schedules, and signatures that would be included in a paper tax return filing must be contained either in the electronic tax return data or, when permissible, retained on paper. Refer to Section 7 for more information about the paper portion of an e-file tax return.

### 6.3 Disclosure of Electronic Tax Return Information

An ERO shall not disclose or use any tax return information for a purpose other than preparing, assisting in preparing, and obtaining or providing services in connection with the preparation of tax returns. Disclosure among accepted participants in California's e-file Program for preparing and transmitting the tax return information is permissible.

For example, it is permissible for an ERO to pass on tax return information to a Transmitter for the purpose of having an electronic tax return formatted and transmitted to us. However, the tax return information may not be disclosed or used in any other way.

### 6.4 Signing the Electronic Tax Return or Stand-Alone Payment Request

FTB offers pen-on-paper signature and PIN (e-Signature) methods, depending on the program.

Individual e-file allows both signature methods for all California individual e-file tax return types (Forms 540, 540 2EZ, and 540NR) and stand-alone electronic funds withdrawal (EFW) payment requests through tax preparation software.

Business e-file only accepts the pen-on-paper signature method for all California business e-file tax return types (Form 100, 100S, 100W, 100X, 199, 565 and 568) and stand-alone EFW payment requests (excluding Exempt Organizations) through tax preparation software.

Fiduciary e-file allows both signature methods for all fiduciary e-file tax return types (Form 541) and stand-alone EFW payment requests through tax preparation software.

Electronic versions of handwritten signatures may be created by many different technologies. Examples of currently acceptable electronic handwritten signatures include:

- A handwritten signature input onto an electronic signature pad;
- A handwritten signature, mark or command input on a display screen by means of a stylus device;
- A digitized image of a handwritten signature that is attached to an electronic record

**Reminder:** The taxpayer must be allowed to review their completed tax return or stand-alone EFW payment request before using any of the signature options. Also, the tax return or stand-alone EFW payment request must be signed before you transmit it to the FTB.



FTB offers the following options for signing the e-file tax return or stand-alone EFW payment request:

- Practitioner PIN Method
  - Individuals
  - Fiduciaries
- Self-Select PIN Method
  - Individual
- Pen-on-Paper Method
  - Individuals
  - Business Entities
  - Fiduciaries

### **e-Signature Taxpayer Eligibility Requirements**

- Practitioner PIN – Individuals and Fiduciaries are eligible to sign electronically using the Practitioner PIN method, provided the ERO follows the fraud prevention procedures described in this publication.
- Self-Select PIN – Only taxpayers who filed a California individual income tax return (Form 540, 540 2EZ, or 540NR) on or before November 15<sup>th</sup> are eligible to use the Self-Select PIN method in the current year.

**Note:** If a taxpayer is ineligible to sign electronically using the self-select PIN method, they may still e-file their tax return or stand-alone EFW payment request by signing the form FTB 8453, *California e-file tax Return Authorization for Individuals*, form FTB 8453 (PMT), *California Payment for Automatic Extension and Estimate Payment Authorization for Individuals* or by using the Practitioner PIN method.

### **Practitioner PIN Method**

The FTB 8879, FTB 8879-FID and FTB 8879 (PMT) forms are used when the taxpayer or fiduciary signs using the Practitioner PIN Method. The Practitioner PIN method is an option only available for taxpayers or fiduciaries that use an ERO to e-file their tax return.

Form FTB 8879, FTB 8879-FID, and FTB 8879 (PMT) serves to:

- Authenticate the tax return or stand-alone EFW payment request.
- Authorize the ERO to file the tax return or stand-alone EFW payment request on the taxpayer's or fiduciary's behalf.
- Authorize the ERO to enter the taxpayer's PIN on the tax return or stand-alone EFW payment request on the taxpayer or fiduciary's behalf.
- Authorize the ERO to transmit the tax return or stand-alone EFW payment request electronically to us.
- Provide the taxpayer's written consent to have their refund directly deposited or their tax payment debited from their financial institution.
- Authorize us to inform the taxpayer or fiduciary's ERO or Transmitter that the taxpayer's tax return or stand-alone EFW payment request has been accepted or rejected and when rejected, to identify the reason(s) for rejection.
- Authorize us to inform the taxpayer or fiduciary's ERO or Transmitter of the reason(s) for tax return processing delays or when the refund was sent.
- Remind taxpayers or fiduciaries who are filing balance due tax returns, of their liability for paying taxes, and if applicable, any interest and penalties.

**Note:** The ERO must provide the taxpayer with a copy of the tax return form and accompanying documents or stand-alone EFW payment request showing the electronic data transmitted to us.

EROs must retain forms FTB 8879, FTB 8879-FID, or FTB 8879 (PMT) at their place of business for four years from the due date of the tax return or four years from the date the tax return is filed, whichever is later.

Failure to maintain forms FTB 8879, FTB 8879-FID, or FTB 8879 (PMT) as required, or incomplete or erroneous forms may result in immediate suspension from California's e-file Program.

**DO NOT SEND FORM FTB 8879, FTB 8879-FID, OR FTB 8879 (PMT) TO THE FRANCHISE TAX BOARD OR TO THE IRS.** Please notify your clients not to send forms FTB 8879, FTB 8879-FID, or FTB 8879 (PMT) to the FTB or the IRS.

Do not use IRS Form 8879 or 8879-F for California e-filing purposes. The federal and state forms are **NOT** interchangeable.

### **Self-Select PIN Method**

The Self-Select PIN method is an option only for individual taxpayers who enter their own electronic signature on the e-file tax return or stand-alone EFW payment request.

For California tax returns, the shared secret is the California AGI from the taxpayer's previous year original individual income tax return (do not use values from an amended or modified tax return).

If the California AGI is a negative amount, be sure the taxpayer enters the amount as a negative value. If the value is not within \$1 of our records, we will reject the tax return or stand-alone EFW payment request.

If taxpayers filed a joint tax return in the previous year and file separately or authorize a separate EFW payment for the current year, both will enter the same California AGI from the previous year's tax return. Do not divide the AGI between the taxpayers.

If taxpayers filed separate tax returns in the previous year and file jointly or authorize a joint EFW payment request for the current year, they will each enter the California AGI from their respective tax returns. Do not combine the AGI from the two tax returns.

If your client signs using Self-Select PIN method, you must sign the tax return electronically using the ERO PIN.

### **Pen-on-Paper Signature Option**

The FTB 8453 form series is used when the taxpayer and ERO sign using the pen-on-paper method.

**Note: This is the only signature method available for business e-file tax returns.**

Form FTB 8453 serves to:

- Authenticate the tax return or stand-alone EFW payment request.
- Authorize the ERO to file the tax return or stand-alone EFW payment request on the taxpayer's behalf.
- Authorize the ERO to transmit the tax return or stand-alone EFW payment request electronically to us.
- Provide the taxpayer's written consent to have their refund directly deposited or their tax payment debited from their financial institution (if applicable).
- Authorize us to inform the taxpayer's ERO or Transmitter that the taxpayer's tax return or stand-alone EFW payment request has been accepted or rejected and when rejected, to identify the reason(s) for rejection.
- Authorize us to inform the taxpayer's ERO or Transmitter of the reason(s) for tax return processing delays or when the refund was sent.

- Remind taxpayers who are filing balance due tax returns, of their liability for paying taxes, and if applicable, any interest and penalties.

**Note:** The ERO must provide the taxpayer with a copy of the tax return and accompanying documents or stand-alone EFW payment request showing the electronic data transmitted to us.

EROs must retain forms FTB 8453 at their place of business for four years from the due date of the tax return or four years from the date the tax return is filed, whichever is later.

Failure to maintain forms FTB 8453 as required, or incomplete or erroneous forms may result in immediate suspension from California's e-file Program.

**DO NOT SEND FORM FTB 8453 TO THE FRANCHISE TAX BOARD OR TO THE IRS.** Please notify your clients not to send form FTB 8453 to the FTB or the IRS.

Do not use IRS Form 8453 for California e-filing purposes. The federal and state forms are **NOT** interchangeable.

To obtain copies of the FTB 8453 form series, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **8453**.

### The ERO PIN

You must use the ERO PIN when your client uses either the Self-Select PIN or Practitioner PIN method to electronically sign their individual or fiduciary e-file tax return or stand-alone EFW payment request.

The ERO PIN is made up of two components:

- The ERO's six-digit electronic filer identification number (EFIN).
- Any five numbers (except all zeroes).

### Differences between the IRS & FTB Individual e-Signature Programs

We follow the IRS electronic signature specifications to the extent that they apply to our Individual e-file Program. Key differences include:

- **Shared secret** – We require the original California AGI, rather than the federal AGI.
- **Prior-year nonresidents** – Taxpayers who filed a Form 540NR in the previous year may use any of the electronic signature methods for their current year tax return or stand-alone EFW payment request.
- **Prior-year non-filers** – Taxpayers who did not file a California individual income tax return in the previous year **cannot sign** their current year tax return or stand-alone EFW payment request using the Self-Select PIN method. These taxpayers must use the Practitioner PIN method or sign one of the following forms:
  - FTB 8453, *California e-file Return Authorization for Individuals*
  - FTB 8453-OL, *Online e-file Return Authorization for Individuals*
  - FTB 8453 (PMT), *California Payment for Automatic Extension and Estimate Payment Authorization for Individuals*
- **Extension of time to file** – We offer an automatic six-month extension of time to file California individual income tax returns. No form is required to receive this extension.
- **Tax returns filed after cut-off** – Taxpayers who filed their previous year's California tax return after November 15 cannot sign their current California tax return or stand-alone EFW payment request using the Self-Select PIN method.

### Bulk e-file Authorization

Beginning January 2nd, 2018, one California e-file Authorization forms, Forms 8453-C, 8453-EO, 8453-FID, 8453-LLC, 8453-P, and 8879-FID, can be associated with multiple related tax returns.

If a fiduciary, signing member, signing manager, or signing officer is authorized to sign more than one tax return, a listing may be attached to one of the authorization forms listed above. The listing should

include information requested in the form instructions. The signer must initial on the schedule next to each entity validating the entity's inclusion in the bulk e-file tax return authorization.

## 6.5 Substitute Forms

Authorized FTB e-file Providers must use only the official form or an approved substitute form that duplicates the official form in format, language, content, and size. Make sure the e-file software you use produces our approved substitute forms. Ask your Software Developer for a copy of their FTB approval letter for the form you are interested in.

Software Developers who use substitute tax forms must get written approval from us. Software Developers must submit the forms and schedules that require our approval to:

### **Substitute Forms Program**

Filing Methods Section, M/S F284  
Franchise Tax Board  
PO Box 1468  
Sacramento, CA 95812-1468

Send courier or freight deliveries to:

### **Substitute Forms Program**

Filing Methods Section, M/S F284  
Franchise Tax Board  
9646 Butterfield Way  
Sacramento, CA 95827

For more information, email [substituteforms@ftb.ca.gov](mailto:substituteforms@ftb.ca.gov).

## 6.6 Amended Tax Return e-filing for Individuals

FTB's e-file program is accepting e-file amended tax returns for individuals with Forms 540, 540NR and 540 2EZ, as well as the Schedule X, *California Explanation of Amended Return Changes*. For tax years not supported by e-file, amended individual tax returns continue to be paper filed.

## 6.7 Superseded Tax Return e-filing for Individuals and Fiduciaries

Beginning January 3, 2022, FTB's e-file program will accept tax year 2021 superseded Individual or Fiduciary tax returns.

A superseded tax return is a second tax return filed on or before the original due date of 4/15 (for timely tax returns) or 10/15 (for extensions). A superseded tax return is treated as the originally filed tax return.

Please note if you submit a superseded tax return filed after the due date, it will be treated as an amended tax return.

## 6.8 Secure Web Internet File Transfer (SWIFT)

SWIFT is our secure Internet file transfer system for the confidential receipt of e-file tax return transmissions and the tax return receipts and acknowledgements. SWIFT is the standard communication method for individual, business, and fiduciary e-file transmissions. General information about SWIFT is available on our website, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **swift**.

## Section 7 Record Keeping and Data Retention

### 7.1 The Paper Portion of the Tax return

The paper portion of the tax return may consist of information that cannot be electronically transmitted with the tax return, as well as an Authorization document, such as:

- Form FTB 8453-C, *California e-file Return Authorization for Corporations*
- Form FTB 8453-EO, *California e-file Return Authorization for Exempt Organizations*
- Form FTB 8453-P, *California e-file Return Authorization for Partnerships*
- Form FTB 8453-LLC, *California e-file Return Authorization for Limited Liability Companies*
- Form FTB 8453, *California e-file Return Authorization for Individuals*
- Form FTB 8453-FID, *California e-file Return Authorization for Fiduciaries*
- Form FTB 8879, *California e-file Signature Authorization for Individuals*

Information that cannot be electronically transmitted with the tax return, but may be retained by the ERO and/or taxpayer includes:

- Blindness Certification
- Nonrefundable Renter's Credit Qualification Record
- Qualifying Person's Death Certificate
- Federal Form 1310, *Statement of Person Claiming Refund due a Deceased Taxpayer*

For record keeping purposes, we suggest that you retain a copy of these documents and withholding records (Forms W-2, W-2G, or 1099-R) in the event we ask you to provide copies. Unless requested, do **not** mail these forms to FTB.

You may retain the paper portion of the tax return, including the documents listed above, electronically by scanning the pages into the computer or using another method that captures the pertinent data and signatures.

### 7.2 Special Situations

An ERO no longer doing business must send all e-file tax return and Signature Authorization forms to us or provide access to the forms for a period of four years from the due date of the tax return or four years from the date the tax return was filed, whichever is later. The ERO is responsible for all costs associated with the handling and shipping of these documents to us.

If you are a VITA/TCE/Not for Profit site, give the signed Form FTB 8453, FTB 8453-EO, FTB 8453-C, FTB 8453-LLC, FTB 8453-P, FTB 8453-FID, FTB 8879, or FTB 8879-FID to the taxpayer to retain.

## Section 8 Refund Tax returns and Direct Deposit of Refund

### 8.1 Refund Tax returns

Below are the refund options for taxpayers:

- Individual and Business
  - Paper Check
  - DDR (Direct Deposit Refund)
- Fiduciary
  - Paper Check

Individual and business taxpayers may elect to apply part of their refund to next year's estimated tax and have the remainder refunded by DDR or paper check.

**Note:** Taxpayers may *not* elect to have part of their refund by DDR and part by paper check.

### 8.2 General Information

DDR, available for individual and business tax returns, is the fastest, most convenient way to receive a refund. Refunds are directly deposited into the designated taxpayer's financial institution account. This refund method reduces the risk of lost payments, and allows quicker access to the funds once the tax return has been processed. For information on refund processing timeframes, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **refund**.

For purposes of DDR, a financial institution is any state or national bank, savings and loan association, mutual savings bank, or credit union. The term "state" includes all states of the United States and their political subdivisions, and the District of Columbia.

We do not guarantee a specific date of deposit of a refund into a taxpayer's financial institution account and will not issue written notices to taxpayers to confirm DDRs. You or your client can verify the status of their refund on our website, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **refund**.

If a DDR fails, we will reissue the refund as a paper check and mail it to the taxpayer's address as shown on the tax return.

Neither FTB nor the State Controller's Office (SCO) is responsible for the misapplication of a DDR caused by error, negligence, or malfeasance on the part of the taxpayer, ERO, financial institution, or any of their agents. Always be sure to verify the account number, prior to submitting the DDR request.

Taxpayers must submit a new DDR request each year. Election of DDR is voluntary and applies only to the current year. No prior approval from financial institutions is necessary.

The taxpayer should, however, contact the institution to resolve uncertainties about its DDR capability or "payable through" status.

### 8.3 Eligibility Requirements

The account designated to receive the DDR must be in the taxpayer's name. The account must be a checking, share draft, savings, or other consumer asset account (e.g., an IRA or money market account) held by a financial institution within the United States and established primarily for personal, family, or household purposes. You may not use a credit card account.

Some financial institutions may not accept "payable through" routing numbers for DDR. A check or share draft that is "payable through" another financial institution may cause problems because it shows the routing number of the "payable through" financial institution rather than that of the institution where the account is located.

Remind taxpayers to verify the routing number by contacting the financial institution responsible for their account. Some financial institutions use a different routing number for electronic transactions. Failure to verify the routing number may result in the refund being sent to the wrong financial institution. This may result in a returned DDR, which will delay the refund. We will reissue the refund as a paper check and mail it to the taxpayer's address as shown on the tax return.

**Note:** Some financial institutions do not permit the deposit of a joint refund into an individual account. FTB is not responsible for a financial institution's refusal to accept a DDR for this reason.

It is recommended the taxpayer verify their chosen financial institution's policy and procedures, to avoid a delay in the refund process.

## 8.4 Responsibilities

Electronic Return Originators (EROs) must:

- Ensure that the taxpayer is aware of all general information regarding a DDR request.
- Not charge a separate fee for DDR.
- Accept any DDR requests to any eligible financial institution designated by the taxpayer.
- Ensure that taxpayers electing DDR meet the eligibility requirements.
- Verify that the DDR information on the tax return and the e-file Tax return Authorization forms (FTB 8453 series) is correct and that the information is transmitted with the electronic portion of the tax return.
- Advise taxpayers that once FTB has accepted their electronic tax return for processing they cannot:
  - Rescind the DDR request.

**Exception:** Corporation DDR requests may be cancelled if the DDR has not been issued. To cancel a corporation DDR, contact e-Programs Customer Service at 916.845.0353.
  - Change the routing number of the financial institution.
  - Change the taxpayer's account number.
- Advise the taxpayer how to contact FTB about their DDR request. Individual taxpayers may:
  - Go to **ftb.ca.gov** and search for **refund**.
  - Call our automated toll-free phone service at 800.338.0505.

## 8.5 Verifying the Financial Institution Information

Be sure to verify the financial institution information on the tax return and on the e-file tax return Authorization forms.

## 8.6 Refund Delays and Changes

We may delay or change a refund when:

- Taxpayer owes back taxes.
- Taxpayer owes delinquent child support.
- Taxpayer has certain delinquent federal debts, such as student loans, etc.
- Estimated tax payments reported on the tax return do not match FTB's records. This may occur when a taxpayer and spouse made separate payments and filed a joint tax return or when the tax return was posted before the last estimate tax payment was credited to the taxpayer's account.

- Financial institution information on a DDR request is incorrect or the taxpayer's account is closed.

## **8.7 Refund Splitting**

Only individual taxpayers have the option of splitting their refund made by Direct Deposit Refund (DDR) in up to two accounts. Taxpayers requesting their refund be split must request the total refund amount be electronically deposited between the two accounts. Taxpayers cannot receive part of their refund by DDR and part by paper check.



## Section 9 Balance Due Tax Return and Electronic Payment Options

### 9.1 General Information

Taxpayers who owe additional tax must pay the balance due by the tax return due date to avoid interest and penalties. As an e-file participant you are encouraged to inform taxpayers of their obligation and options for paying the outstanding balance due.

### 9.2 Payment Options

Below are the payment options for taxpayers:

- Individual
  - EFW (Electronic Funds Withdrawal)
  - Web Pay
  - Credit Card
  - Paper Check/Money Order
  - Installment Agreement
- Business
  - EFW (Electronic Funds Withdrawal)
  - Web Pay
  - Credit Card
  - Paper Check/Money Order
  - EFT (Electronic Funds Transfer)
  - Installment Agreement
- Fiduciary
  - EFW (Electronic Funds Withdrawal)
  - Web Pay
  - Paper Check/Money Order
  - Installment Agreement

#### Electronic Funds Withdrawal (EFW)

Taxpayers may elect to have their current year balance due paid by electronic funds withdrawal (EFW). The EFW request and banking information can be transmitted with the e-file tax return or separately.

Taxpayers may request that the EFW take place as soon as their e-file tax return is processed, or schedule it for a future date. Follow your software's instructions for entering the banking information and payment date for an EFW. Advise taxpayers not to use a money market or CD account because their financial institution will not honor their request.

Taxpayers authorize the EFW by signing the corresponding form below.

- Individual
  - Form FTB 8453, Form FTB 8453 (PMT), Form FTB 8879, Form FTB 8879 (PMT), or
  - By using the Self-Select PIN method
- Corporations
  - Form FTB 8453-C or Form FTB 8453-BE (PMT),
- Exempt Organizations
  - Form FTB 8453-EO
- Partnerships
  - Form FTB 8453-P or Form FTB 8453-BE (PMT)
- LLCs
  - Form FTB 8453-LLC or Form FTB 8453-BE (PMT)

- Fiduciaries
  - Form FTB 8453-FID, Form FTB 8453-FID (PMT), Form FTB 8879-FID, or Form FTB 8879 (PMT)

**Note:** For Individual tax returns, payments made after the due date will result in penalties and interest being added to the tax due.

Individuals and corporations required to remit payments electronically may use EFW and be considered in compliance with that requirement.

To cancel the EFW request, taxpayers must call e-Programs Customer Service at 916.845.0353, at least two working days before the requested withdrawal date.

If a taxpayer receives an FTB 5818, *Notice of Tax Return Change*, reducing their balance due, they should contact FTB to cancel their EFW request to avoid an overpayment. FTB cannot reduce the amount of the original EFW request to the reduced balance due. Similarly, if the taxpayer receives a Return Information Notice (RIN) advising an increase in their balance due, they should either remit the difference or cancel the EFW request.

### Web Pay

Taxpayers can use Web Pay to make their tax return payment, bill payments, and extension or estimated tax payments online. Taxpayers enter their account information, payment type, amount, and the date they want the payment made. We'll deduct the specified amount on the date they indicate. FTB offers two ways to use this service:

- Taxpayers can complete a one-time registration process to log in to MyFTB, and access Web Pay to schedule payments, view and cancel scheduled payments, and save their information for future payment requests, or
- Taxpayers can log in to Web Pay.
  - Individuals – Use their social security number and last name.
  - Business Entities and Fiduciaries – Use their entity type and entity ID.

Individuals, businesses and fiduciaries that use Web Pay while not logged into MyFTB, cannot view or cancel these payments online, nor can they save their information for future payments.

For more information, go to **ftb.ca.gov** and search for **pay**.

### Credit Card



Individual and business entity taxpayers may use Discover, American Express, MasterCard, or Visa to pay income tax (balance due, extension payment, estimated taxes, or amounts owed for prior years). FTB has partnered with ACI Payments, Inc. (formerly Official Payments) to offer this service. Payments can be made online, or through their automated Pay By Phone.

Pay Online: Go to the ACI Payments, Inc. (formerly Official Payments) Website at [officialpayments.com](http://officialpayments.com).

Select Payment Center, and enter jurisdiction code 1555

Pay by Phone: From a touch-tone telephone, call toll free 800.2PAY.TAX or 800.272.9829.

Use jurisdiction code 1555 and follow the recorded instructions.

ACI Payments, Inc. (formerly Official Payments) charges a convenience fee based on the amount of your payment and will tell you your fee amount before you complete your credit card transaction.

The convenience fee is 2.3% of the tax amount charged (rounded to the nearest cent) with a minimum fee of \$1.

Example of fee:

- Tax Payment = \$753.56
- Convenience Fee = \$753.56 x 2.3% = \$17.33 (\$17.331 rounded)

If the taxpayer chooses to pay by credit card, you must still furnish the taxpayer with the following applicable completed e-file payment voucher:

- FTB 3582, *Payment Voucher for Individual e-filed Returns*
- FTB 3582X, *Payment Voucher for Individual e-filed Amended Returns*
- FTB 3586, *Payment Voucher for Corporations and Exempt Organizations e-filed Returns*
- FTB 3587, *Payment Voucher for LP, LLP, and REMIC e-filed Returns*
- FTB 3588, *Payment Voucher for LLC e-filed Returns*
- FTB 3843, *Payment Voucher for Fiduciary e-filed Returns*

Prepare the above forms the same as you would if the taxpayer were paying by paper check.

**Note:** Instruct the taxpayer not to mail the above forms to FTB if they choose to pay by credit card.

### **Paper Check/Money Order**

If a taxpayer pays by paper check or money order, you must furnish them with the following applicable completed e-file payment voucher:

- FTB 3582, *Payment Voucher for Individual e-filed Returns*
- FTB 3582X, *Payment Voucher for Individual e-filed Amended Returns*
- FTB 3586, *Payment Voucher for Corporations and Exempt Organizations e-filed Returns*
- FTB 3587, *Payment Voucher for LP, LLP, and REMIC e-filed Returns*
- FTB 3588, *Payment Voucher for LLC e-filed Returns*
- FTB 3843, *Payment Voucher for Fiduciary e-filed Returns*

Provide the appropriate form to the taxpayer after the tax return has been verified, but before it is transmitted. The identifying number (SSN, FEIN, Corporation Number, or SOS Number), name, and address information on the voucher must be the same information that was electronically transmitted and match the information printed on the paper copy of the tax return. Erroneous information may cause the payment to be misapplied.

### **Electronic Funds Transfer (EFT)**

If a corporation is in mandatory EFT status and enrolled in FTB's EFT Program, they may elect to pay their current year balance due through that system. For more information on FTB's Electronic Funds Transfer Program, go to **ftb.ca.gov** and search for **eft**.

### **Installment Agreement Request**

If taxpayers are unable to pay their taxes by the due date (or if they have a delinquent liability for a previous year), they may electronically apply for an installment agreement and check the status of their request online using the Electronic Installment Agreement application. For more information go to **ftb.ca.gov** and search for **installment**.

FTB will notify the taxpayer whether or not they are approved to make monthly installments. **Approval to make installment payments is not automatic.** Taxpayers should pay as much as they can by the due date.

## **9.3 Stand-Alone EFW Electronic Payment Process**

Individuals, business entities, and tax practitioners have the ability to submit an Electronic Fund Withdrawal (EFW) request for various payment types using tax preparation software. These payment requests will be accepted as "stand-alone," and can be submitted separately from the e-file tax return. The tax return can be filed at a later date.

As a reminder, the following payment types are available through our stand-alone payment process:

- Individuals and Fiduciary (Estate/Trust)

- Estimate Payments
- Extension Payment
- Business Entities (Corporations/Limited Liability Companies/Partnerships)
  - Extension Payments
  - Corporation Quarterly Estimate Payments
  - LLC Annual Tax Payment
  - LLC Estimated Fee
  - PTE Elective Payments

Contact your software provider to see if they are supporting “Stand-Alone” EFW payments.

Business entities and tax practitioners will still have the ability to submit EFW requests for tax return and estimate payments with the e-filed tax return using tax preparation software.

## 9.4 Mandatory e-pay for Individuals

Individuals are required to remit all payments electronically once they make an estimate or extension payment exceeding \$20,000 or file an original tax return with a total tax liability over \$80,000 for any taxable year that begins on or after January 1, 2009.

Once they meet this threshold, all subsequent payments regardless of amount, tax type, or taxable year must be remitted electronically. The first payment that would trigger the mandatory e-pay requirement does not have to be made electronically. Individuals that do not send the payment electronically will be subject to a one percent noncompliance penalty.

Electronic payments can be made using Web Pay on Franchise Tax Board’s (FTB’s) website, electronic funds withdrawal (EFW) as part of the e-file tax return, or your credit card. For more information or to obtain the waiver form, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **mandatory e-pay**.

**Note: Fiduciaries do not fall under this mandatory provision at this time.**

## Section 10 International Transactions

### 10.1 International ACH Transactions (IAT)

To comply with the NACHA regulations regarding International ACH Transactions (IAT), FTB will not accept requests for direct deposit of refund (DDR) or electronic funds withdrawal (EFW) in association with financial institutions outside of the territorial jurisdiction of the United States. (The territorial jurisdiction of the United States includes all 50 states, U.S. territories, U.S. military bases and U.S. embassies in foreign countries.)

If a taxpayer requests a DDR or an EFW (for their balance due or for future estimated tax payments), the applicable following question should be presented to the taxpayer to determine if a financial transaction qualifies as an IAT:

- **DDR: Will the funds be received by a financial institution outside of the territorial jurisdiction of the U.S.?**
- **EFW: Will the funds originate from a financial institution outside of the territorial jurisdiction of the U.S.?**

An answer of yes will indicate an IAT transaction and therefore a DDR or EFW option should not be allowed by the software.

For taxpayers due a refund, the taxpayer will be issued a paper check in lieu of the DDR. For taxpayers who are requesting an EFW, please direct them to one of our other payment options, which are listed in the instructions of our forms FTB 8453 series. You can also go to **ftb.ca.gov** and search for **installment**.

**Note:** Fiduciaries do not have the option to receive DDRs.