

Frequently Asked Questions About Your Tax Audit

During your Franchise Tax Board (FTB) tax audit to verify the correct amount of tax you owe, we treat you with fairness and integrity according to our mission, values, and principles of tax administration. For more information, go to ftb.ca.gov and search for **principles of tax administration**.

What happens during a tax audit?

We ask you to provide reasonable and relevant information to verify selected items on your tax return.

May I obtain representation during my tax audit?

Yes. You have the right for someone to represent or accompany you during your tax audit. To designate a representative, your auditor requires a completed FTB 3520, *Power of Attorney*. We require a separate FTB 3520 for each individual, even if you file jointly. Go to ftb.ca.gov and search for **poa**.

Who can answer my tax audit questions?

Your auditor is prepared to assist you with specific questions about your tax audit. Your auditor's manager may also provide additional support. Refer to your enclosed letter for the appropriate phone numbers.

What if I do not have the information FTB requests?

We work with you to obtain alternative information. If your search for information proves unsuccessful, we require you to explain the search method. If you withhold the information due to a claim of privilege, provide us with a list of the documents you withheld, including:

- The nature of the privilege you claim.
- The names, titles, and roles of all individuals who prepared or received the documents involved.

What if I cannot obtain the requested information by the required date?

Contact your auditor immediately and request a reasonable time extension.

May I correspond with FTB electronically?

Yes. You or your authorized representative may contact your auditor to request the use of secure email during your tax audit. Secure email protects your privacy and security by enabling a secure transmission of confidential documents and state tax information. Go to ftb.ca.gov and search for **secure email**.

What happens at the end of my tax audit?

We will provide our findings in writing and issue to you one or more of the following:

- A letter stating we accept your tax return or your claim for a tax refund as you filed it.
- A letter stating we deny or partially deny your claim for a tax refund.
- A *Notice of Proposed Assessment*, which indicates the additional tax we believe you owe us.
- A *Notice of Overassessment*, which indicates a refund we owe you.

- A *Notice of Proposed Adjusted Carryover Amount*, which indicates we changed a carryover item, but you owe no additional tax.

If I owe additional tax, will I also owe interest?

Yes. Interest accrues on unpaid taxes from the original due date of the tax return until the date we receive payment. If you filed a tax return for the year of the tax audit, you may prevent additional interest accrual by prepaying your additional tax. We consider this payment a tax deposit. Interest continues to accrue on any unpaid tax balance.

Does FTB require me to pay additional tax electronically?

We require electronic payments from certain individuals and business entities. For more information, go to ftb.ca.gov and search for **mandatory e-pay**.

If I owe additional tax, may I request an installment agreement?

If you cannot pay your taxes in full, you may apply to pay monthly installment payments instead of immediately paying the amount in full.

We accept monthly installment agreement applications online, by phone, or by mail.

Web: Go to ftb.ca.gov and search for **installment agreement**.

Phone: 800.689.4776, 8 a.m. to 5 p.m. weekdays, except state holidays.

Mail: Complete and mail FTB 3567, *Installment Agreement Request*, to:
FRANCHISE TAX BOARD
PO BOX 2952
SACRAMENTO CA 95812-2952

What if I do not agree with the results of my tax audit?

If we issue a *Notice of Proposed Assessment* and you do not agree with our proposed action, you have the right to protest. Follow the specific protest procedures we outline in your notice and file your written protest by the **Protest by** date on the first page of your notice.

If we do not grant your claim for refund, you have the right to appeal our action. Follow specific appeal procedures we provide with your denial letter. File your written appeal with the California State Board of Equalization within 90 days of the notice date of your denial letter.

FTB 4058, *California Taxpayers' Bill of Rights*, explains your rights as a taxpayer, including your protest and appeal rights.

Forms, Publications, and Schedules

Form	Go to ftb.ca.gov and search for:	Call us at 800.338.0505 and enter phone order code:
FTB 1131	Privacy Notice	948
FTB 3520	Power of Attorney (POA)	972
FTB 4058	California Taxpayers' Bill of Rights	943
FTB 3567	Installment Agreement Request	949
FTB Tax Forms and Schedules	Forms and Publications	Respond to the prompts to identify and order the form you require.

Internet and Telephone Assistance

Website: ftb.ca.gov
 Telephone: 800.852.5711 from within the United States
 916.845.6500 from outside the United States
 TTY/TDD: 800.822.6268 for persons with hearing or speech impairments