

## Frequently Asked Questions

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The Franchise Tax Board (FTB) conducts a residency audit to determine whether a taxpayer is:

- A resident of California – Taxed on income from all sources, including income from sources outside of California.
- A nonresident of California – Taxed only on income from California sources.
- A part-year resident – Taxed on all income received while a resident and only on income from California sources while a nonresident.

Our purpose is to verify the correct amount of tax in a fair and impartial manner. We do this in accordance with our *Mission, Values, and Statement of Principles of Tax Administration* (FTB 7899A).

### Who is a California resident?

A resident is any individual who is:

- In California for other than a temporary or transitory purpose.
- Domiciled in California, but outside California for a temporary or transitory purpose.

A resident who is outside California for a temporary or transitory purpose remains a resident. For more information about residency, get our publication, *Guidelines for Determining Resident Status* (FTB Pub. 1031), at [www.ftb.ca.gov](http://www.ftb.ca.gov).

### How does a residency audit differ from other audits?

While most of our audits focus on specific items of deductions, income, or credits, a residency audit focuses on the claimed state of residence. The audit may also focus on the source of specific items of income, deductions, or credits.

### What should I expect?

The auditor will request relevant and reasonable information and documentation regarding your residency status such as personal records, business activity information, and financial records. The auditor recognizes the potentially sensitive nature of this information and will handle all information received in a professional, courteous, and confidential manner.

### How long will the audit take?

Our goal is to complete the audit, from start to finish, within eighteen months. Residency issues can be complex and your cooperation is important throughout the entire process.

### What if I already filed a return with another state?

If you filed with another state, notify the auditor as early as possible. Providing a copy of the other state tax return will assist us in planning an audit that minimizes both the time and the level of documentation required to resolve the audit.

### What kind of documentation will I be expected to provide?

Documentation requested in a residency audit may include the following:

- Real property
  - Purchase/sale/lease information
  - Escrow documents
  - Insurance records
- Personal property
  - Vehicle/vessel registration
- Business activity information
  - Travel logs or personal calendars
  - Employment contracts
- Financial records
  - Cancelled checks/statements
  - Credit card receipts/statements
- Personal records and/or information
  - Voter registration
  - Service providers

### What if I do not have the requested information?

If you do not have the information we request, we will work with you to obtain relevant and reasonable alternative information.

If you cannot obtain the requested information by the date we specify, please contact us. We may grant you a reasonable extension of time.

### Will other issues be examined?

Your entire return is subject to examination. Other issues may be addressed during the course of the audit.

### Can I obtain representation during my audit?

Yes. You have the right to have someone represent you or accompany you. You can designate a representative by completing a *Power of Attorney* (FTB 3520). FTB's *California Taxpayers' Bill of Rights* (FTB 4058) fully explains your rights.

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**Who can I talk to if I have questions about my audit?**

Your auditor can answer your questions about the audit. If your auditor is unable to assist you, the audit supervisor or program manager is also available. Refer to the enclosed letter for appropriate telephone numbers.

**Can I correspond with FTB via the Internet?**

No. However, you or your authorized representative can contact your auditor to initiate the registration process to create a Secure Electronic Communication mailbox for your audit. Franchise Tax Board's Secure Electronic Communications system provides for the exchange of confidential documents without compromising your privacy or security.

**What happens at the end of my audit?**

At the end of your audit, we will provide our findings in writing. You may request a meeting with the auditor or supervisor to discuss the auditor's position.

**When the audit is complete, we will also issue one or more of the following:**

- A letter stating we accepted the return or the claim for refund as you filed it.
- A letter stating we denied or partially denied your claim for refund.
- A *Notice of Proposed Assessment* (FTB 5830) indicating the additional tax we believe you owe us.
- A *Notice of Over Assessment* (FTB 5847) indicating the refund we owe you.
- A *Notice of Proposed Adjusted Carryover Amount* (FTB 1542 PC) indicating we changed a carryover item but you owe no additional tax.

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

If we issue a *Notice of Proposed Assessment* and you do not agree, you have the right to protest our action. You must file your written protest by the date shown on the front of our notice. We provide specific protest procedures with the notice.

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

For more information regarding your protest and appeal rights, see FTB's *California Taxpayers' Bill of Rights* (FTB 4058).

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

Yes. Interest accrues on unpaid taxes from the original due date of the return until the date we receive payment. We may suspend or waive interest in limited circumstances.

**If I owe additional tax, can I make payments?**

If you have a financial hardship and cannot pay your tax in full, you may be eligible to make monthly installment payments. To request monthly installment payments, complete an *Installment Agreement Request* (FTB 3567BK).

**Where can I get additional information?**

For general tax assistance, forms, and publications call (800) 852-5711, or visit our Website at **[www.ftb.ca.gov](http://www.ftb.ca.gov)**.

For Privacy Notice, see FTB 1131.

**How can I request tax forms?**

To request forms you can:

- Visit our Website at **[www.ftb.ca.gov](http://www.ftb.ca.gov)**.
- Call us at (800) 338-0505.
- Write to:  
TAX FORMS REQUEST UNIT  
FRANCHISE TAX BOARD  
PO BOX 307  
RANCHO CORDOVA CA 95741-0307

**Assistance for persons with disabilities:**

We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments, please call TTY/DDD (800) 822-6268. For all other assistance, please contact the auditor listed on the enclosed letter.