

CA

An Overview »

California Taxpayers' Bill of Rights

Inside

01

Taxpayers' Bill of Rights legislation enacted 1988

02

Taxpayers' Bill of Rights legislation enacted 1997

03

California Taxpayers' Bill of Rights Act of 1999

State Flower »
Golden Poppy
(Eschscholzia)



State of California
Franchise Tax Board

Mission of the Franchise Tax Board

We provide services and information to help taxpayers file accurate and timely tax returns, and pay the proper amount owed. To accomplish this mission, we develop knowledgeable and engaged employees, administer and enforce the law with fairness and integrity, and responsibly manage the resources allocated to us.

Statement of Tax Administration Principles

The primary function of the Franchise Tax Board is to administer the Revenue and Taxation Code. Tax policy for raising revenue is determined by elected officials.

With this in mind, it is the duty of the Franchise Tax Board to carry out that policy by correctly applying the laws enacted by the Legislature, to determine the reasonable meaning of various Code provisions in light of the legislative purpose in enacting them; and to perform this work in a fair and impartial manner, with neither a government nor a taxpayer point of view.

At the heart of administration is interpretation of the Code. It is the responsibility of each person in the Franchise Tax Board, charged with the duty of interpreting the law, to try to find the true meaning of the statutory provision and not to adopt a strained construction in the belief that he or she is “protecting the revenue.” The revenue is properly protected only when the true meaning of the statute is ascertained and applied.

The Franchise Tax Board also has the responsibility of applying and administering the law in a reasonable, practical manner. Issues should only be raised when they have merit, never arbitrarily or for trading purposes. At the same time, employees should never hesitate to raise a meritorious issue. It is also important that care be exercised not to raise an issue or to ask a court to adopt a position inconsistent with an established Franchise Tax Board position.

Administration should be both reasonable and vigorous. It should be conducted with as little delay as possible and with great courtesy and considerateness. It should never try to overreach, and should be reasonable within the bounds of law and sound administration. It should however, be vigorous in requiring compliance with law and it should be relentless in its attack on unreal tax devices and fraud.

Introduction

The California Taxpayers’ Bill of Rights became law in 1988. This law codified many existing Franchise Tax Board (FTB) procedures, established a Taxpayers’ Rights Advocate, and clarified your rights as a California taxpayer and our obligations to you.

On July 30, 1996, the federal Taxpayer Bill of Rights 2 was passed, and a few months later, California’s Taxpayers’ Rights: Conformity Legislation followed. California law contains numerous provisions that increase protection of taxpayers’ rights, including the Taxpayers’ Bill of Rights Act of 1999.

This guide provides a general overview of the provisions contained in all of the Taxpayers’ Bill of Rights legislation to date. Each topic references a particular section of the Revenue and Taxation Code (R&TC).

We hope the information in this guide will give you a better understanding of California’s Taxpayers’ Bill of Rights legislation.

Contents

The Taxpayers' Rights Advocate	3	Notices to Taxpayers	9
Taxpayer Education	3	Notice to Include Deadlines	9
Public Education Program	3	Suspension of Interest/Fail to Notify	9
Annual Report to the Legislature	4	Notice of Interest Charges	9
Annual Hearing Conducted by the Franchise Tax Board	4	Procedures for Imposing Penalties	9
Explanation of Taxpayers' Rights	4	Explanation of Refund Disallowance	9
Evaluating FTB Employees	5	Notice of Contact of Third Parties	9
Prohibition of Employee Evaluation Based Upon Revenue Generated	5	Notice of Unpaid Tax	9
Evaluation of Employees Based Upon Public Contact	5	Notification to Corporations Prior to Suspension	10
Joint Returns	5	Unassociated Payments	10
Amended Joint Tax Return Filed After Separate Tax Return	5	Annual Notice to Taxpayers	10
Information Returns	5	Amended Return Claims for Refund, Protests, and Appeals	10
Phone Number on Information Returns	5	Plan to Reduce Time Required for Amended Return Claims for Refund, Protests, and Appeals	10
Reasonable Examination of Information Returns	5	Protest Hearings	10
Collection Procedures	5	Written Advice	10
Waiver of Early Withdrawal Penalties	5	Miscellaneous Provisions	11
Employee Relief/Unremitted Withholdings	6	Innocent Joint Filer Relief	11
Installment Agreements	6	Identifying Numbers Required on Documents	11
Approval of Jeopardy Assessments	6	Taxpayer Motion to Quash	11
Action for Release of Third-Party Liens	6	Extension of Statute of Limitations	11
Procedures for Seizure of Property	6	Application of Regulations	11
Procedures for Seizure of Residences or Businesses	6	Financial Status Audits	12
Offers in Compromise	6	Software Trade Secrets	12
Release of Seized Property/Wages	7	Whistleblower Disclosure	12
Exemptions From Levy	7	Prohibition of Nontax Investigations	12
Release of Erroneous Liens	7	Waiver of Specific Penalties	12
Disclosure of Collection Information	7	Private Delivery Services	12
Interest	7	Privileged Taxpayer Communications	12
Extension of Interest Free Period	7		
Abatement of Interest	7		
Abatement of Interest/Disaster Areas	8		
Reimbursements and Awards	8		
Recovery of Litigation Costs	8		
Reimbursement of Fees/Expenses Related to State Board of Equalization Appeals	8		
Erroneous Levy, Erroneous Processing Action, or Erroneous Collection Action	8		
Court Action Against the State	8		
Intentional Enticement	9		

The Taxpayers' Rights Advocate

R&TC Section 21004

The Taxpayers' Rights Advocate reports directly to the Executive Officer. The Advocate or designee coordinates the resolution of taxpayer complaints and problems. If you have been unable to resolve your problems with us through normal channels, or if you will suffer an irreparable loss, you may write to the Advocate. The Advocate or designee will review your case and, if appropriate, postpone enforcement action while the case is under review.

In addition, the Advocate has been given authority to abate penalties, fees, additions to tax, or interest under certain circumstances which are attributable to an FTB error or delay. This authority is in effect until January 1, 2016. If you wish to apply for advocate relief or need assistance with your tax problem, you may contact us by:

Mail: EXECUTIVE AND ADVOCATE SERVICES MS A381
FRANCHISE TAX BOARD
PO BOX 157
RANCHO CORDOVA CA 95741-0157

Telephone: 800.883.5910

Fax: 916.843.6022

Website: ftb.ca.gov

To report a systemic issue to the Advocate, go to ftb.ca.gov and search for **systemic**. A systemic issue affects multiple taxpayers, relates to FTB systems, policies, procedures, or involves taxpayer rights protection, or taxpayer burden reduction and prevention.

Taxpayer Education

Public Education Program

R&TC Section 21005

We must develop and implement programs intended to alleviate the most common taxpayer errors and assist you to avoid them.

We enhanced our ongoing public education program in response to the Taxpayers' Bill of Rights. You can avoid the most common errors through information contained in the tax booklets, statewide press releases, and educational programs such as Speakers' Bureau, Volunteer Income Tax Assistance, and small business conferences.

We also produce Tax News, a monthly newsletter that gives taxpayers and tax practitioners information about return errors, new laws, state income tax policies and procedures, and other information of interest. The newsletter is available free on the Internet. To subscribe, go to ftb.ca.gov and search for **Tax News**. In addition, subscribers receive Tax News Flashes, Alerts, and Tax News Live Videos, which provide timely issues and educational information.

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

Live Chat: ftb.ca.gov

Tax practitioners may call our Tax Practitioner Hotline at 916.845.7057. This unit works with tax practitioners to resolve state income tax problems and answer tax law questions.

In addition, taxpayers and tax practitioners may go to ftb.ca.gov to access or download press releases, frequently asked questions, tax forms and publications, or use keywords to search for specific information.

Annual Report to the Legislature

R&TC Section 21006(a)

By December 1 of each year, we must submit an annual report to the Legislature that identifies recurrent taxpayer noncompliance issues. Current and past reports are available on our website.

For purposes of the report, we conduct studies with samples of both corporation and personal income tax notices of proposed assessments. These proposed assessments are the results of FTB audits. We also compile information on taxpayers' filing errors that were detected during tax return processing. We examine this data to identify and address some of the most common taxpayer errors.

Additionally, the report identifies and makes recommendations in areas where FTB can improve its operations and the services we provide to taxpayers, including systemic issues that impact the department.

Annual Hearing Conducted by the Franchise Tax Board

R&TC Section 21006(b)(2)

The Bill of Rights ensures we conduct an annual hearing where individual taxpayers and industry representatives may present proposals to clarify the California Revenue and Taxation Code. Public proposals generally fall into two categories: (1) changes to the tax code and (2) changes to administrative procedures.

We analyze proposed changes to the tax code and present our findings to the three-member Franchise Tax Board at a subsequent meeting. The board members decide whether to support the proposals as potential legislative changes.

We also analyze administrative proposals. Once we complete our analysis, we typically contact the presenters regarding the feasibility of proposal implementation.

Explanation of Taxpayers' Rights

R&TC Section 21007

The Bill of Rights instructs us to inform you, in simple, nontechnical language, of procedures and your remedies and rights during audit, appeal, and collection proceedings. We must also include information regarding taxpayers' rights in tax booklets.

You may receive information about your rights as a taxpayer, how to file a protest/appeal, and how to contact the Taxpayers' Rights Advocate at various stages of the audit and/or collection process. These stages include the initial notice of audit, the notice of proposed additional tax, and all collection notices.

We present this information in our brochure FTB 4058, *California Taxpayers' Bill of Rights Information for Taxpayers*. Available online at **ftb.ca.gov** or you may write to the address below to request a copy:

TAX FORMS REQUEST UNIT
FRANCHISE TAX BOARD
PO BOX 307
RANCHO CORDOVA CA 95741-0307

Evaluating FTB Employees

Prohibition of Employee Evaluation Based Upon Revenue Generated

R&TC Section 21008

Your Bill of Rights guarantees we do not evaluate employees on the revenue they produce through additional tax assessments or collections. We must submit an annual letter to the Legislature to certify we do not evaluate employees on revenue generated performance.

To reinforce this section, we issued a policy statement to audit and collection employees. In addition, we excluded from department reports all references to an individual's assessed or collected amounts.

Evaluation of Employees Based Upon Public Contact

R&TC Section 21009

We must develop and implement a program to evaluate an employee's performance based on taxpayer contact. In response to this provision, our mission and values emphasize customer service, quality, and communication.

We stress the importance of these mission and values with our employees. We created an employee evaluation form that reflects our mission and values. We evaluate FTB competitive exam candidates on their knowledge of and commitment to these values.

Joint Tax Returns

Amended Joint Tax Return Filed After Separate Tax Return

R&TC Section 18522

You may discover after you file your separate tax return that it would be to your advantage to file jointly with your spouse/registered domestic partner (RDP). Under certain conditions, if you have filed an amended joint federal tax return for the same tax year you may file an amended joint state tax return even though you have not paid the full tax liability reflected on the separate return.

Information Returns

Phone Number on Information Returns

R&TC Sections 18639-18646

We receive information from third parties including, payers of wages, interest, or dividends. We use this information to verify income and wage information you report on your income tax return. Third parties must now include their name, address, and telephone number when submitting information about you. As a result, you have direct access to these individuals to resolve any questions about the submitted data.

Reasonable Examination of Information Returns

R&TC Section 21024

If you file an appeal because you disagree with information provided to us by a third party or wage information provided to us by the Employment Development Department, and you have fully cooperated with us in a reasonable attempt to resolve the discrepancy, then we must prove that the tax we assessed is correct.

Collection Procedures

Waiver of Early Withdrawal Penalties

R&TC Section 17085.7

If you become subject to an early withdrawal penalty because we took money from your retirement plan (including individual retirement accounts) to collect on your delinquent taxes, then we will not assess an early withdrawal penalty for California purposes.

Employee Relief/Unremitted Withholdings

R&TC Section 18673

We may order your employer or any person to withhold and send us a portion of your earnings to pay your delinquent taxes. If your employer withholds the amount we order but does not send it to us, your employer may be liable for the ordered amount, plus interest.

Installment Agreements

R&TC Section 19008

If you cannot pay your tax liability in full, you may be eligible to make installment payments. In some cases you may set up your installment agreement online or by telephone. When you enter into an installment agreement, you agree to timely file all required tax returns and timely pay all subsequent taxes.

If you break an existing agreement, or if we do not mutually agree to a change in the existing agreement, we will send you a notice of intent to terminate the agreement 30 days before we terminate it. Contact us immediately to attempt to resolve the matter with the appropriate business area.

You may request an independent review if we reject your offer of an installment agreement or after we terminate your existing installment agreement. If you request a review within 30 days of the rejection or termination, we will suspend collection action against you during the period that the review is pending.

Approval of Jeopardy Assessments

R&TC Section 19084

If we issue a tax assessment because we believe collection of the tax is in jeopardy, our Chief Counsel or the Chief Counsel's delegate must approve the assessment.

Action for Release of Third-Party Liens

R&TC Section 19226

If we attach your property through a lien because of someone else's tax debt, you may obtain a release of that lien by posting a cash deposit or bond equal to the value of the interest we have in the property. We will review the property value determination. Based on the results, we may apply the amount deposited to satisfy the liability secured by the lien and may refund any excess amount.

Procedures for Seizure of Property

R&TC Section 19236

Before we can seize and sell your property to collect on your delinquent taxes, we must do all the following:

- Verify your liability.
- Consider alternative collection methods.
- Complete a cost analysis of the sale process.
- Determine whether the net proceeds from selling your property will reduce your tax debt.

Procedures for Seizure of Residences or Businesses

R&TC Section 19236

We generally cannot sell your residential property if you owe \$5,000 or less in delinquent taxes. We cannot sell your personal residence without a court order. In addition, we cannot sell your business property without approval from our Assistant Executive Officer or Assistant Executive Officer's delegate.

Offers in Compromise

R&TC Section 19443

If you cannot pay your tax liability in full and have exhausted all payment options, then you may submit your best offer to pay us. If you meet certain requirements and we agree to the amount you offer, then we may reduce your liability to that amount.

Release of Seized Property/Wages

R&TC Section 21016

If we issue a levy in error, then we must correct it. We are in error if we issue the levy prematurely and do not follow our administrative procedures. We are also in error if you have an installment agreement in good standing with us to satisfy the tax liability for which we are issuing the levy, unless the levy is allowed by agreement.

Under these circumstances, we will return your property if we acquired it.

If we ordered your employer to withhold your earnings to pay delinquent taxes and we then find that your liability is not collectible, we must notify your employer to stop withholding your earnings.

Exemptions From Levy

R&TC Section 21017

We must adjust your exemptions from levy to reflect changes in the California Consumer Price Index whenever the change is more than five percent higher than any previous adjustment. We monitor the index and adjust exemption amounts when appropriate to reflect changes.

Release of Erroneous Liens

R&TC Section 21019

If we file or record a lien in violation of our administrative procedures or in violation of the terms of an installment agreement, then we must release the lien as though we filed or recorded it in error.

At least 30 days prior to recording or filing a tax lien, we must mail you a notice stating by what authority we are filing the lien, and what procedures are available to you to prevent us from filing it. The lien will not be filed or recorded if, within 30 days, you prove that such filing or recording would be in error. However, the 30-day notice provision is not applicable where the collection of tax is determined to be in jeopardy.

Unfortunately, we sometimes file a tax lien in error. If this happens to you, please write to us and tell us why you think we made an error. If we agree with you, then we will send a release stating that the lien was filed in error. At your request, we will also mail a copy of the release to the major credit reporting companies in the county where the lien was filed.

Disclosure of Collection Information

R&TC Section 21023

We keep confidential the information you provide us on your state income tax returns and the amounts you owe us. If, however, you are no longer married or living with your spouse/RDP and you previously filed a joint return with an amount due, then upon request in writing by either party, we will tell the requesting spouse/RDP whether we tried to collect from the other, the general nature of the collection activities, and the amount collected.

Interest

Extension of Interest Free Period

R&TC Sections 19049, 19132, 19280, & 19291

When you receive a bill from us, you have 15 days to pay the amount due without accruing additional interest or an underpayment penalty.

Abatement of Interest

R&TC Section 19104(a)

We may cancel all or a portion of interest you owe if you can show that we made an unreasonably error or delay in performing specified acts, which caused a delay in your payment. The unreasonable error or delay must have occurred after first written contact and you must not have significantly contributed to the error or delay. You may make your request for abatement of interest on FTB Form 3701, *Request for Abatement of Interest*. If we deny your request, then you have the right to appeal our action.

Abatement of Interest/Disaster Areas

R&TC Section 19109

If you live in a presidentially declared disaster area or a California county or city which the Governor declares a state of emergency, then we may abate interest on a late-paid tax liability. To qualify, you must have lived in a declared disaster area or city or county declared to be in a state of emergency and we extended the time for you to file a tax return and pay the income tax. Get FTB 1034, *How to Claim a State Tax Deduction for Your Disaster Loss*.

In addition, if you make a written request, FTB may abate the interest to the extent that the accrual of interest is attributable to the Franchise Tax Board's delay in the mailing of a notice or other correspondence that requires a response from a taxpayer, in connection with a presidentially declared disaster area, or a California county or city which the Governor declares to be in a state of emergency.

Reimbursements and Awards

Recovery of Litigation Costs

R&TC Section 19717

If you win an action regarding your tax liability filed in California civil court, you may be awarded a judgment for reasonable litigation costs if we cannot substantially justify our position. Litigation costs may not be awarded only if the Court determines that you have exhausted all administrative remedies and you meet all of the other conditions of the law.

Reimbursement of Fees/Expenses Related to State Board of Equalization Appeals

R&TC Section 21013

If you appeal to the State Board of Equalization, then you may be entitled to reimbursement of reasonable fees and expenses if we cannot substantially justify our position. This claim for reimbursement applies to fees incurred after the date of a notice of proposed assessment, or a denial of a claim for refund.

Erroneous Levy, Erroneous Processing Action, or Erroneous Collection Action

R&TC Section 21018

You may file a claim with us for reimbursement of charges or fees you paid that an unrelated business imposed because of our erroneous levy, erroneous processing action, or erroneous collection action. To grant your claim, we must determine the following:

- The erroneous levy, erroneous processing action, or erroneous collection action was caused by our error.
- You responded to all our contacts and provided any requested information before the erroneous levy, erroneous processing action, or erroneous collection action.
- The charge or fee has not been waived by the unrelated business or otherwise reimbursed.

Reimbursed charges and fees are limited to the usual and customary charges and fees imposed by a business in the ordinary course of business. Your claim must be filed within 90 days from the date of the erroneous levy, erroneous processing action, or erroneous collection action.

Court Action Against the State

R&TC Section 21021

You may bring a court action against the State of California in superior court for damages and costs if you are aggrieved by any FTB officer's or employee's reckless disregard of published procedures. The court may award actual and direct damages you sustained, as well as reasonable litigation costs except for losses caused by your own negligence or omission. However, if the court determines your action to be frivolous, it may impose a penalty of up to \$10,000 against you.

Intentional Enticement

R&TC Section 21022

You may bring a civil action against the State of California in superior court for damage costs up to \$500,000 if we intentionally entice your attorney, certified public accountant, or tax preparer to provide information regarding your tax liability in exchange for settling or compromising their tax liability.

Notices to Taxpayers

The following summary is not exhaustive of all FTB notices.

Notice to Include Deadlines

R&TC Sections 19034, 19041, and 19045

We must tell you the last date by which you can protest or appeal certain notices. Your protest or appeal must be filed by that date to be considered timely filed.

Suspension of Interest/Fail to Notify

R&TC Section 19116

We must send you a notice when we believe your individual tax return is incorrect. The notice states your tax liability and the basis for that liability. If your return was timely filed including extensions, and if we do not send you a notice within 36 months from the date you file your return or the date your return was due (without regard to extensions), whichever is later, then we must suspend interest and certain penalties. We must also suspend interest on amended returns you file if we have not previously notified you of the additional tax. The suspension begins at the end of the 36 months and ends 15 days after we provide you with a notice. If you filed an amended return, the suspension period begins 36 months after you file the amended tax return. If the assessment is based on Internal Revenue Service changes to your tax liability, the suspension period begins either one or two years after receipt of the federal information depending on when FTB received the information.

Notice of Interest Charges

R&TC Section 19117

If you receive a notice from us that states you must pay interest, the notice must include the section of law under which we imposed the interest and a description of how we computed the interest. Also, we will provide you with an interest computation at your request.

Procedures for Imposing Penalties

R&TC Section 19187

If you receive a notice from us that imposes a penalty, the notice must include the name of the penalty, the section of law under which we imposed the penalty, and a description of the penalty computation. Also, we will provide you with a penalty computation at your request.

Explanation of Refund Disallowance

R&TC Section 19323

If you file a claim for refund and we do not allow that refund, then we must explain the reason we denied it.

Notice of Contact of Third Parties

R&TC Section 19504.7

We will send you a notice if we believe we may contact other people about your taxes. This first notice allows us to make contact with a third party for a 12-month period. If we wish to make contacts after that 12-month period, we will issue you another notice. If you ask, we will provide you with a record of the contacts made during that 12-month period. This section, however, does not apply to contacts you authorize.

Notice of Unpaid Tax

R&TC Section 21015.5

Except under certain circumstances, we will send you a written notice 30 days prior to levying your property or property rights for your unpaid tax. During the 30 days, you may request an independent review of the proposed levy. If you request a review, we will suspend the proposed levy while the review is pending.

Notification to Corporations Prior to Suspension

R&TC Section 21020

At least 60 days before we suspend a corporation, we must mail a notice to the corporation that indicates the suspension date and the section of law under which the suspension will occur.

Unassociated Payments

R&TC Section 21025

If you send us a payment and we cannot associate it with your account, we must make a reasonable attempt to notify you within 60 days of our receipt of that payment.

Annual Notice to Taxpayers

R&TC Section 21026

Except under certain circumstances, if you owe a delinquent tax balance, then we must mail you written notice at least once a year of the amount owed as of the date of the notice.

Amended Return Claims for Refund, Protests, and Appeals

Plan to Reduce Time Required for Amended Return Claims for Refund, Protests, and Appeals

R&TC Section 21010

The law required us to develop a plan to reduce the time required to resolve protests, appeals, and amended return claims for refund.

We met with representatives from the California CPA Society, California Society of Enrolled Agents, State Bar of California, and other interested parties to present the plan mandated by legislation.

We detailed time frames for various workloads in the plan, depending upon the category of the case and whether or not it required field audit involvement. We continue to emphasize resolution of issues at the audit level and try to achieve the goals specified in the plan.

Protest Hearings

R&TC Section 21011

Our protest hearing procedures include the following:

- We must hold hearings at a reasonable time at a board office which is convenient to you when possible.
- We may record the hearing if we give you prior notice.
- We will inform you prior to any hearing of your right to have representation present at the hearing.

Written Advice

R&TC Section 21012

In general, if you relied on erroneous written advice from us, we may, in some cases, relieve you of tax, interest, penalties, or additions to tax. For tax, interest, penalties, or additions to tax to be waived, certain conditions must be satisfied, including but not limited to: (1) you or your representative made a written request for advice from us as to whether a particular activity or transaction is subject to tax, (2) we responded in writing with our advice, (3) you reasonably relied on that advice, and (4) you did not remit the tax due.

If such an abatement is requested, then you must provide all of the following:

- A copy of the original written request and a copy of our written advice;
- A statement, made under penalty of perjury, that outlines the facts on which the claim for abatement is based; and
- Any other information we may require.

We will not, however, abate tax, interest, penalties, or additions to tax where there was a misrepresentation or omission of material facts.

For further details on taxpayer relief and written advice from us, please refer to FTB Notice 2009-09. To obtain this notice, go to ftb.ca.gov and search for **Notice 2009-09**, or write to:

REQUEST FOR WRITTEN ADVICE
FRANCHISE TAX BOARD
PO BOX 1720
RANCHO CORDOVA CA 95741-1720

The request should specify "Taxpayers' Bill of Rights - Request for Written Advice."

Miscellaneous Provisions

Innocent Joint Filer Relief

R&TC Sections 18533, 18534, and 19006

If your spouse/RDP underreported or underpaid the tax due on your joint tax return, and you had no knowledge of it, we may not hold you responsible for payment of the deficiency. If you are divorced, legally separated, terminated your registered domestic partnership, or no longer living with your spouse/RDP, then you may be able to limit your liability for a joint deficiency or underpayment if you qualify for innocent spouse relief. If you did not file a joint return with your spouse/RDP and you received a tax assessment on community income, we may not hold you responsible for the liability. If you received court ordered tax relief during the dissolution of your marriage/registered domestic partnership, we may not hold you responsible for payment of a deficiency or self-assessed liability from a joint return.

Identifying Numbers Required on Documents

R&TC Section 18624

You must provide your social security number or other identifying number, as appropriate, on state tax returns, statements, or other documents required by FTB. Tax return preparers must also provide an identifying number when they prepare tax returns or file claims for refund. The same number provided on the federal return may be used on the state return.

Taxpayer Motion to Quash

R&TC Section 19064

We may subpoena any person to obtain taxpayer information. If we subpoena you regarding your tax liability and you file a motion to quash/stop the subpoena, we will suspend certain statutes of limitations while determination of the motion is pending. If we are unable to resolve an issue regarding your response to a specific subpoena relating to your tax liability, we will suspend certain statutes of limitations from six months after the subpoena was served until the final resolution of the response to the subpoena.

Extension of Statute of Limitations

R&TC Section 19067

If we ask you to extend the time for us to assess tax, we must notify you of your right to refuse our request and your right to limit the extension to a particular time period.

Application of Regulations

R&TC Section 19503

This section generally provides that for California laws enacted on or after January 1, 1998, regulations relating to those laws may apply retroactively if we issue the regulation within 24 months of the enactment date. For California laws that enact federal conformity on or after January 1, 1998, our regulation may apply retroactively if we issue a regulation within 24 months of the publication date of a federal temporary or final regulation under a federal statute to which California conformed.

The California Administrative Procedures Act governs our regulation process. As such, we must provide notice to the public of our intent to issue a particular regulation and provide a public hearing. Prior to public notification under the act, we conduct symposiums with affected industries to resolve controversial issues and bring matters of proposed regulation to the three-member Board. Under the California Administrative Procedures Act, the Office of Administrative Law reviews our regulations.

If the Office of Administrative Law approves our regulations, it will file them with the Secretary of State and the regulations are effective 30 days thereafter. We apply regulations, as well as rulings, retroactively for statutes enacted to January 1, 1998, unless we prescribe otherwise.

Financial Status Audits

R&TC Section 19504

When auditing your tax return to determine if you have unreported income, we typically will not ask questions that focus on your lifestyle, living standard, or other items unrelated to the preparation of your tax return unless there is reasonable indication that there is a likelihood of unreported income.

Software Trade Secrets

R&TC Sections 19504.5 and 19542.3

We cannot issue a subpoena in a civil action to produce or analyze any tax-related computer software source code unless we satisfy certain requirements. In addition, we provide safeguards to prevent us from improper disclosure of trade secrets or other confidential information with respect to any software that comes into our possession or control in connection with a tax return examination. At the court's discretion, any person who violates Section 19504.5 is subject to the following:

- Imprisonment in a county jail for not more than one year, or in the state prison.
- A fine of not more than five thousand dollars or both.

Whistleblower Disclosure

R&TC Section 19546.5

There is a California legislative committee to which any FTB employee who has access to income tax return or return information may report possible misconduct or taxpayer abuse. Federal laws generally prohibit disclosure of information about federal tax forms.

Prohibition of Nontax Investigations

R&TC Section 21014

Except under certain circumstances, we must not knowingly authorize, require or conduct any investigation or surveillance for nontax administration purposes.

Waiver of Specific Penalties

R&TC Section 21015

We have discretion to either refrain from imposing or waive penalties authorized under R&TC Section 19011 (Electronic Funds Transfer Penalty) and R&TC Section 19141.5(a)(4)(A) (IRS Form 5472/Record Maintenance Penalty), where we determine your noncompliance did not jeopardize the best interests of the state and is not due to your willful neglect or intent not to comply.

Private Delivery Services

R&TC Section 21027

We must treat items delivered by a private delivery service (those designated by the Secretary of the Treasury) as though you mailed them with the United States Postal Service. We treat the date the designated delivery service recorded or marked the same as postmarks by the United States Postal Service.

Privileged Taxpayer Communications

R&TC Section 21028

You are entitled to the same protections of confidentiality for communication regarding tax advice you receive from any federally authorized tax practitioner that apply to privileged communication between a client and an attorney. The privilege would apply in any noncriminal tax matter before us but does not apply to written communication related to tax shelters.

