



California Competes Tax Credit Review Information

Your business obtained a California Competes Tax Credit (CCTC) Allocation Agreement from the Governor's Office of Business and Economic Development (GO-Biz). The Franchise Tax Board (FTB) is conducting a review of your books and records to determine compliance with the credit agreement. The following topics are designed to help provide information about our review process and procedures.

CCTC Review

Our review determines your compliance with the credit agreement. The credit agreement has yearly milestones for California full-time employment, salary levels, and project investment. The review focuses primarily on verifying these milestones. We will ask you to provide reasonable and relevant information to verify the actual results for each milestone.

Time Frames

In general, you have 30 days to respond to information requests. The reviewer considers your facts and circumstances when establishing the response times or to allow reasonable extensions.

Unavailable Information

If you do not have the information we request, we will work with you to obtain alternative information that may support the issues under review. Immediately contact your reviewer at the telephone number provided on the enclosed letter and discuss a reasonable time extension if you cannot get the requested information by the required date.

CCTC Review Procedures and Guidelines

FTB Notice 2014-02 explains the procedures or guidelines for a review. Go to ftb.ca.gov and search for **2014-02**. At the end of the review, we will provide our findings in writing and issue to you one of the following:

- A letter stating you are in compliance.
- A letter stating there is a possible breach.

Electronic Communication With Us

You or your authorized representative may request the use of secure email with your reviewer. 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**.

Representation and Power of Attorney

You have the right to have someone represent or accompany you during your review. To designate a representative, you must submit a completed FTB 3520, *Power of Attorney*. Go to ftb.ca.gov and search for **poa** or call 800.338.0505 and enter phone order code **972** when prompted.

Breach of Credit Agreement

A breach includes:

- Failure to timely furnish information requested by your reviewer or GO-Biz.
- Material misstatements or omissions in information provided to GO-Biz.
- Failure to materially satisfy the milestones.
- Failure to materially maintain the milestones.

If there is a possible breach to the credit agreement, your reviewer will contact you and GO-Biz. GO-Biz contacts you and allows a period of time to resolve the breach.

If the breach is not resolved, GO-Biz may recommend recapture to the CCTC Committee. If the committee approves the recapture, GO-Biz notifies you and FTB of the recapture amount.

You report the recapture on the tax return for the taxable year the committee made the decision. If you do not report the recapture on your tax return, we send you a bill.

Questions About Your Review

Your reviewer is prepared to assist you with specific questions about your review. Your reviewer's supervisor may also provide additional support. Refer to your enclosed letter for the appropriate phone numbers.

For Internet assistance, go to ftb.ca.gov or business.ca.gov (GO-Biz site).