

**Franchise Tax Board  
Interested Parties Meeting  
Proposed Regulations on Suspension and Disbarment of Practitioners  
Discussion Topics**

Section 19523.5 provides that the FTB may prescribe any regulations necessary to carry out the purposes of this section. This meeting is for the purpose of soliciting input from interested parties prior to staff drafting regulations necessary to carry out the provisions of RTC section 19523.5.

Staff hopes to receive input in the following areas:

1. *Notice and Opportunity for Proceeding for Persons Suspended or Disbarred*

Section 19523.5 mandates that persons suspended or disbarred from practice before the United States Department of the Treasury notify FTB, in writing, within 45 days of the date of the final order. For persons who timely notify FTB of the suspension or disbarment, staff assumes that the process will include notifying the person of FTB's intention to suspend or disbar that person from practicing before the FTB. Regulations should also include a specified time period to concede the accuracy of the federal suspension or disbarment or substantiate that the federal suspension or disbarment is clearly erroneous and provide the opportunity to request an oral hearing on the matter. Regulations should also include a rule for situations where the person fails to respond within the above time period, and should advise the person of their right to seek review of FTB's final determination pursuant to Section 1085 of the California Code of Civil Procedure. It is further assumed that the regulations should contain rules on when FTB would notify the California Board of Equalization of the suspension or disbarment.

2. *Reinstatement*

The regulations should also address how the suspended or disbarred person may request reinstatement to practice before the FTB, and what documentation, such as written substantiation of his/her reinstatement to practice before the United States Department of the Treasury, or information/documentation showing that the action of the Secretary of the Treasury was clearly erroneous, a suspended or disbarred person could submit. In addition, the regulations should specify the circumstances under which a suspended or disbarred person would not be reinstated.

The regulations should also define the term "clearly erroneous" with respect to the action of the Secretary of the Treasury. Finally, the regulations should address what actions the FTB would be required to take when a request for reinstatement is received and what further actions FTB would be required to take if the request is granted.

3. *Public Notification of Persons Suspended or Disbarred*

Under 31 C.F.R. section 10.90(a)(2), the Internal Revenue Service (IRS) publicizes a list of persons suspended or disbarred by the United States Department of the Treasury. The

regulations need to address how FTB should publicize a list of those persons who are suspended or disbarred from practice before the FTB. In addition, the regulations should address what actions FTB should take when persons have been reinstated by the United States Department of the Treasury.