



State of California

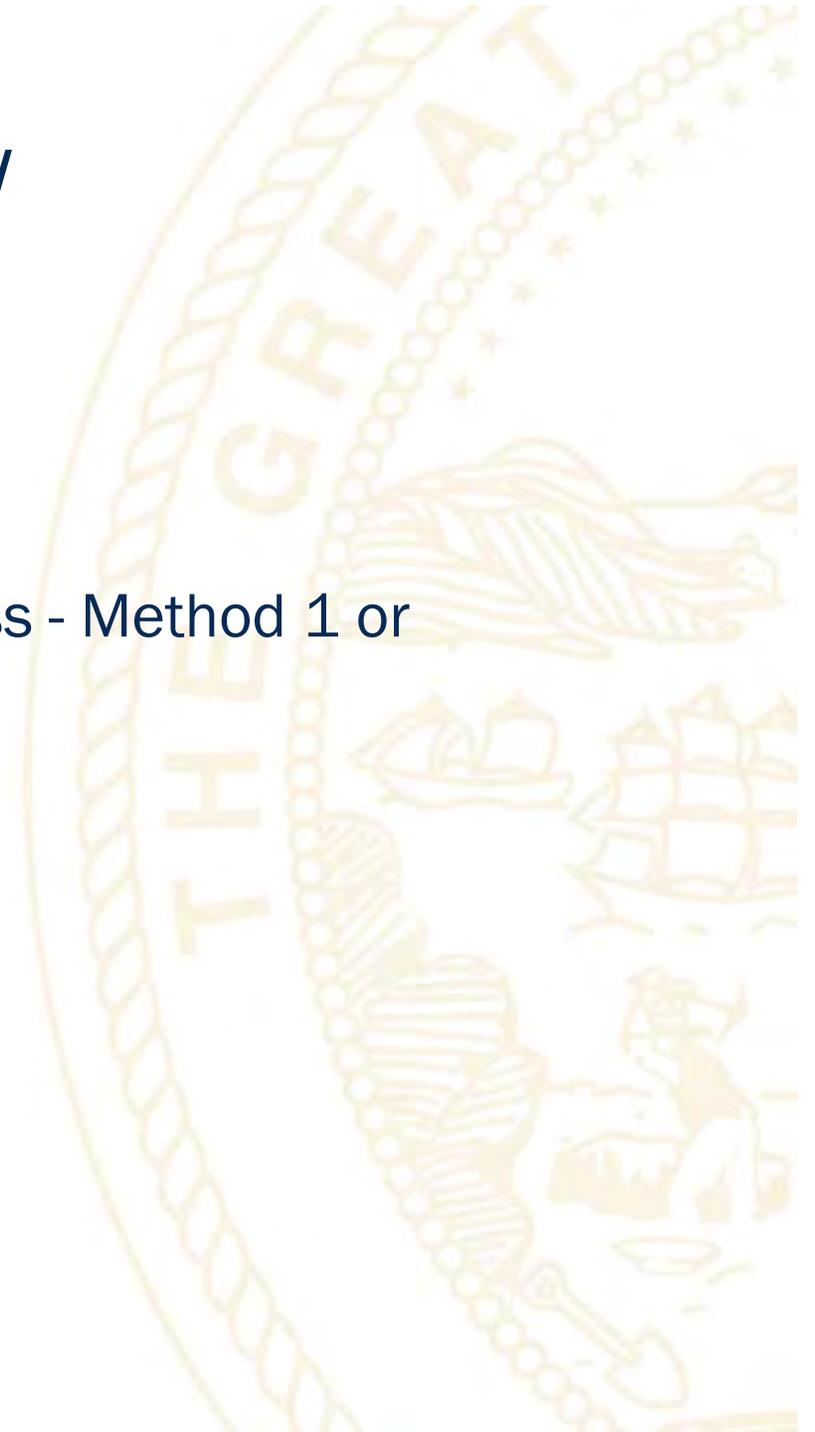
## Franchise Tax Board

Leslie Yorston - Senior Compliance Representative  
Deborah Barrett – Administrator I

Reference Material for Interested Parties Meeting

# Overview

- Background RTC 19266
- Privacy Protections
- FIDM vs FIRM
- Data Match Exchange Process - Method 1 or Method 2

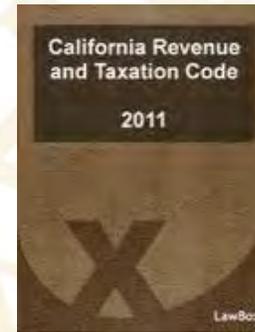


# Overview

- Participation Schedule
- FIRM Target Dates
- Benefits of FIRM
- Draft Documents
- FIRM Program Contacts



# RTC 19266 Overview



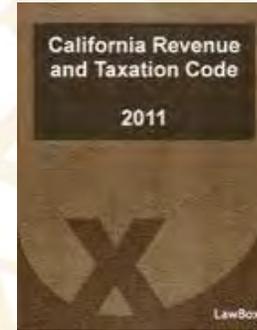
- Authorizes FTB to develop a data match process with financial institutions(FI) doing business in California
- Authorizes FTB to prescribe FIRM rules and regulations:
  - FI to retrieve FTB Inquiry File (containing debtor SSNs and TINs and match against FI account records
  - FI sends accountholder records to FTB for matching
  - FTB may temporarily exempt FI from FIRM if it is determined by FTB not to be cost effective
  - FTB may temporarily suspend FI from FIRM participation if undercapitalized



# RTC 19266 Overview

- Authorizes FTB to institute civil proceedings to enforce provisions
- Provides FI not liable for furnishing information to FTB or not disclosing such to customers
- Prohibits FI from disclosing to customers any FIRM data exchange information
- Provides penalty for willful failure to comply, upon notice and demand

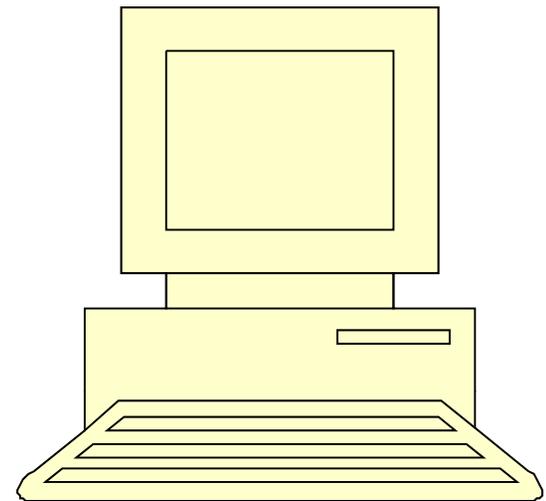
# RTC 19266 Overview



- Provides definitions for FI required to participate and types of accounts included in data match
- Provides reimbursement authority for start up costs and ongoing quarterly costs to FI for match process
- Designates data exchange may begin no earlier than April 1, 2012
- Provides operative date of 120 days from the effective date (March 24, 2011)

# Privacy Protection

- All data submitted must be secured and protected against unauthorized access or disclosure while being stored or transmitted between FTB and the FIs or their authorized vendor.
- Any use of the information for purposes other than the enforcement and collection of a tax or non tax debt referred to FTB for collection is considered a violation of RTC 19542 and subject to misdemeanor sanctions.



# FIRM & FIDM Similarities

- Same record layout- data element title differences (Taxpayer Identification Number instead of SSN) same number of characters in field
- Same quarterly participation schedules
- Same limitations on use of confidential data
- Same matching process for both programs
- Both require secure transmission protocols



# FIRM & FIDM Differences

- FIRM includes business entity debts and individual debts; FIDM only individual debts
- FIRM carries penalty provisions for noncompliance
- FIRM provides reimbursement to offset FI costs
- FIRM has temporary exemptions and suspensions; FIDM has waivers
- FIRM uses an agreement; FIDM uses a Method 1 or 2 election form
- FIRM applies same process for all FI; FIDM has separate procedure for multistate FI

# Data Exchange Process

FIRM will utilize Method 1 & 2 for Data Match Process

- Method 1- FI submits all open account records to FIRM Program Administrator for matching
- Method 2- FI obtains FTB Inquiry File containing debtor SSNs and TINs, matching that file to FI open accounts, and submits a matched record file to FIRM Program Administrator



# Participation Schedule

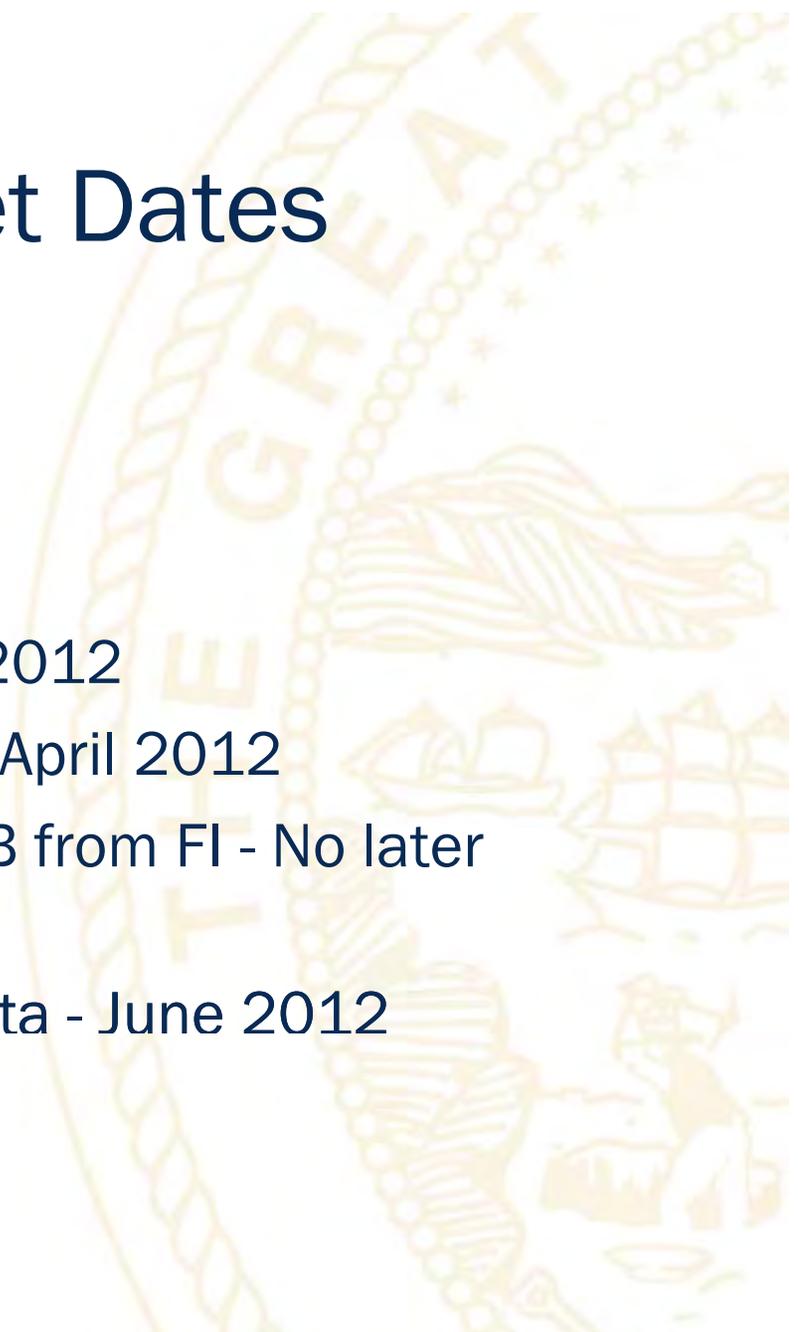
Quarter	Quarter Months	Quarter Ending Date	Inquiry File Available (Method 2)	Method 1 & 2 Matched Files Due
1 <sup>st</sup> Qtr	Jan, Feb, Mar	Mar 31	Apr 15	May 30
2 <sup>nd</sup> Qtr	Apr, May, Jun	Jun 30	July 15	Aug 30
3 <sup>rd</sup> Qtr	Jul, Aug, Sep	Sep 30	Oct 15	Nov 30
4 <sup>th</sup> Qtr	Oct, Nov, Dec	Dec 31	Jan 15	Feb 28

**Note:** The above Schedule may be modified at any time by the FTB. The FTB will provide written notice to the financial institutions prior to any change in the schedule.



# FIRM Target Dates

- FTB Website - December 2011
- Testing - January through March 2012
- FIRM Data File Matching begins - April 2012
- Matched Data Records due to FTB from FI - No later than May 30, 2012
- Orders to Withhold using FIRM data - June 2012



# Benefits of FIRM

More timely asset information  
Improved accuracy of levies  
Increase in bank fee reimbursements  
Reduce California Tax Gap



## Draft Documents

- FIRM Booklet
- Agreement
- Temporary Exemption/Suspension Form



# FIRM Program Contacts

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