

Refunds (PIT and BE)

About 9.8 million PIT refunds amounting to \$8.4 billion have been issued this year. The average current year refund is up \$17 to \$851 compared to \$834 last year.

Refunds to nearly 85,000 business entities have been issued this year amounting to \$676 million. Last year at this time 62,000 business entity refunds had been issued for \$569 million.

Total Deposits (PIT and BE)

The volume of PIT deposits is up by 2 percent and the total dollar amount is down 23 percent to \$18.1 billion, with \$11.4 billion paid electronically. However, paper continues to be the predominant method of payment used by taxpayers, with 64 percent of all payments made by paper check. This is a modest decrease from 66 percent of payments by paper check reported last year.

BE deposit volumes are up by 8 percent; the total dollar amount is also ahead of last year for a total \$4.2 billion compared to deposits of \$4.1 billion last year at this time. Similar to PIT payments, paper continues to be the predominant payment method. Nearly 90 percent of all payments were made by paper check which is 2% less than the amount reported for the same time last year.

Overall, electronic payments accounted for \$14.2 billion of the total dollar amount deposited, including the single largest day of \$2.4 billion on April 15 and second largest day on April 16 with \$1.5 billion.

Return, Payment, and Correspondence Scanning-Moving Away From Paper

One of the objectives of EDR is to move away from moving paper around the department to process returns, payments, and correspondence while also capturing considerably more information.

The 2014 Filing Season was our first Filing Season using the new imaging processes for all of our paper processing. With such a large transition, there were numerous plans, projections, and contingencies put in place to monitor and ensure our input and output was on track. Due to a lot of hard work, planning and collaboration, we exceeded our projected speed in both scanning and capturing of tax returns and payments. For this Filing Season to date, we scanned and imaged over 55 million pages and cashed over 5 million checks.

FTB Website/Online services

In preparation for this filing season, we performed a thorough health assessment focusing on three areas; infrastructure improvements, tool and architectural improvements, and process improvements. These efforts paid dividends, and our online services performed without interruption helping us serve more taxpayers on line this filing season than any other year including 9.5 million web visits, 338,000 number of MyFTB account registrations, and 277,000 number of CalFile returns.

Taxpayer & Tax Practitioner Services – Contact Center

FTB's primary contact center answered 479,000 calls, representing a 56 percent level of access. The average taxpayer wait time this year is about 8 minutes, while the average wait time last year was 10 minutes. The Tax Practitioner Hotline answered 79,000 calls, representing 84 percent of the calls offered. The Hotline's average wait time was 10 minutes. Live Chat has assisted more than 73,000 taxpayers this year compared to 82,000 last year, representing 99 percent of the conversations offered.

Public Education

The Filing Service Bureau partnered with Filing Compliance Bureau to present the 30 minute webinar "Tax Fraud & Identity Theft - Protecting Your Clients". The webinar was attended by 200 taxpayers and tax professionals. The Filing Services Bureau has four more webinars planned through 2014 to assist taxpayers with POAs, notices and Personal Income Tax issues, such as the estimated tax penalty, and nonresident issues.

Public Counter and Field Offices

Our six field offices served over 44,000 taxpayers between the months of January – May 31, 2014. The lobbies are stocked with pamphlets and forms, and we provide up to date information through newly installed lobby monitors about VITA, the new BE credit card process, and online resources.

The total number of taxpayers that visit our field offices have decreased in comparison to prior years. Our busiest months this year were the months of February and March. Last year our peak period of providing taxpayer assistance occurred between April 1st – 15th.

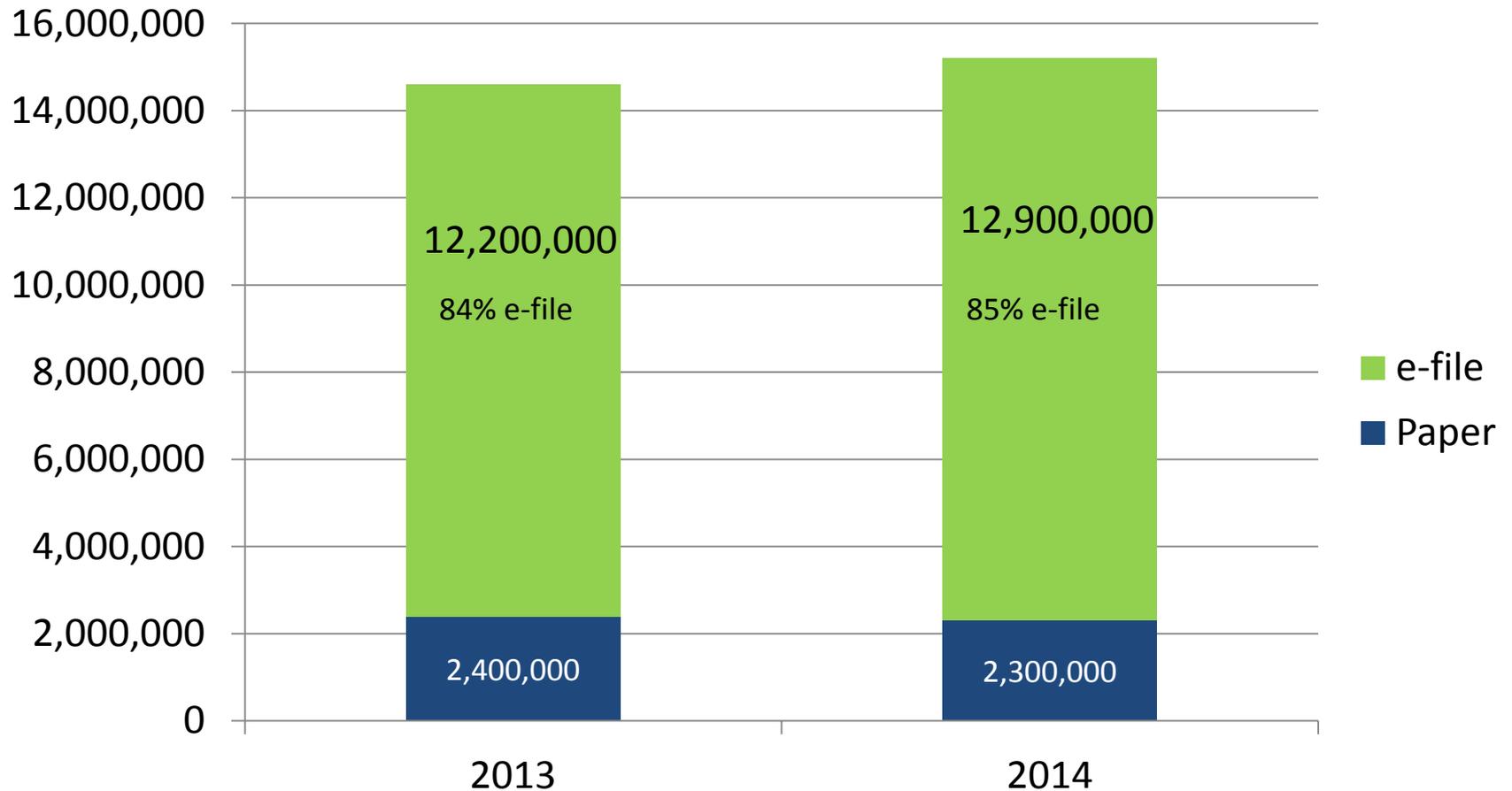
During our busiest days, taxpayers are greeted by one of our team members who provide a kind of "triage" service to quickly sort out those with simple issues. Most of our visitors have tax compliance issues for Personal Income Tax or Business Entities. We provide a holistic approach to their visit that we refer to as "one and done". This means that we look at the taxpayer's whole account and help them resolve all outstanding issues.

Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE)

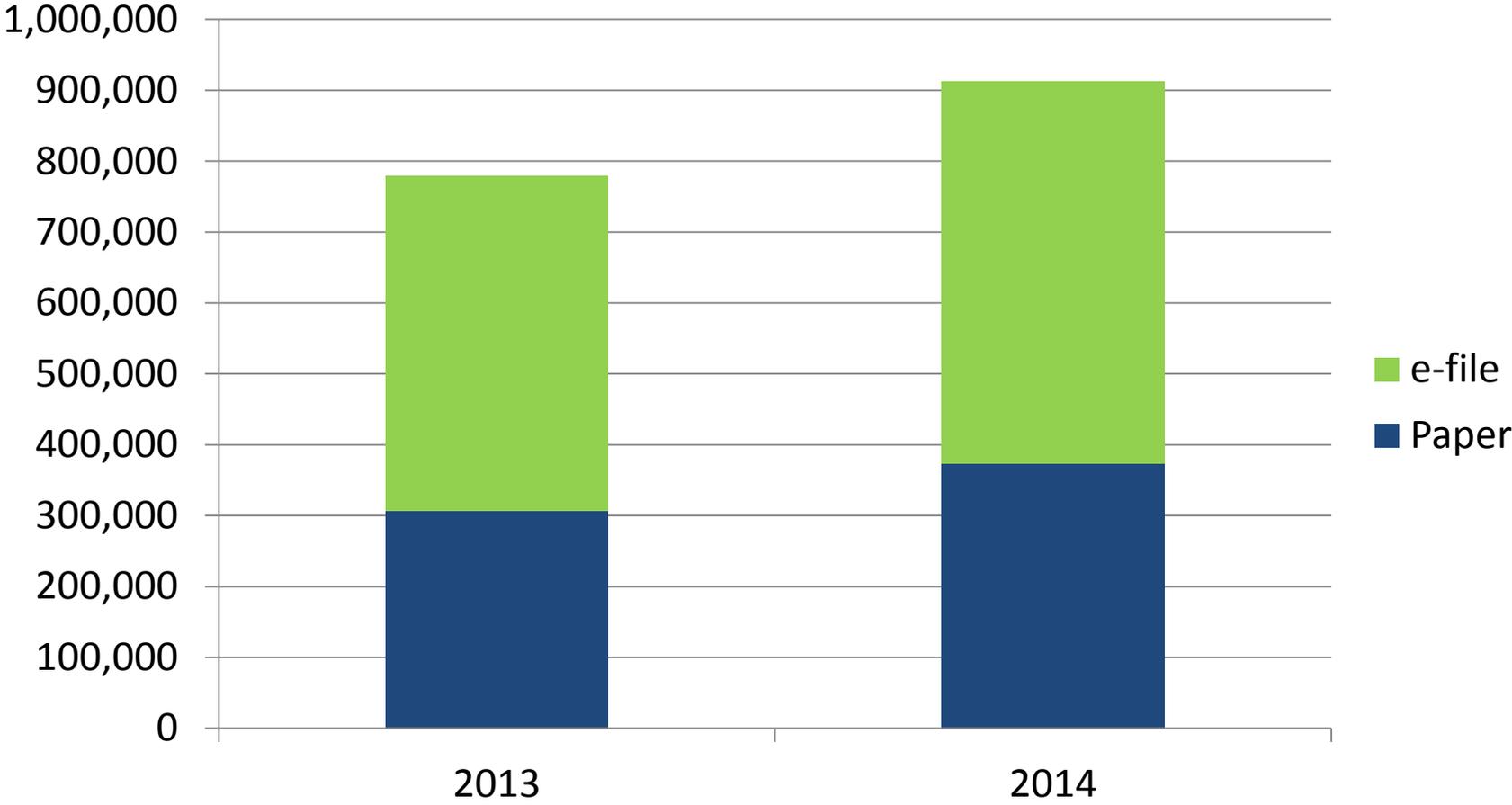
VITA and TCE are programs that help individuals with low income and/or are over the age of 60 and military personnel prepare their state and federal income tax returns. Assistance is available from February 1 to April 15. This year FTB employees and volunteers completed over 700,000 returns at approximately 900 locations throughout the state. The total number of Franchise Tax Board volunteers for this season was 91. There were 26 volunteers from the Field offices and 65 volunteers from the Central Office. These dedicated employees successfully attended 100 events supporting the VITA program. In addition, these volunteers assisted over 1,600 of their co workers and families with filing their own tax return through the VITA program. That's what we call being a team!

FILING SEASON UPDATE BOARD MEETING JULY 1, 2014

Personal Income Tax Returns



Business Entity Returns



New e-file Option

- Fiduciary Returns (Form 541)
 - 98,000 returns filed, representing 25% of all Fiduciary returns.
 - Exceeded our first year projections by over 100%

Refunds

□ PIT

- ▣ 9.8 Million refunds issued
- ▣ \$8.4 Billion
- ▣ Average Refund = \$851

□ BE

- ▣ 85,000 refunds issued
- ▣ \$676 Million



Filing Season Update

(Statistics effective May 31, 2014 unless otherwise noted)

Personal Income Tax Returns

The volume of personal income tax (PIT) returns filed is 15.2 million which is a 4 percent increase compared to the same time last year. Personal income tax e-file returns are ahead of last year at this time by 6 percent having received 12.9 million returns this year versus 12.2 million returns at the same time last year. Overall, 85 percent of PIT returns were e-filed, which is up 1 percent compared to last year.

Taxpayers have filed 277,000 CalFile returns versus 251,000 CalFile returns last year, which is an increase of 10 percent over last year. We attribute a portion of the growth in CalFile to the enhancements we implemented last year to import taxpayer information to pre-populate the tax return, and the ability for taxpayers to file their previous year return. In addition to CalFile, about 75,000 taxpayers have used ReadyReturn to file their PIT return, a decrease of 2 percent over last year. On-line survey results and comments continue to validate the need for free direct-to-government e-file services. Over 95 percent of users surveyed found CalFile and ReadyReturn easy to understand and felt that this is the type of service that government should provide. These users also indicated their intent to use this service again next year.

New this year is the addition of an e-file option for Fiduciary returns. So far this year, we have received over 98,000 returns, representing over 25% of all expected Fiduciary returns.

FTB estimates that PIT e-file will grow by another 1-2 percent next tax year. Increased awareness of e-file options, desire for faster processing, and a faster refund are just a few of the contributing factors.

Business Entity Tax Returns

Business Entities (BE) have filed 912,000 tax returns. We continue to experience growth in the number of business entity tax returns filed electronically, increasing from 472,000 last year to 539,000 business e-file tax returns this year – an increase of 14 percent.

As with PIT, BE e-file is expected to grow as a percentage of total returns filed, although the growth rate is slowing. After 8-years, BE e-file represents about a 59% share of total returns.

Payments

- PIT and BE combined
 - \$22.3 Billion total payments received
 - \$14.2 Billion electronic payments
 - 69% of volume of payments made by paper compared to 71% last year

Moving Away From Paper

- Imaging returns
 - 55 million pages scanned
 - 3.3 million returns captured

- Image cash letter (ICL)
 - 5 million checks
 - \$8.1 billion in bank deposits



FTB Website and Online Services- Health Assessment For 2014 Pays Off

- We served more taxpayers online than ever before.
 - ▣ 100% Access to our website and Online Services;
 - ▣ 9.5 million web visits;
 - ▣ 338,000 MyFTB account registrations;
 - ▣ 277,000 Calfile Returns filed; and
 - ▣ 73,000 Live Chats

Taxpayer + Tax Practitioner Services Contact Center

- Primary Contact Center
 - Answered 479,000 calls (56% of calls received)
 - Average wait time was 8 minutes
- Tax Practitioner Hotline
 - Answered 79,000 calls (84% of calls received)
 - Average wait time was 10 minutes
- Live Chat Conversations
 - 73,000 contacts answered (99% of contacts received)

Taxpayer Feedback On Our Services

□ Contact Center

“Great staff, helpful, I liked the way your agent approached the issue, and I appreciate your organization.”

□ Live Chat

“Perfect...mission accomplished with no stress. Thank you. This was so much easier than calling in and it answered my questions.”

□ CalFile

“Came to FTB site looking for forms, but CalFile worked out even better. Very easy and fast too.”

Field Office Assistance

- Between January – April 15, 2014
 - ▣ Over 44,000 taxpayers
- Top reason that taxpayers come into a public counter
 - ▣ PIT Compliance and Billing Issues
 - ▣ BE/Revivor/Prior Year filing Issues
 - ▣ Partnership/LLC Questions/Issues

Field Office “One and Done”

- Holistic review of the taxpayer’s account to get the taxpayer back on the blue path
 - ▣ To file on time
 - ▣ File correctly
 - ▣ Pay the correct amount due

Volunteer Income Tax Assistance and Tax Counseling for the Elderly

- VITA and TCE
 - ▣ Assistance available
January 18 – April 15
 - ▣ Completed over 700,000 returns
 - ▣ Assisted at approximately 927
locations throughout the state



Volunteer Income Tax Assistance

- Total FTB Volunteers – 91
 - ▣ Field Office – 26
 - ▣ Central Office - 65

- Office, Mega and Road Shows Events -100

FTB Board Support of VITA- Thank you Chair Chiang



FTB Board Support of VITA- Thank You Board Member Horton



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> Questions?

Thank you