



Filing Season: 2008 Update

Personal Income Tax Returns

As of May 17, 2008 we received 14.3 million personal income tax returns, up 4 percent from last year. The department realized significant growth in e-filed returns this year. Personal income tax e-file returns are 10 percent ahead of last year's figures. This year we received 9.8 million e-filed returns, compared to 8.9 million e-filed returns last year at this time. We received 190,000 CalFile returns, up 36 percent over last year. We also offered CalFile in Spanish this year. Of the current year personal income tax returns filed, 69 percent were e-filed, up 4 percent from last year. Current year paper-filed returns decreased 8 percent this year, or by about 400,000 returns.

In January, ReadyReturn became a permanent filing program. Almost 11,000 taxpayers opted to use ReadyReturn as their means to file their state tax returns. Out of those taxpayers who responded to our on-line survey, 99 percent found ReadyReturn easy to use and 99 percent said they would use it again next year.

Business Entity Tax Returns

As of May 17, 2008, we received almost 591,000 business entity returns, down 9 percent from last year. Current year e-filed business returns increased over 600 percent, with 130,000 returns received compared to 18,000 at this time last year. Out of the business entity returns filed so far, 22% were e-filed compared to only 3% last year. This significant increase was attributed to more software companies supporting business e-file for the entire year and tax professionals' natural adoption of business e-file.

Personal Income Tax Refunds

As of May 17, 2008 there were 9 million personal income tax refunds issued amounting to \$7 billion. The volume of refunds issued this year was nearly the same as last year. The average refund this year is slightly less at \$724, compared to \$737 for last year. The number of direct deposit refunds increased by 400,000, or 10 percent over last year. We received 4 million direct deposit requests.

Total Deposits (Personal Income Tax, Business Entity, and Non-Tax)

The total number of deposits received so far this year is 7 million, up 6 percent from last year. The total dollar amount received was \$23 billion, up 5 percent compared to last year. Paper still continues to be taxpayers' payment method of choice, representing 86 percent of total deposits. The volume of electronic deposits is up 26 percent over last year. Web Pay is also up by 54,000 payments this year.

A record-breaking deposit of \$2.88 billion (354,000 checks deposited) was made this filing season, the largest single daily deposit ever.

Taxpayer & Tax Practitioner Services – Call Center

We continue to experience a higher volume of calls and longer wait times in our general information call center. As of May 17, 2008, we answered 600,000 calls, with an average wait time of 10 minutes and 14 seconds, compared to last year's 7 minutes and 27 seconds.

The Tax Practitioner Hotline answered 110,000 calls, an increase of 12 percent from last year. The Hotline's average wait time was 3 minutes and 4 seconds, an improvement over last year's 3 minutes and 42 seconds.

Internet Services

There were 5.3 million total visits to our Website this filing season. The top visited page was Forms and Publications. Taxpayers downloaded almost 5.7 million tax forms, schedules, and instructions compared to 8.3 million at this same time last year. The decrease could be due to the increase in e-filed returns.

The View Payments and Balance Due application was renamed My FTB Account, and enhanced to provide California wage and withholding information and FTB-issued 1099-INT and 1099-G information. This filing season approximately 175,000 visits were made to the service by taxpayers or their representatives.

Filing Season Challenges

The 2008 Filing Season presented the following challenges:

- Line 38 of the Schedule CA (Form 540) erroneously referred to line 13 of the federal Schedule A rather than line 15, affecting taxpayer's mortgage interest deduction. We sent approximately 1 million letters notifying taxpayers of the error. Based on our analysis of returns filed, it appears taxpayers self-corrected their returns. Impact is minimal so far, with less than two-dozen accounts corrected to date.
- FTB corrected instructions to Schedule CA (form 540) line 32 regarding the income phase-outs for traditional IRA deductions for joint and qualifying widow(er) taxpayers. Approximately 1,600 taxpayers were potentially affected by the error. Those who claim the deduction typically file tax returns around April 15th. The error was discovered in February, and forms and preparation software corrected early enough in the filing season to minimize impact.