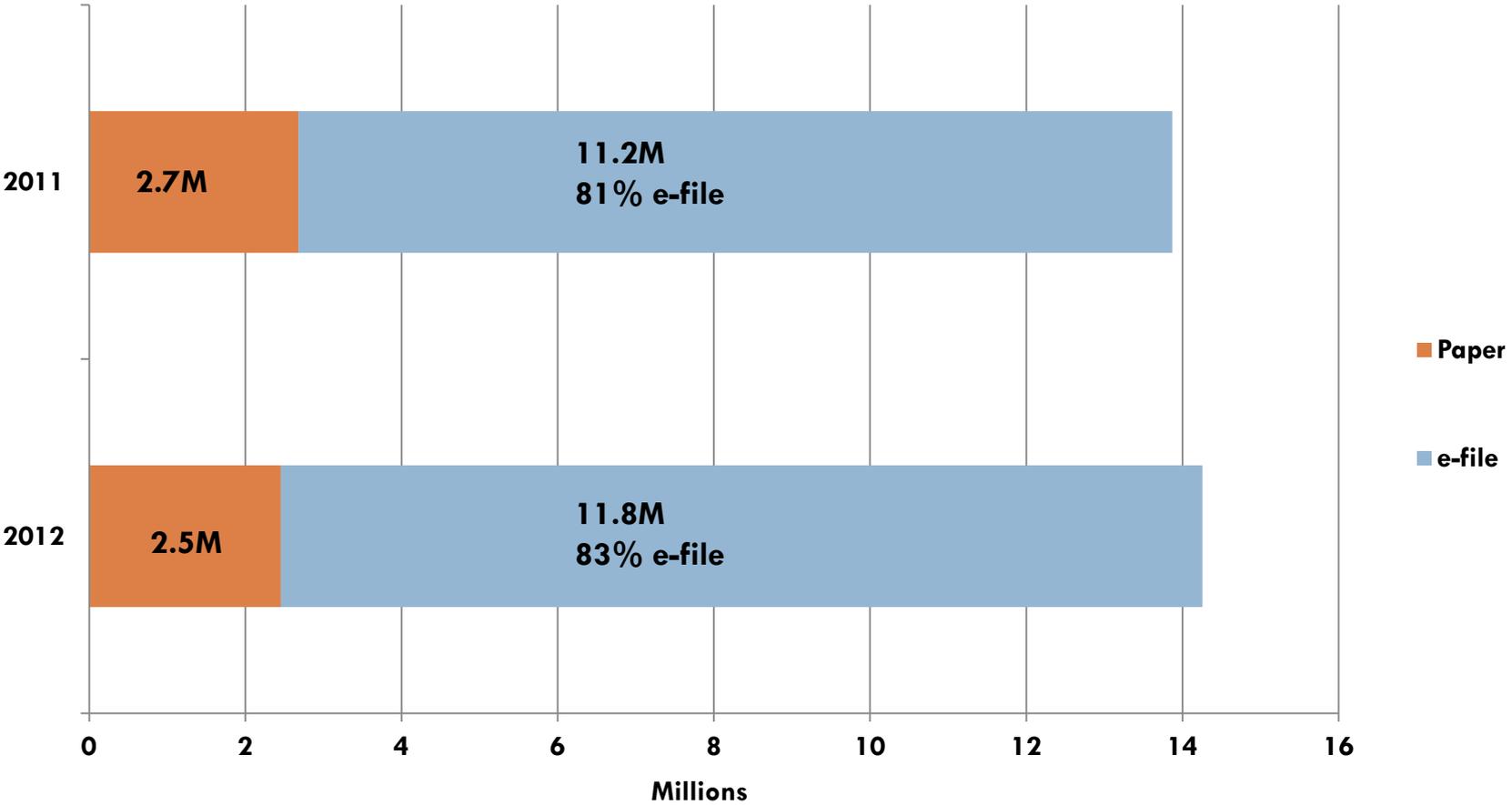
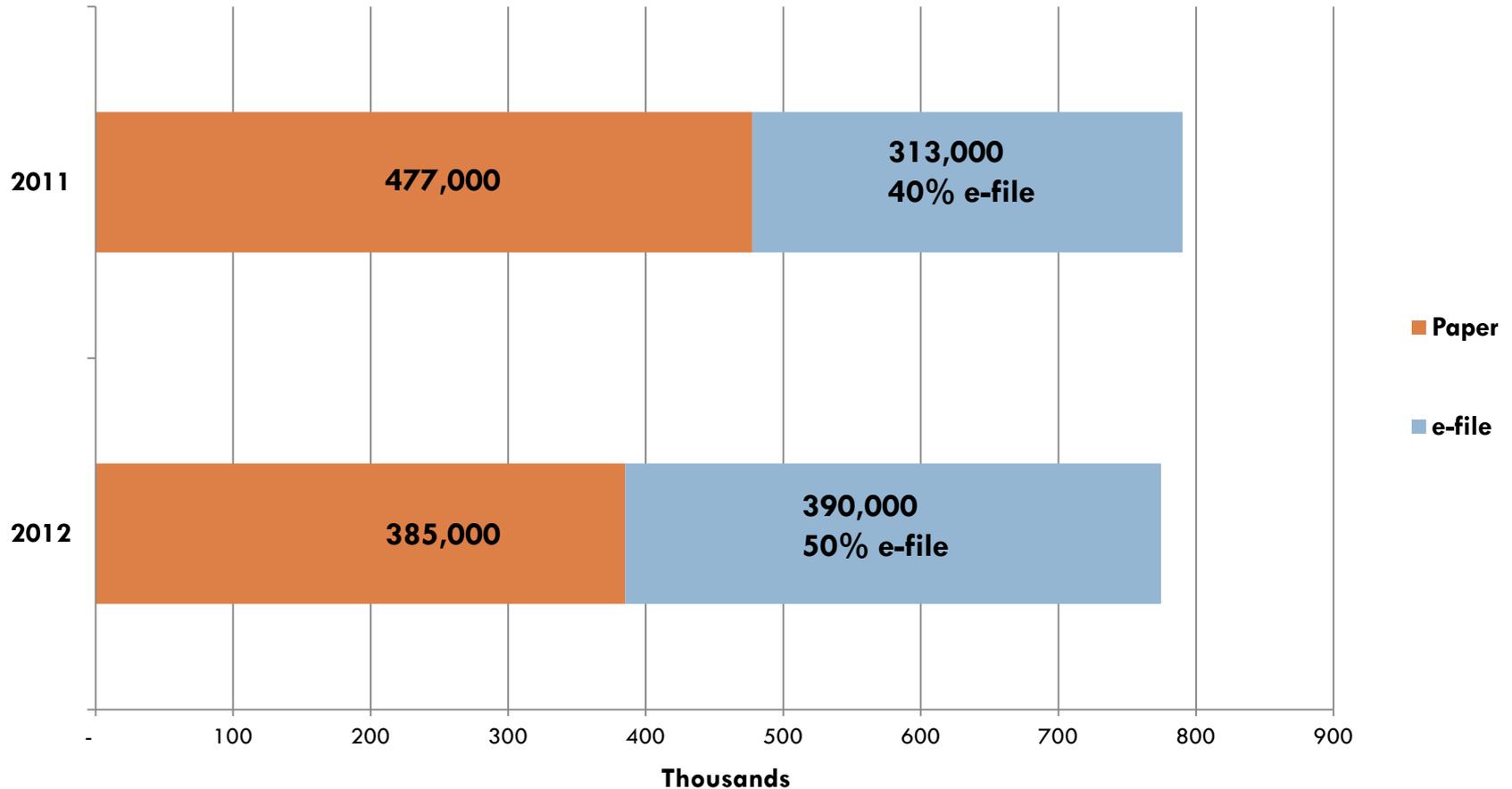


FILING SEASON UPDATE
BOARD MEETING
JUNE 07, 2012

Personal Income Tax (PIT) Returns



Business Entity (BE) Returns



Refunds

PIT

- Over 9.4 Million refunds issued
- \$8.2 Billion
- Average Refund = \$870

BE

- 56,000 refunds issued
- \$514 Million

Taxpayer + Tax Practitioner Services

Contact Center

Primary Contact Center

- Answered 555,000 calls (70% of calls received)
- Average wait time was 9 minutes

Tax Practitioner Hotline

- Answered 84,000 calls
- Average wait time was 5 minutes

Taxpayer + Tax Practitioner Services

Contact Center

Live Chat

- Became permanent communication channel September 2011.
- Increased capabilities including Secure E-mail and Business Entity services.
- Over 67,000 taxpayers have been assisted this year, 17,000 of those being BE customers.



Live Chat User

“I would definitely use again. Very fast and to the point, and answered all my questions!”

- Live Chat User

Live Chat User

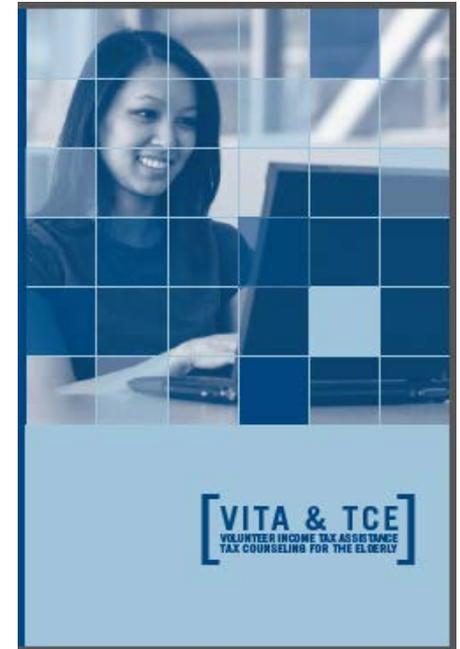
“The Technician who helped me was very helpful and quick. It took 2 minutes to get what I needed, very efficient.”

- Live Chat User

Volunteer Income Tax Assistance and Tax Counseling for the Elderly

VITA and TCE

- Assistance available January 18 – April 17
- Completed over 544,000 returns
- Assisted at approximately 1,300 locations throughout the state



Enhanced Taxpayer Self Service Options

MyFTB Account

- ❑ Expanded Address Update
- ❑ e-Pay Flag
- ❑ View Additional Tax Years

Web Pay for Individuals and Businesses

- ❑ View Payments
- ❑ Cancel Payments
- ❑ Save Banking Information

F T B



Questions?

Thank you



Filing Season Update

(Statistics effective May 12, 2012 unless otherwise noted)

Personal Income Tax Returns

The volume of personal income tax (PIT) returns filed is up by 3 percent to 14.3 million compared to the same time last year. Personal income tax e-file returns are also ahead of last year at this time by 5 percent having received 11.8 million returns this year versus 11.2 million returns at the same time last year. Overall, 83 percent of PIT returns were e-filed compared to 81 percent last year.

Taxpayers have filed 238,000 CalFile returns versus 252,000 CalFile returns last year, which is a decrease of 6 percent year over year. However, ReadyReturn showed continued growth this year - 84,000 taxpayers have used ReadyReturn to file their PIT return, an increase of 7 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 ReadyReturn easy to understand and felt that this is the type of service that government should provide.

FTB estimates that PIT e-file will grow by another 2 percent next tax year. The IRS mandate for practitioners to e-file if they file more than 10 returns, increased awareness of e-file options, desire for faster processing, a greater number and faster refunds are just a few of the contributing factors.

Business Entity Tax Returns

Business Entities (BE) have filed 775,000 tax returns. We continue to experience good growth in the number of business entity tax returns filed electronically, increasing from 313,000 last year to 390,000 business e-file tax returns this year – an increase of 25 percent.

As with PIT, BE e-file is expected to grow. Next year, we anticipate BE e-file to increase 15-20 percent. In the next two years, we expect that over 50 percent of eligible business returns will be e-filed. And that percentage will continue to grow. This growth stems from the IRS e-file mandate, increased awareness of e-filing, and e-filing's convenience.

Refunds (PIT and BE)

Over 9.4 million PIT refunds, amounting to \$8.2 billion, have been issued this year. PIT refunds are up 6 percent over last year, with the average current year refund up about \$50 from \$820 to \$870.

Over 56,000 business entity refunds have been issued this year amounting to \$514 million. Last year at this time 63,000 business entity refunds had been issued for \$393 million.

Total Deposits (PIT and BE)

The volume of PIT deposits is down by 2 percent and the total dollar amount is down 4 percent to \$12.3 billion. Paper continues to be the predominant payment method used by taxpayers, with 70 percent of all payments made by paper check. The volume of electronic deposits is 7 percent higher than last year.

BE deposit volumes are up by 5 percent; however, the total dollar amount is down for a total \$3.5 billion compared to deposits of \$4.0 billion last year at this time. Similar to PIT payments, paper continues to be the predominant payment method. Nearly 93 percent of all payments were made by paper check. However the volume of electronic deposits is 39 percent higher than the same time last year.

Taxpayer & Tax Practitioner Services – Contact Center

FTB's primary contact center answered 555,000 calls, representing 70 percent of the calls offered. The average taxpayer wait time this year was 9 minutes, while the average wait time last year was 10 minutes.

The Tax Practitioner Hotline answered 84,000 calls. The Hotline's average wait time was 5 minutes.

Live Chat has become a permanent program and added BE capabilities in September 2011. Live Chat has assisted more than 67,000 taxpayers this year, with 17,000 contacts coming from BE customers.

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 January 18 to April 17. This year FTB employees and volunteers completed over 544,000 returns at approximately 1,300 locations throughout the state.

Enhanced Taxpayer Self Service Options

With over 398,000 registrations since launching our current authentication system in late 2010, taxpayer online self-service continues to grow in popularity. As both taxpayers and the state directly benefit from the online self-service options, we strive to continue improving them. Taxpayers are receptive to having access to their account information in a secure environment, any time, without having to call. Enhancements made for the 2012 tax season allow more taxpayers access to their accounts online and expand available account information.

New enhancements this year include:

MyFTB Account

- **Expanded Address Update** – This feature allows the taxpayer to change their “undeliverable mail status” by changing their address online, without having to call. Previously taxpayers with an “undeliverable mail status” were prohibited from accessing information on MyFTB Account.

- **e-Pay Flag** – This feature tells the taxpayer whether or not they have an obligation to pay their taxes electronically. If that obligation has been waived, the taxpayer will be alerted of that as well.
- **View Additional Tax Years** - This feature allows taxpayers to see tax years where they have a zero balance due. Previously, only those tax years where a balance due existed on an account were viewable.

Web Pay for Individuals and Businesses

- **View Payments** – This feature allows both individuals and business entities to view the status of payments made in Web Pay. Previously, only those payments which had already posted to an account were viewable.
- **Cancel Payments** – This feature allows both individuals and business entities to cancel pending payments online. This enhancement removes the need for a stop payment once the payment has been submitted if still pending.
- **Save Banking Information** – Individuals and business entities may now save their bank account information, for up to two financial institutions, for future payments.

These enhancements also generate a cost savings by reducing the volume of calls to our e-helpdesk and call center.