

Filing Season – 2009 Update

Personal Income Tax Returns

As of May 16, 2009 we received 13.9 million personal income tax returns, down 3 percent from last year. This is thought to be due to the increase in filing last year attributable to the federal stimulus package. The department again realized growth in e-filed returns this year. This year we received 10.1 million e-filed returns, compared to 9.8 million e-filed returns last year at this time. Of the current year personal income tax returns filed, 72 percent were e-filed, up 3 percentage points from last year. Current year paper-filed returns decreased 15 percent this year, or by about 660,000 returns.

Both CalFile and ReadyReturn realized significant growth this year. We received 224,000 CalFile returns, up 18 percent over last year. Over 60,000 taxpayers used ReadyReturn as their means to file their state tax returns, representing a 460 percent growth rate. Out of those taxpayers who responded to our on-line survey, 99 percent found ReadyReturn easy to use and 98 percent felt ReadyReturn is the type of service that government should provide.

Business Entity Tax Returns

As of May 16, 2009 we received over 723,000 business entity returns, up 23 percent from last year. Current year e-filed business returns increased over 45 percent, with 190,000 returns received, compared to 130,000 at this time last year. Of the total business entity returns filed so far, 27 percent were e-filed compared to 22 percent last year.

Personal Income Tax Refunds

As of May 16, 2009 there were 9.2 million personal income tax refunds issued amounting to \$7.4 billion. The total volume of refunds issued this year is 3 percent higher than last year. The average refund this year is higher at \$802, compared with \$724 last year. The number of direct deposit refunds increased by 337,000, or 8 percent over last year. We received 4.8 million direct deposit requests.

Taxpayer & Tax Practitioner Services – Call Center

We continue to experience a high volume of calls in our general information call center. As of May 16, 2009, we answered 630,000 calls, with an average wait time of 13 minutes, compared to last year's 10 minutes.

The Tax Practitioner Hotline answered 110,000 calls, the same volume as last year. The Hotline's average wait time was 7 minutes, up from last year's 3 minutes. Based on taxpayer and tax practitioner feedback, we increased the average wait time for both call centers so fewer callers would receive a busy signal.

Internet Services

There were 7.1 million total visits to our website this filing season. The top visited page was Forms and Publications. Taxpayers downloaded almost 5.3 million tax forms, schedules, and instructions compared to 5.7 million for the same time last year.

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

The total number of deposits received this year is 6.1 million, down 13 percent from last year. The total dollar amount received was \$16.4 billion, down 30 percent compared to last year's \$23.6 billion. Paper continues to be the choice for payment by taxpayers, with 79 percent of payments made by paper check. However the volume of electronic deposits is 45 percent higher than the same time last year, and the dollar amount of those electronic deposits is \$5.4 billion, 57 percent higher than last year's total of \$3.5 billion.

Delayed Refunds

Due to the state's cash and budget problems, the State Controller announced in January that he would have to delay refunds for 30 days for Personal Income Tax and Business Entity taxpayers. Approximately 3.5 million Personal Income Tax refunds for approximately \$3 billion were delayed.

Our call center experienced a high level of calls from taxpayers who were upset about the delay. Calls regarding the delayed refunds started in late January and continued through mid-March. Customer calls on the subject reached nearly 50 percent of those able to get through.

Delayed Mailing of Notices

For the 2009 filing season, based on a recommendation stemming from a Taxpayer Bill of Rights Hearing, a pilot project was implemented which delays the issuing of billing notices to taxpayers. At the conclusion of each primary filing season (April 15), it typically takes three weeks to cashier and account for the large volume of paper payments. Billing and return correction notices are held during this time so that once they are released they properly reflect payments made. However, due to the volume of payments received, not all of them can be completely cashiered by the time notices are typically released at the end of the first week in May.

The intent of the pilot is to help reduce the number of notices that do not reflect timely payments by extending the notice release date until the end of May and into early June. This should in turn reduce taxpayer calls to their representatives and FTB.

As of May 21, 2009, we delayed 450,000 notices. We will begin releasing approximately 40,000 notices per day beginning May 29, 2009.

Each year, the Taxpayer Services Center Section receives a large volume of calls once the notices are released. Over the course of the next several months, we will analyze the effectiveness of the pilot program – including how the extended delay may affect call volumes - and determine whether or not to make it permanent.