

AUDIT UPDATE

- **Audit Programs:** The Audit Division will meet or slightly exceed its budgeted revenue projections of \$1.7 billion in net assessments for the current fiscal year.
- **Accelerating Revenue/Minimizing Costs:** FTB is utilizing several methods to streamline the audit process, such as, closing agreements or shelter initiatives to accelerate the resolution of cases. For example, FTB Notice 2008-4 on certain tax shelter transactions brought in approximately \$50 million in cash payments, exceeding the estimated amount of \$32 million.

Another method is the use of self-compliance letters whenever feasible. Self-compliance letters provide taxpayers the opportunity to voluntarily comply before an audit is conducted on issues and reduces the time to complete audits.

In addition, FTB is partnering with other federal or state agencies to share information. These collaboration efforts improve the effectiveness or efficiencies of our audits.

- **Audit Impact of Emerging Issues:** The workload impacts of the issues will be discussed, such as, Large Corporate Underpayment Penalty (LCUP), Limited Liability Company (LLC) fee claims, and Tax Shelters. FTB recently issued notices on the LCUP and LLC (FTB Notices 2009-3 and 2009-4). FTB is currently planning for additional or changing workloads arising from these recent developments.