



Filing Season Update

(Statistics effective June 15, 2011 unless otherwise noted)

Personal Income Tax Returns

The volume of personal income tax (PIT) returns filed is up by 2.5 percent to 14.1 million compared to the same time last year. Personal income tax e-file returns are also ahead of last year at this time by 9% having received 11.3 million returns this year versus 10.3 million returns at the same time last year. Overall, 80 percent of PIT returns were e-filed compared 75 percent last year.

Taxpayers have filed 254,000 CalFile returns versus 234,000 CalFile returns last year, which is an increase of 8.6 percent year over year. ReadyReturn also showed strong growth this year - 78,000 taxpayers have used ReadyReturn to file their PIT return, an increase of 42 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 3 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 851,000 tax returns. We continue to experience good growth in the number of business entity tax returns filed electronically, increasing from 254,000 last year to 334,000 business e-file tax returns this year – an increase of 31 percent.

As with PIT, BE e-file is expected to continue to grow next year. Increases in the range of 25-30 percent are anticipated. As with PIT e-file, the IRS mandate and increased e-file awareness have also been likely contributors to the increase in Business e-filing. Within the next two years, we expect more than 50 percent of all business returns eligible to be filed electronically; will be e-filed. And that percentage will continue to grow.

Refunds (PIT and BE)

Over 9.3 million PIT refunds, amounting to \$7.9 billion dollars, have been issued this year. PIT refunds are up 11.3% over last year, with the average refund up about \$120 from \$720 to \$840.

Nearly 81,000 business entity refunds have been issued amounting to \$456 million. Last year at this time 71,000 business entity refunds had been issued for \$435 million, a volume increase of 13 percent.

Total Deposits (PIT and BE)

The volume of PIT deposits is down by 8.3 percent while the total dollar amount is up 17.6 percent to \$14.5 billion. Paper continues to be the predominant payment method used by taxpayers, with 77 percent of all payments made by paper check. However, the volume of electronic deposits is 8 percent higher than last year.

BE deposit volumes are up by 6 percent for a total \$5.1 billion over deposits of \$6.0 billion last year at this time. Similar to PIT payments, paper continues to be the predominant payment method. Nearly 95 percent of all payments were made by paper check. However the volume of electronic deposits is 88 percent higher than the same time last year.

Taxpayer & Tax Practitioner Services – Contact Center

FTB's primary contact center answered 727,000 calls, representing 60 percent of the calls offered. The average taxpayer wait time this year was 10 minutes, while the average wait time last year was 11 minutes – an improvement of 1 minute.

The Tax Practitioner Hotline answered 124,000 calls, compared to 134,000 calls last year. The Hotline's average wait time was 9 minutes.

Virtual Hold (VH) was implemented in the contact center in May 2010 to rave reviews. VH is an option taxpayers can choose to receive a call back at a specified time, allowing them to keep their place in line without having to wait on hold. This service has saved nearly 460,000 hours on hold and about \$490,000 in toll-free charges. Even better, with this service we have experienced a significant decrease in repeat and abandoned calls; as a result, the average wait time has decreased allowing more taxpayers access to our services.

The Contact Center also implemented a Live Chat Pilot in March 2011. Live Chat is a new method of communication for FTB where a live agent responds to taxpayers in real time through the internet. Taxpayers can click a button on the FTB website to "chat" with a live agent regarding non-confidential filing questions. Nearly 32,000 taxpayers have been assisted with this new technology since March.

Home Buyer Credit Programs

The 2010 Tax Credit for New Home / First-Time Buyer allows up to \$100 million for the New Home Credit and \$100 million for the First-Time Buyer Credit. These credits are available on a first-come, first-served basis. Taxpayers must fax to us the required documents in order to be allocated one of these credits. We received and processed over 35,000 applications for the First-Time Buyer Credit and allocated credits to over 18,000 first-time home buyers. The entire \$100 million credit for the First-Time Buyer Credit has been allocated.

Purchases of new homes closing by July 31, 2011 are eligible for the credit if the purchase is pursuant to an enforceable contract executed on or before December 31, 2010. Therefore, we are still processing applications for the New Home Credit. So far, we have received over 31,000 reservations and/or applications, and we have allocated credits to about 14,000 new home buyers. The remaining unallocated credit for this program is about \$4.8 million.

We also provided assistance to home buyers through our contact center. During this past year, we handled approximately 40,000 calls.

Federal Earned Income Tax Credit (EITC)

In March 2010 FTB started a partnership with the IRS to conduct education and outreach on the Federal Earned Income Tax Credit, (EITC). This is a federal credit that many low to mid-income families in California, (it was estimated to be as many as 800,000, or one in four prior to 2010) are eligible for, but haven't claimed. In 2010, FTB mailed an IRS EITC insert to California nonfilers. In addition, the FTB website continues to feature an EITC link in several places. In early 2011 FTB mailed an additional 30,000 IRS EITC inserts, and produced a YouTube video prior to EITC Awareness Day in January. FTB is continuing to explore ways to collaborate with the IRS, other state agencies and interested partners to get the word out about this important Federal Credit.

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 500,000 returns at approximately 1,200 locations throughout the state, including three sites aboard US Naval ships.

2010 Tax Booklets

Beginning this filing season, FTB and the IRS discontinued mailing of tax booklets. Taxpayers were able to obtain a tax booklet at one of our distribution sites or request one through our IVR. Studies indicate that fewer than 4% of taxpayers used the forms that were previously mailed to file a PIT return. Halting the mailing of booklets saves the state over \$1 million annually. In addition, more taxpayers have taken advantage of electronic filing options.

New Taxpayer Self Service Options

In November 2010, we implemented a new authentication program for taxpayers and tax professionals to access their MyFTB Account on our website. Customers now register online to establish and manage their own User ID and password. This self registration replaced the previous customer service number (CSN) based system. To view a client's account, tax professionals need to have their client's permission, and need to provide information from the client's tax return. After signing on to My FTB Account, taxpayers and tax professionals are able to:

- View estimated tax and other payments made to FTB
- View current account balance
- View wage, withholding and FTB-issued 1099
- Use a new online feature to provide a change of address

Along with the new online self registration and account management, we also provide Business Entity customers access to a new online service, Web Pay for business entities. This new service gives business entities an easy method to make electronic payments. Over 32,000 BE Web Payments totaling over \$233 million have been received to date.

In February 2011, another long-awaited self service option was implemented - BE MyFTB Account. With BE MyFTB Account, business entity customers and their authorized representatives can now view estimate payments. This feature has been well-received by business entities and tax professionals and has saved our Tax Practitioner Hotline many thousands of calls related to estimate payment verification.

In fall 2011, we will enhance our Web Pay for Individuals and Web Pay for Businesses online services. Individuals and business entities will be able to view and cancel previously scheduled payments made using Web Pay instead of calling the Contact Center.

Also in fall 2011, we will be making changes to the online registration application in response to customer input which should make it even easier to navigate.

And finally, FTB launched a variety of new mobile-optimized services in 2010. Taxpayers can use their smart phone to check on refunds, locate a VITA site, find an FTB district office or locate a tax booklet distribution site in a view that is more user-friendly.

07.07.11 | Board Meeting

Filing Season Update



Phillip Gray | Filing Division

Franchise Tax Board

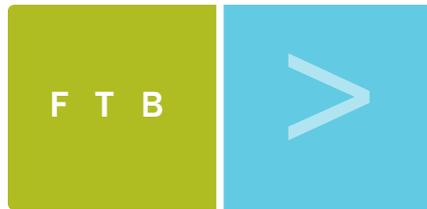
Personal Income Tax (PIT) Returns



Business Entity (BE) Returns



Refunds



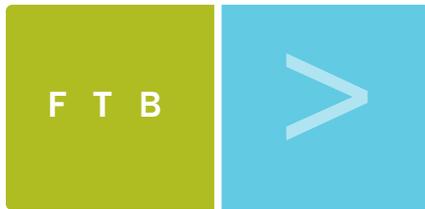
PIT

- Over 9.3 Million refunds issued
- \$7.9 Billion
- Average Refund = \$840

BE

- 81,000 refunds issued
- \$456 Million
- Volume Increase of 13%

Taxpayer + Tax Practitioner Services Contact Center



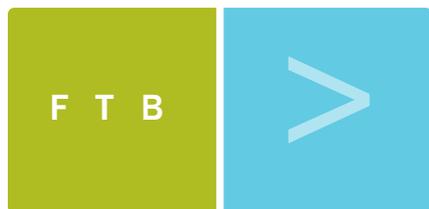
Primary Contact Center

- Answered 727,000 calls (60% of calls offered)
- Average wait time was 10 minutes
- 1 minute improvement from last year

Tax Practitioner Hotline

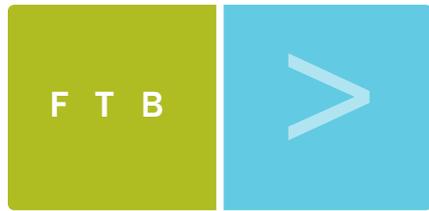
- Answered 124,000 calls
- Average wait time was 9 minutes

Taxpayer + Tax Practitioner Services Contact Center



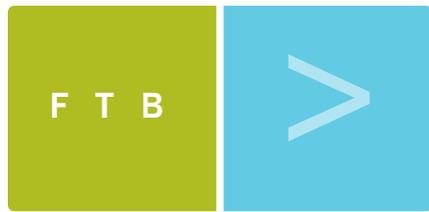
Virtual Hold

- Implemented May 2010
- Saved nearly 460,000 on hold hours
- \$490,000 in toll-free charges saved
- Significant decrease in repeat and abandoned calls



“Thanks for
calling me back.
That’s a heck-of-
a system, just
great!”

Virtual Hold User

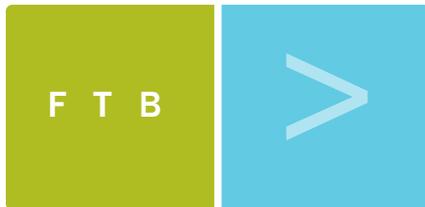


“I have heard several times about virtual hold...Thank you for calling me back, this is the most amazing system ever!”

Virtual Hold User

Taxpayer + Tax Practitioner Services

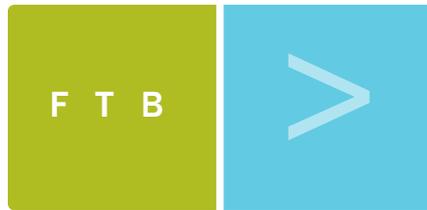
Contact Center



Live Chat

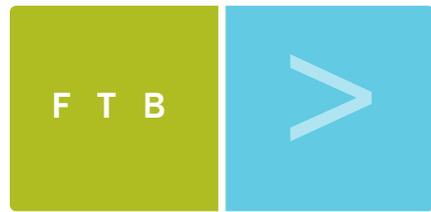
- Pilot implemented March 2011
- Live agent responds to taxpayers in real time through the Internet
- Nearly 32,000 taxpayers have been assisted





“Wow. Thank you for your help. This is a great service. It is nice to be able to talk to someone so quickly. Thanks again. Have a great day.”

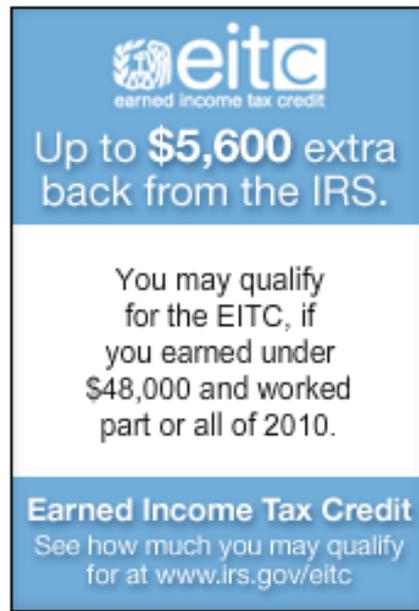
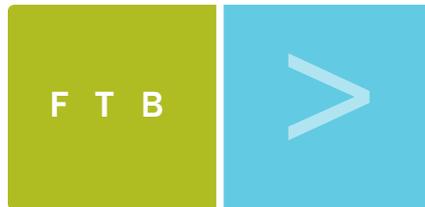
Live Chat User



“This is the first time I’ve used Live Chat. I liked it. Nice addition.”

Live Chat User

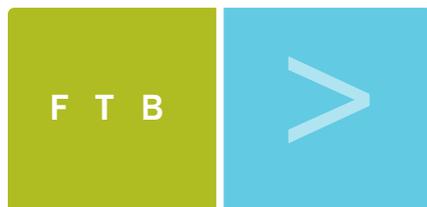
Federal Earned Income Tax Credit (EITC)



Partnership with IRS in March 2010

- In 2010, mailed IRS EITC inserts to California nonfilers
- Our website features several EITC links
- In 2011, mailed an additional 30,000 IRS EITC inserts
- Continue to explore ways to collaborate with the IRS
- Social Media Campaign (YouTube, Twitter, and Facebook)

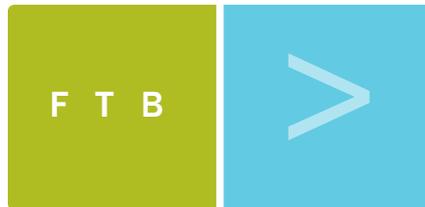
Volunteer Income Tax Assistance and Tax Counseling for the Elderly



VITA and TCE

- Assistance available February 1 – April 15
- Completed over 500,000 returns
- Assisted at approximately 1,200 locations throughout the state

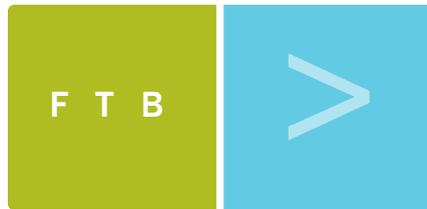
2010 Tax Booklets



Discontinued Mailing

- Booklets available at distributions sites
- Booklets could be requested through our IVR
- Saves the state \$1 Million annually
- 23% of the population switched over to e-file

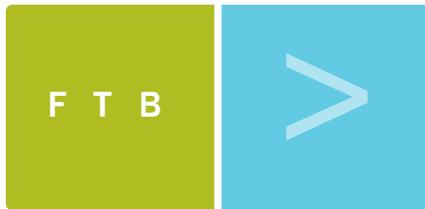
New Taxpayer Self Service Options



New Authentication for MyFTB Account

- For taxpayers and tax professionals
- Provides users the ability to manage their own userID and password
- Self registration replaced customer service number (CSN) based system
- Users can:
 - **View estimated tax and other payments made to FTB**
 - **View current account balance**
 - **View wage, withholding and FTB-issued 1099**
 - **Provide a change of address**

New Taxpayer Self Service Options



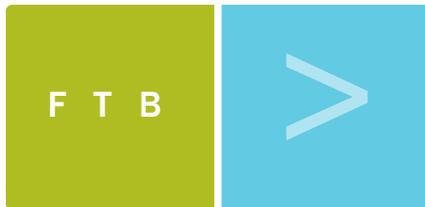
Web Pay for Business Entities

- Easy method to make electronic payments
- Over 32,000 BE web payments
- \$233 Million received

BE MyFTB Account

- Implemented in February 2011
- Business Entity customers and authorized representatives can view estimated payments
- Less calls to the Tax Practitioner Hotline related to estimate payment verification

New Taxpayer Self Service Options



New Mobile-Optimized Services

- Taxpayers can use their smartphone to

Check on refunds

Locate a VITA site

Find an FTB district office

Locate a tax booklet distribution site



Questions?



Thank You