

Appendix B.7. VCI Charts and Graphs of Statistics

The charts and graphs on the following pages illustrate the results of the VCI. The type of taxpayer or the option selected generally categorizes the data. This cover page further explains the terminology used within the charts and graphs.

Taxpayers:

Taxpayers were analyzed based on whether they were a part of Personal Income Tax (PIT) revenues or Corporate Tax (Corp) revenues.

1. PIT data includes individuals and trusts.
2. Corp data includes all business entities.

Options:

Taxpayers had to elect one of two binding options when they participated in the VCI. They made this selection on the Participation Agreement. (see appendices B.1 and B.2.)

1. A taxpayer electing Option 1 waived their right to appeal the amounts they reported in the VCI.
2. A taxpayer electing Option 2 maintained their rights to dispute the amounts reported for the VCI. To further clarify the taxpayer's action under Option 2, FTB provided three subcategories for the taxpayer to elect to expedite handling. These subcategories were:
 - Option 2A-Treat VCI amended return as a claim for refund.
 - Option 2B-Taxpayer is not currently filing a claim for refund, but maintains right to file claim within statute of limitations.
 - Option 2C-Treat VCI amended return as a claim for refund that is pending a final federal determination.

These options appear in the various charts and graphs with the following labels:

Option	Label/Description	Comments
Option 1	Loses Appeal Rights	Taxpayer has NO appeal rights for amounts paid in connection with the tax shelter.
Option 2A	Filed Refund Claim	Taxpayer treats VCI election as a tax shelter claim for refund. Case remains open until claim is resolved.
Option 2B	Retains Appeal Rights	Taxpayer reserves the right to file a claim in the future. Case remains closed until taxpayer files a claim for refund
Option 2C	Awaiting Federal Action	Taxpayer has a federal action pending. Case remains open until federal determination is final.

List of Charts and Graphs that follow:

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| Appendix B.7.1 | Summary of VCI by Options- Chart |
| Appendix B.7.2 | Summary of VCI Revenues by Options- Graph |
| Appendix B.7.3 | Summary of VCI Taxpayers by Options- Graph |
| Appendix B.7.4 | VCI Returns by Tax Year- Graph and Table |
| Appendix B.7.5 | Analysis of VCI by Taxpayer Type |
| Appendix B.7.6 | Summary of VCI Participation by States |
| Appendix B.7.7. | Summary of VCI Participation by Taxpayer Type |
| Appendix B.7.8. | Illustration of Tax Shelter Penalties before and after 2003 legislation |