



Mandatory e-file Tax Law Information for Practitioners

The state receives millions of paper tax returns a year that qualify for e-file (electronic filing), which saves processing costs for the state and improves tax return accuracy rates. California State Legislature passed a law, commonly referred to as “Mandatory e-file.”

Mandatory e-file Law

The law requires tax preparers who prepared more than 100 California individual income tax returns using software during the previous year to e-file all of their clients’ current year returns. Tax preparers who don’t comply may face penalties.

If a taxpayer does not want their tax return e-filed, they can opt out of this requirement. Tax preparers will not be penalized if a taxpayer chooses not to e-file and signs our e-file form, FTB 8454, *Opt-Out Record for Individuals*, for your tax preparer’s records. Go to ftb.ca.gov/forms and search for **8454** to download this form.

e-file Benefits

Millions of taxpayers chose to e-file last year for these reasons:

- ✓ Fast – tax refunds are issued quickly with direct deposit.
- ✓ Convenient – taxpayers can e-file now and pay later. To avoid penalties, taxpayers need to pay by the due date. For more information, go to ftb.ca.gov and search for due date.
- ✓ More accurate – the error rate for e-filed tax returns is less than one percent; for paper returns, it is 10 percent.
- ✓ Secure – we use industry-standard 128-bit encryption.
- ✓ Reduces – paper, postage, and trips to the post office.
- ✓ Provides peace of mind – you receive proof that we received your tax return.

Saves state processing costs to:

- ✓ Receive, open, and sort mail.
- ✓ Manually enter your tax return information into our system.

Contact Us

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