

**2018 Handbook  
for  
Authorized e-file Providers**

**FTB Pub. 1345**



STATE OF CALIFORNIA  
**Franchise Tax Board**

**[ftb.ca.gov](http://ftb.ca.gov)**

# Table of Contents

Table of Contents .....	2
Change Log .....	3
Section 1 Introduction .....	4
1.1 Welcome .....	4
1.2 Where Can I Get More Information? .....	4
1.3 Reminders .....	5
Section 2 e-file Program .....	9
2.1 General Information .....	9
2.2 Definition of e-file Participants .....	9
2.3 Differences Between the IRS and FTB e-file Programs .....	10
2.4 Mandatory e-file (Individual e-file) .....	10
2.5 Business e-file Requirement (Business e-file) .....	11
Section 3 Acceptance into the California e-file Program .....	12
3.1 Acceptance Process .....	12
3.2 EFIN and ETIN Assignments .....	13
3.3 Suitability Check .....	13
Section 4 Responsibilities of Authorized e-file Providers .....	14
4.1 General Information .....	14
4.2 Advertising Standards .....	15
Section 5 Fraud Prevention and Quality Assurance .....	16
5.1 General Information .....	16
5.2 Monitoring .....	17
5.3 Suspension .....	17
5.4 Site Visits .....	18
5.5 To Contact the Fraud Unit .....	18
Section 6 Filing an Electronic Return .....	19
6.1 Filing Due Dates .....	19
6.2 Composition of the e-file Return .....	19
6.3 Disclosure of Electronic Return Information .....	19
6.4 Signing the Electronic Return or Stand-Alone Payment Request .....	19
6.5 Substitute Forms .....	24
Section 7 Record Keeping and Data Retention .....	25
7.1 The Paper Portion of the Return .....	25
7.2 Special Situations .....	25
Section 8 Refund Returns and Direct Deposit of Refund .....	26
8.1 Refund Returns .....	26
8.2 General Information .....	26
8.3 Eligibility Requirements .....	27
8.4 Responsibilities .....	27
8.5 Verifying the Financial Institution Information .....	28
8.6 Refund Delays and Changes .....	28

Section 9	Balance Due Return and Electronic Payment Options.....	29
9.1	General Information .....	29
9.2	Payment Options.....	29

## Change Log

Section	Changes
Throughout publication	Updated Tax Years

# Section 1 Introduction

## 1.1 Welcome

Thank you for participating in the California Franchise Tax Board's (FTB) e-file Program. Whether you are a new or returning participant, we welcome you aboard.

This publication provides you with information on our Individual, Business, and Fiduciary e-file Programs, your responsibilities as a participant, and rules and procedures for various aspects of the Program.

For specific information regarding each Program, go to our public website at [ftb.ca.gov](http://ftb.ca.gov) and get the following publications:

- Individual and Fiduciary e-file:
  - FTB Pub. 1346X, *2018 California Individual and Fiduciary e-file Return and Stand-Alone Payment Guide for Software Developers and Transmitters*
- Business e-file:
  - FTB Pub. 1346B, *2018 Business e-file Return and Stand-Alone Payment Guide for Software Developers and Transmitters*

## 1.2 Where Can I Get More Information?

This publication is a general e-file handbook providing information about our Individual, Business, and Fiduciary e-file Programs. For more specific e-file assistance and information please visit the Tax Professionals area of our Website or contact e-Programs Customer Service:

**Website:** [ftb.ca.gov](http://ftb.ca.gov)

**e-Programs Customer Service:**

Available Monday through Friday, between 8 a.m. and 5 p.m.

Phone: 916.845.0353

Fax: 916.855.5556

Email: [e-file@ftb.ca.gov](mailto:e-file@ftb.ca.gov)

Send comments or suggestions regarding the California e-file Program or this publication to:

**e-file Coordinator, MS F-284**

**Franchise Tax Board**

**PO Box 1468**

**Sacramento CA 95812-1468**

Email: [e-file.coordinator@ftb.ca.gov](mailto:e-file.coordinator@ftb.ca.gov)

**Assistance for persons with disabilities:** We comply with the Americans with Disabilities Act. Persons with hearing or speech disability please call TTY/TDD 800.822.6268. For the California relay service please call 711 or 800.735.2929.

## 1.3 Reminders

### **Stand-Alone EFW Electronic Payment Process**

Individuals, business entities, and tax practitioners have the ability to submit an Electronic Fund Withdrawal (EFW) request for various payment types using tax preparation software. These payment requests will be accepted as “stand-alone,” and can be submitted separately from the e-file return. The return can be filed at a later date.

As a reminder, the following payment types are available through our stand-alone payment process:

- Individuals
  - Estimate Payments
  - Extension Payment
- Fiduciary (Estate/Trust)
  - Estimate Payments
  - Extension Payments
- Business Entities (Corporations/Limited Liability Companies/Partnerships)
  - Extension Payments
  - Corporation Quarterly Estimate Payments
  - LLC Annual Tax Payment
  - LLC Estimated Fee

Contact your software provider to see if they are supporting “Stand-Alone” EFW payments.

Business entities and tax practitioners will still have the ability to submit EFW requests for return and estimate payments with the e-filed return using tax preparation software.

### **Amended return e-filing for Individuals**

FTB’s e-file program is accepting e-file amended returns for individuals on tax years 2017 and 2018 Forms 540, 540NR Long, 540NR Short, and 540 2EZ, as well as the new Schedule X, *California Explanation of Amended Return Changes*. For tax year 2016 and prior years, amended individual returns continue to be paper filed using Form 540X.

### **Requirements for e-file Participation:**

- In order to be automatically enrolled in the California e-file Program, you need to be an accepted participant in the IRS e-file program. We receive confirmation within 7-10 business days after the IRS accepts you into their program.
- Use your IRS-assigned Electronic Filer Identification Number (EFIN) to e-file with FTB. If you transmit returns, use your IRS-assigned Electronic Transmitter Identification Number (ETIN) with FTB.
- Comply with the guidelines in this publication and in FTB Pubs. 1346B and 1346X.

Once you receive your IRS EFIN, you may contact our e-Programs Customer Service at 916.845.0353 to verify your enrollment with California.

## **Mandatory e-file for Individual Returns**

California law requires individual income tax returns prepared by certain income tax preparers to be e-filed unless the individual return cannot be e-filed due to reasonable cause. Reasonable cause includes a taxpayer's election to opt-out (choose not to e-file).

If you prepared more than 100 California individual income tax returns in any calendar year and in the following calendar year prepare one or more using tax preparation software, then you must e-file all acceptable individual returns in that following year and all subsequent calendar years thereafter.

Fiduciaries are not included in the individual e-file mandate at this time.

To learn more about this important law, refer to Section 2.4 of this handbook or go to our website at [ftb.ca.gov](http://ftb.ca.gov) and search for **mandatory e-file**.

## **Business Entity e-file Requirement**

Effective January 1, 2015, for taxable years beginning on or after January 1, 2014, California law requires business entities that prepare an original or amended return using tax preparation software to electronically file (e-file) their return to us.

Any business entity required to file a tax return electronically under R&TC Section 18621.10 may annually request a waiver from their e-file requirement.

We may grant a waiver if we determine the business entity is unable to comply with the requirements due to, but not limited to, the following reasons:

- Technology constraints.
- Situations where compliance results in undue financial burden.
- Circumstances that constitute reasonable cause.

As part of our continuing education and outreach efforts, we will approve waiver requests made during the 2019 calendar year upon submission.

Subsequent year waiver requests may be subject to review prior to approval.

For more information, go to our website at [ftb.ca.gov](http://ftb.ca.gov) and search for **business e-file requirement**.

## **Mandatory e-pay for Individuals**

Individuals are required to remit all payments electronically once they make an estimate or extension payment exceeding \$20,000 or you file an original tax return with a total tax liability over \$80,000 for any taxable year that begins on or after January 1, 2009.

Once they meet this threshold, all subsequent payments regardless of amount, tax type, or taxable year must be remitted electronically. The first payment that would trigger the mandatory e-pay requirement does not have to be made electronically. Individuals that do not send the payment electronically will be subject to a one percent noncompliance penalty.

Electronic payments can be made using Web Pay on Franchise Tax Board's (FTB's) website, electronic funds withdrawal (EFW) as part of the e-file return, or your credit card. For more information or to obtain the waiver form, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **mandatory e-pay**.

**Note: Fiduciaries do not fall under this mandatory provision at this time.**

## **View Your Clients on MyFTB to Verify Estimate Payments Online**

The number one reason we send notices to taxpayers is for discrepancies between the estimated tax payment amount reported on their return and the amount actually paid to FTB. We need your help ensuring your client's estimate payments are correct prior to e-filing the return.

You can do this online by using MyFTB. This service allows taxpayers and their authorized representatives (established by a Power or Attorney declaration or Tax Information Authorization) to view estimated tax payments and available credits that can be claimed on the return. You can also confirm California Wage and Withholding information and view FTB-Issued forms 1099-G and 1099-INT prior to filing. In addition, the total balance due on the account, including tax year summaries (tax computation), tax returns, and notice information is available.

Please consider using MyFTB on our website to verify your client's estimate payments prior to e-filing their return. Follow links within your software or visit [www.ftb.ca.gov/online/myacct/index.asp](http://www.ftb.ca.gov/online/myacct/index.asp) to access this service. If you do not already have a MyFTB account, you will need to complete a one-time registration process to access MyFTB on behalf of your client.

## **Secure Web Internet File Transfer (SWIFT) for e-file Transmissions**

SWIFT is our secure web internet-based method for the receipt of e-file return transmissions and the return of receipts and acknowledgements. SWIFT is the standard communication method for individual, business, and fiduciary e-file transmissions. General information about SWIFT is available on our website at:

[http://www.ftb.ca.gov/professionals/taxnews/swift\\_faq.shtml](http://www.ftb.ca.gov/professionals/taxnews/swift_faq.shtml)

## **International ACH Transactions (IAT)**

To comply with the NACHA regulations regarding International ACH Transactions (IAT), FTB will not accept requests for direct deposit of refund (DDR) or electronic funds withdrawal (EFW) in association with financial institutions outside of the territorial jurisdiction of the United States. (The territorial jurisdiction of the United States includes all 50 states, U.S. territories, U.S. military bases and U.S. embassies in foreign countries.)

If a taxpayer requests a DDR or an EFW (for their balance due or for future estimated tax payments), the applicable following question should be presented to the taxpayer to determine if a financial transaction qualifies as an IAT:

***DDR: Will the funds be received by a financial institution outside of the territorial jurisdiction of the U.S.?***

***EFW: Will the funds originate from a financial institution outside of the territorial jurisdiction of the U.S.?***

An answer of yes will indicate an IAT transaction and therefore a DDR or EFW option should not be allowed by the software.

For taxpayers due a refund, the taxpayer will be issued a paper check in lieu of the DDR. For taxpayers who are requesting an EFW, please direct them to one of our other payment options, which are listed in the instructions of our forms FTB 8453 series. You can also go to our website at [ftb.ca.gov](http://ftb.ca.gov) and search for: payment options.

**Note: Fiduciaries do not have the option to receive DDRs.**

## **Refund Splitting**

Only individual taxpayers have the option of splitting their refund made by Direct Deposit Refund (DDR) in up to two accounts. Taxpayers requesting their refund be split must request the total refund amount be electronically deposited between the two accounts. Taxpayers cannot receive part of their refund by DDR and part by paper check.

**Important Note: If a taxpayer chooses to split their DDR and requests an electronic funds withdrawal (EFW) for estimated tax payments on the same return, the EFW will take place from the first bank account listed.**

## **Verifying Banking Information**

To avoid DDRs or EFWs being returned by taxpayer's banks, we encourage the use of double entry or other techniques that require the taxpayer to double-check the entered bank account and routing number information. This will help ensure the accuracy of the information that is entered or imported from previous requests, return filings, etc.

## **Subscription Services**

Subscription Services is our free automated service providing you important information by email. You can choose from a variety of topics including:

- Tax Professionals
- Tax News
  - e-Programs News
- Law and Legislation
- Announcements and Press Releases

You can add or discontinue your subscription at any time. For more information, go to our website at [ftb.ca.gov](http://ftb.ca.gov) and search for Subscription Services.

## **Web Pay**

Taxpayers can use Web Pay to make their return payment, bill payments, extension or estimated tax payments online. Taxpayers enter their account information, payment type, amount, and the date they want the payment made. We'll deduct the specified amount on the date they indicate. FTB offers two ways to use this service:

- Taxpayers can complete a one-time registration process, log in to MyFTB, and access Web Pay to schedule payments, view and cancel scheduled payments, and save information for future payment requests.
- Taxpayers do not need a MyFTB account to pay.
  - Individuals - Can log in to Web Pay using their social security number and last name.
  - Business Entities & Fiduciaries – Can log in to Web Pay using their entity types and entity ID.

Individuals, Businesses, and Fiduciaries that use Web Pay while not logged into MyFTB, cannot view or cancel these payments online nor can they save their information for future payments.

See [www.ftb.ca.gov/online/webpay/index.asp](http://www.ftb.ca.gov/online/webpay/index.asp) for more information.

## Section 2 e-file Program

### 2.1 General Information

e-filing ensures more accurate returns because e-file software and our e-file process verify certain aspects of the return before we accept it for processing. Because of these checks, e-file returns have the lowest error rate of all returns filed. In addition, taxpayers and tax practitioners know that we received their return because we send an acknowledgment for each e-file return.

Our e-file program checks the return information for completeness and accuracy. If our e-file program accepts the return, you receive an acknowledgement (ACK) showing we accepted the return. If our e-file program rejects the return, you receive an ACK identifying the problem(s) that caused our e-file program to reject the return. You must correct the errors and retransmit the return for processing.

You may transmit electronic return Forms 540, 540NR Long, 540NR Short, 540 2EZ, 100, 100S, 100W, 100X, 199, 565, 568, and 541 via a transmitter or directly to us. Returns are transmitted to us via the Internet, using our Secure Web Internet File Transfer (SWIFT) system. Check with your software provider or transmitter if you have questions about submitting your returns.

We accept e-file returns for the following tax years:

- Individual e-file: 2018, 2017, and 2016
- Business e-file: 2018, 2017, and 2016
- Fiduciary e-file: 2018, 2017, and 2016

### 2.2 Definition of e-file Participants

A participant in California's e-file Program is an "Authorized FTB e-file Provider." An Authorized FTB e-file Provider is defined as a:

**Electronic Return Originator (ERO):** An ERO originates the electronic submission of a tax return after the taxpayer authorizes the electronic filing of the return. To be an ERO, you must be an accepted participant in the IRS's e-file Program.

**Online Filing Provider:** An Online Filing Provider allows taxpayers to self-prepare returns by entering return data directly into commercially available software downloaded from an Internet site and prepared off-line, through an online Internet site, or loaded from physical media onto a desktop computer or mobile device.

**Software Developers:** An Authorized FTB e-file Provider that develops software for the purpose of formatting the electronic portions of tax returns according to FTB Pub. 1346X, *California Individual and Fiduciary e-file Return and Stand-Alone Payment Guide for Software Developers and Transmitters* and FTB Pub. 1346B, *Business e-file Return and Stand-Alone payment Guide for Software Developers and Transmitters* and transmitting the electronic portion of tax returns directly to FTB.

**Transmitters:** An Authorized FTB e-file Provider that transmits the electronic portion of a tax return directly to FTB.

An Authorized FTB e-file Provider may serve its customers in more than one of these roles. For example, an ERO can, at the same time, be a Transmitter, or a Software Developer depending on the function(s) performed.

An Authorized FTB e-file Provider may use any tax return information provided by a taxpayer, whether in and for the current year or for prior years, for the purpose of identifying a suspicious

or potentially fraudulent return from or related to that taxpayer. For these purposes, tax return information means any and all documents or materials provided by the taxpayer or required by the taxing authority that the Authorized FTB e-file Provider uses in the course of the return preparation and submission.

## 2.3 Differences Between the IRS and FTB e-file Programs

We follow the e-file Program requirements found in IRS Publication 1345, and in IRS Revenue Procedure 2007-40, 2007-26, I.R.B. 1488 (or the latest update) and Publication 3112, to the extent that they apply to FTB's e-file Program. The differences between the IRS and FTB e-file programs are:

- Transmit all state tax returns and attachments directly to FTB in Sacramento, California.
- Do not send paper documents to FTB.
- Unlike the IRS, we allow ERO's and most online filers to use a pen on paper signature method (Form FTB 8453 series) in addition to electronic signature methods.
- EROs and taxpayers must retain forms FTB 8453, FTB 8453-OL, FTB 8453-C, FTB 8453-P, FTB 8453-LLC, FTB 8453-EO, 8453-FID, FTB 8879, FTB 8879-FID, FTB 8453 (PMT), FTB 8453-BE (PMT), 8453-FID (PMT), FTB 8879 (PMT). Do not mail these forms to FTB.
- Individual taxpayers must retain forms W-2, W-2G, 1099-R, 592-B, and 593, along with a complete copy of the return.
- We do not have an "offset" indicator.
- We do not have an electronic signature option for business e-file returns.
- e-filing is mandatory for certain preparers of individual income tax returns.

## 2.4 Mandatory e-file (Individual e-file)

e-file of individual returns is mandatory for returns prepared by certain income tax preparers. California law requires tax preparers who prepare more than 100 individual state income tax returns annually and prepare one or more using tax preparation software to e-file all current-year individual income tax returns.

**Note:** The mandatory e-file law does not apply to the filing of fiduciary returns.

For the purposes of this law, an "Income Tax Preparer" is defined as *a person who prepares, in exchange for compensation, or who employs another person to prepare, in exchange for compensation, any return for the tax imposed.*

This means, even if a person in your employ or one of your offices files less than 100 individual returns, if the total of all individual income tax returns prepared by multiple preparers or from multiple offices equals more than 100 and tax preparation software is used for one or more returns, all acceptable returns prepared are required to be e-filed.

If you reside or have an office outside California and you meet the requirements of the mandate, all California individual returns you prepare are required to be e-filed.

**Note:** There is no provision in the law that allows for a preparer waiver from the mandate.

### What types of returns must be e-filed?

All current year individual income tax returns are required to be e-filed. Prior year and amended individual tax returns, and fiduciary income tax returns are not required to be e-filed under the

mandate. Beginning January 2005, a \$50 per return penalty may be assessed for each return filed on paper that should have been e-filed.

### **What if my client (the taxpayer) does not want their return e-filed?**

Section 19170 of the Revenue and Taxation Code includes reasonable cause language that states reasonable cause includes, but is not limited to, a taxpayer's election not to e-file. If your client elects not to e-file, you should record that election on the *e-file Opt-Out Record for Individuals* (form FTB 8454). This form allows you to record your client's election not to e-file and should be retained with your records. **Do not mail this form to FTB.** If this form is not included in your software, you can download it from our Website at [ftb.ca.gov](http://ftb.ca.gov).

For additional information regarding mandatory e-file, visit our Website at [ftb.ca.gov](http://ftb.ca.gov) and search for **mandatory e-file**, contact e-Programs Customer Service at 916.845.0353, or email FTB at [e-file@ftb.ca.gov](mailto:e-file@ftb.ca.gov).

## **2.5 Business e-file Requirement (Business e-file)**

Effective January 1, 2015, for taxable years beginning on or after January 1, 2014, California law requires business entities that prepare an original or amended return using tax preparation software to electronically file (e-file) their return to FTB.

Any business entity required to file a tax return electronically under R&TC Section 18621.10 may annually request a waiver from their e-file requirement.

We may grant a waiver if we determine the business entity is unable to comply with the requirements due to, but not limited to, the following reasons:

- Technology constraints.
- Situations where compliance results in undue financial burden.
- Circumstances that constitute reasonable cause.

As part of our continuing education and outreach efforts, we will approve waiver requests made during the 2018 calendar year upon submission.

Subsequent year waiver requests may be subject to review prior to approval.

For more information, go to our website at [ftb.ca.gov](http://ftb.ca.gov) and search for **business e-file requirement**.

## Section 3 Acceptance into the California e-file Program

### 3.1 Acceptance Process

Based on the type of Authorized FTB e-file Provider you are, the acceptance process involves different steps:

- If you are a **Software Developer**, you must pass the Participants Acceptance Testing System (PATS) as instructed in FTB Pub. 1436X *Test Package for e-file of California Business, Individual, and Fiduciary Tax Returns and Stand-Alone Payments*, which is available on our website in late October of each year. Your account manager will also help you with instructions for the PATS process. The purpose of PATS is to ensure, prior to “live” processing, that:
  - Software Developers and Transmitters send returns in the correct format and meet our e-file specifications and have no validation (reject) violations.
  - Transmitters can communicate with our e-file system to transmit returns as well as retrieve their acknowledgement files.
  - Transmitters understand and are familiar with the mechanics of e-filing returns to FTB.
- If you **transmit returns directly to FTB**, you must pass communication testing. Check your software, the communication testing returns may already be included for your convenience. You can also find the test requirements and instructions in FTB Pub. 1436X.
  - Direct Transmitters must test their ability to communicate with FTB.
  - Direct Transmitters must use only software that has successfully passed PATS in the current testing season.
  - Direct Transmitters must declare to FTB the name(s) of the software product(s).

**Note:** This acceptance process does not govern VITA (Voluntary Income Tax Assistance), TCE (Tax Counseling for the Elderly), or Not for Profit sites.

If you are required to complete PATS or communication testing, you must complete it before accepting or transmitting any “live” e-file returns. After you complete PATS or communication testing, we will notify you of your approval.

#### **A Few Words of Caution:**

- Transmitters must not accept electronic returns until FTB approves them for “live” processing.
- Transmitters of Individual, Business and Fiduciary returns via SWIFT must be sure to change their setting from “T” (test) to “P” (production) when transmitting “live” returns.
- Software Developers must inform their clients that they may use only the accepted version of the developer’s software. **Software Developers should not distribute their software until FTB notifies them of official acceptance.**

## 3.2 EFIN and ETIN Assignments

We use the following identifiers assigned by the IRS for California e-file purposes:

- EFIN (Electronic Filer Identification Number)
- ETIN (Electronic Transmitter Identification Number)

## 3.3 Suitability Check

We may perform a suitability check on all applicants. We may also perform suitability checks on an annual basis for continuing e-file Program participants, with the exception of Software Developers who do not perform Transmitter services and VITA/TCE/Not for Profit sites.

The purpose of the suitability check is to ensure that:

- All business entities are valid and licensed.
- All personal and business tax returns are timely filed.
- All liabilities are paid or current.

If we deny your participation in our e-file Program, we will send a letter explaining the reason for denial. If we deny your participation and you attempt to submit returns electronically, we will reject the transmission.

Listed below are some common reasons why we may deny applicants' acceptance into the California e-file Program. The following list is not all-inclusive:

- Failure to pass the IRS's suitability check.
- Failure to file accurate and timely returns, both business and personal.
- Failure to pay any State of California personal or business tax liabilities, penalties, or interest.
- Conduct of a disreputable nature that would reflect adversely on the Program.
- Misrepresentation on an enrollment form.
- Unethical practices in return preparation.

## Section 4 Responsibilities of Authorized e-file Providers

### 4.1 General Information

The FTB follows the e-file Program requirements found in IRS Pub.1345 and in IRS Revenue Procedure 2007-40, to the extent that they apply to FTB's e-file Program.

You must adhere to the requirements for timely origination and transmission of tax returns as well as retrieve and provide taxpayers with return acknowledgements in a timely manner. If you transact with other e-file providers, you must make sure they are Authorized FTB e-file Providers. Contact our e-Programs Customer Service for verification.

Returns acknowledged as “**rejected**” are considered **not filed**. You must correct the errors and retransmit the return in order to complete the filing of the return. For help with rejected returns, contact your Transmitter or our e-Programs Customer Service for assistance. Your clients should not contact e-Programs Customer Service directly. If you are unable to resolve the errors and resubmit the return, you must take reasonable steps to notify the taxpayer with an explanation of the rejection within 24 hours. The taxpayer can choose to have the electronic portion of the return corrected and resubmitted, or can file a paper return.

**Note:** For individual e-file returns, if the taxpayer chooses to file a paper return, we suggest that they sign the *e-file Opt-Out Record for Individuals* (FTB 8454). California law requires individual income tax returns prepared by certain income tax preparers to be e-filed unless the taxpayer elects not to e-file or the tax preparer cannot e-file the return due to reasonable cause.

The taxpayer must be allowed to review their completed tax return before signing the return. Also, the return must be signed before you transmit it to the FTB. Refer to FTB Pub. 1346X, *California Individual and Fiduciary e-file Return and Stand-Alone Payment Guide for Software Developers and Transmitters* and FTB Pub. 1346B, *Business e-file Return and Stand-Alone Payment Guide for Software Developers and Transmitters* for signature requirements and options.

You should always retain copies of all material furnished to the taxpayer. Any material exchanged or retained by the taxpayer or preparer can be exchanged electronically, provided copies of documents or information can be provided upon request.

You must comply with all the latest publications, forms, and notices governing the e-file Program. These include:

- California Revenue and Taxation Code Sections 18621.9 and 19170.
- FTB Pub. 1345, *e-file Handbook for Authorized e-file Providers*
- FTB Pub. 1346B, *Business e-file Return and Stand-Alone Payment Guide for Software Developers and Transmitters*
- FTB Pub. 1346X, *California Individual and Fiduciary e-file Return and Stand-Alone Payment Guide or Software Developers and Transmitters*
- FTB Pub. 1436X, *Test Package for e-file of California Business, Individual, and Fiduciary Tax Returns and Stand-Alone Payments* (if you are a Software Developer or Transmitter)
- Form FTB 8453, *California e-file Return Authorization for Individuals*
- Form FTB 8453-C, *California e-file Return Authorization for Corporations*
- Form 8453-EO, *California e-file Return Authorization for Exempt Organizations*
- Form FTB 8453-LLC, *California e-file Return Authorization for Limited Liability Companies*
- Form FTB 8453-P, *California e-file Return Authorization for Partnerships*

- Form FTB 8453-FID, *California e-file Return Authorization for Fiduciaries*
- Form FTB 8879, *California e-file Signature Authorization for Individuals*
- Form FTB 8879-FID, *California e-file Signature Authorization for Fiduciaries*
- Form FTB 8453 (PMT), *California Payment for Automatic Extension and Estimate Payment Authorization for Individuals*
- Form FTB 8453-BE (PMT), *California Payment Authorization for Business Entities*
- Form FTB 8453-FID (PMT), *California Payment for Automatic Extension and Estimate Payment Authorization for Fiduciaries*
- Form FTB 8879 (PMT), *California Electronic Funds Withdrawal Payment Signature Authorization for Individuals and Fiduciaries*
- Postings to our Website: [ftb.ca.gov](http://ftb.ca.gov)
- The IRS e-file Program requirements, to the extent they apply to the California e-file program.

## 4.2 Advertising Standards

Participants in California's e-file Program must comply with the advertising standards specified in IRS Pub. 1345. We will monitor advertising and practices of Authorized FTB e-file Providers for consistency with the IRS requirements.

**Note:** Use of "Franchise Tax Board" or "FTB," within a firm's name may result in suspension from California's e-file Program.

## Section 5 Fraud Prevention and Quality Assurance

### 5.1 General Information

The potential for fraud is a concern both at the federal and state level. We are committed to reducing the risk of fraudulent tax return filings. You can help prevent and detect fraud by:

- Verifying the identity of new clients.
- Informing your clients that FTB verifies W-2 and Child and Dependent Care Expenses Credit information.
- Verifying supporting information for the nonrefundable Child and Dependent Care Expenses Credit including:
  - Visually inspecting the social security card to verify the child's name and social security number,
  - Obtaining proof of care provided, such as copies of cancelled checks, and
  - Reviewing taxpayer and spouse (if married) earned income to determine if they meet the Child and Dependent Care Expenses Credit requirements.
- Questioning Forms W-2 that appear altered or suspicious.
- Identifying similar W-2 information between clients, such as employers, wages, and withholding.
- Identifying similar return information between clients, such as refund amounts, number of dependents, and number of Forms W-2's.
- Questioning refunds on different returns directed to the same address or post office box.
- Asking taxpayers for social security cards and other documents to avoid incorrect social security numbers (SSN's) for taxpayers, spouses, and dependents on income tax returns.

Before preparing returns or accepting returns for electronic transmission, you should review two pieces of identification (picture identifications are preferable) from each new client.

- One form of identification could include a picture reflecting at least the individual's name and the current address, such as:
  - Driver's License
  - State Identification Card
  - Military Identification
  - Alien Registration Card
  - Passport
  - Veteran's Identification Card
- The second should include the same name and the SSN the individual is using to file the tax return, such as:
  - Social security card
  - Work pay stub

Retain a copy of this information in your files for four years from the due date of the return or four years from the date the return is filed, whichever is later.

## 5.2 Monitoring

Our staff conducts site visits to tax practitioners, including Authorized FTB e-file Providers who are participating in our e-file Program to monitor advertising and other practices. If the situation warrants, we will issue a warning letter describing specific corrective action for deviations from advertising standards, or other practices. If the deviation is not corrected, we will issue a letter of suspension and notify the IRS. In extreme cases, we can suspend an Authorized FTB e-file Provider immediately from the program without a warning letter. The suspension will remain in effect until we determine that any deviations have been corrected.

We also:

- Monitor the quality of transmissions and returns throughout the filing season. If the quality is unacceptable, we will contact the Authorized FTB e-file Provider and may issue a warning or, in extreme cases, a letter of suspension from California's e-file Program.
- Monitor compliance with the mandatory e-file law.
- Research complaints about e-file Providers and issue warning or suspension letters, as appropriate.

## 5.3 Suspension

We reserve the right to suspend the electronic filing privilege of any Authorized FTB e-file Provider who violates any provision of the requirements, specifications, and procedures stated in the electronic filing procedures or who does not consistently transmit error-free returns. The following reasons could lead to a warning letter and/or suspension of an Authorized FTB e-file Provider from the e-file Program. This list is not all-inclusive:

- Conviction of any criminal offense arising from a violation of California tax statutes or revenue laws of the United States, or any offense involving dishonesty, or breach of trust
- Non-compliance with the provisions of California Business and Professions Code §22250-22259 (Tax Preparer Act)<sup>1</sup>
- Failure to file timely and accurate returns, both business and personal
- Failure to pay business or personal tax liabilities
- Assessment of penalties under any of California's tax statutes
- Suspension/disbarment from practice before the IRS or local tax agency
- Other facts or conduct of a disreputable nature that would adversely reflect on the e-file Program
- Misrepresentation on an enrollment form
- Unacceptable format quality of individual transmissions
- Unacceptable error rate
- Violation of advertising standards
- Unethical practices in return preparation

---

<sup>1</sup> This act requires any person who for a fee, assists with or prepares a state or federal tax return excluding CPAs, Attorneys, and Enrolled Agents to register with the California Tax Education Council (CTEC).

- Stockpiling returns prior to official acceptance into California's e-file Program, or at any time while participating in California's e-file Program
- Failure of Transmitters to provide preparer clients with acknowledgment files within 48 hours of receipt from us
- Significant complaints about an Authorized FTB e-file Provider
- Misuse of an Authorized FTB e-file Provider's EFIN or ETIN
- Practices inconsistent with our recommendations revealed during site visits

## 5.4 Site Visits

Our staff conducts site visits to Authorized e-file Provider offices during the filing season to ensure that you are following the e-file Program requirements. We may ask you to:

- Produce a copy of the original signed forms FTB 8453, FTB 8453-OL, FTB 8453-C, FTB 8453-P, FTB 8453-LLC, FTB 8453-EO, 8453-FID, FTB 8879, FTB 8879-FID, FTB 8453 (PMT), FTB 8453-BE (PMT), 8453-FID (PMT), and FTB 8879 (PMT), for all e-filed returns and payments.
- Demonstrate that copies of forms FTB 8453, FTB 8453-OL, FTB 8453-C, FTB 8453-P, FTB 8453-LLC, FTB 8453-EO, 8453-FID, FTB 8879, FTB 8879-FID, FTB 8453 (PMT), FTB 8453-BE (PMT), 8453-FID (PMT), and FTB 8879 (PMT) are being stored in a secure manner.
- Produce any required e-file documentation maintained for the entire filing season.  
Demonstrate that copies of taxpayer returns are maintained if the ERO is also the tax preparer.
- Produce a \$5,000 surety bond and a Letter of Compliance from the California Tax Education Council (CTEC) if you are a registered tax preparer. (To contact CTEC, call toll free 877.850.2832, fax toll free 877.851.2832, or visit their Website at: [www.ctec.org](http://www.ctec.org)).
- Produce record of clients who opted out of having their return e-filed (if you meet the mandatory e-file requirement).

## 5.5 To Contact the Fraud Unit

For questions about fraud prevention or to make comments or suggestions about this section, contact:

**Fraud Unit  
Franchise Tax Board  
PO Box 1565  
Sacramento, CA 95741  
Fax: 916.843.2060**

## **Section 6 Filing an Electronic Return**

### **6.1 Filing Due Dates**

All due dates that govern when a California individual, business or fiduciary tax return must be filed, apply to returns filed using FTB's e-file Program. For more information about due dates, refer to Section 1 of FTB Pubs. 1346X and 1346B.

### **6.2 Composition of the e-file Return**

A return filed in the California e-file Program consists of electronically transmitted data and, in some cases, paper documents. Only the forms and schedules listed in Pubs. 1346X and 1346B may be e-filed.

e-file returns have the same reporting requirements as paper returns. Therefore, all the information, forms, schedules, supporting documentation, federal forms and schedules, and signatures that would be included in a paper return filing must be contained either in the electronic return data or, when permissible, retained on paper. Refer to Section 7 for more information about the paper portion of an e-file return.

### **6.3 Disclosure of Electronic Return Information**

An ERO shall not disclose or use any tax return information for a purpose other than preparing, assisting in preparing, obtaining or providing services in connection with the preparation of tax returns. Disclosure among accepted participants in California's e-file Program for preparing and transmitting the return information is permissible.

For example, it is permissible for an ERO to pass on tax return information to a Transmitter for the purpose of having an electronic return formatted and transmitted to us. However, the return information may not be disclosed or used in any other way.

### **6.4 Signing the Electronic Return or Stand-Alone Payment Request**

FTB offers pen-on-paper signature and e-Signature options, depending on the program.

Individual e-file allows both signature methods for all California individual e-file return types (Forms 540, 540 2EZ, and 540NR Long and Short) and stand-alone electronic funds withdrawal (EFW) payment requests for estimated tax and extension payments through tax preparation software.

Business e-file will accept pen-on-paper signature methods for all California business e-file return types (Form 100, 100S, 100W, 100X, 199, 565 or 568) and stand-alone EFW extension, corporation quarterly estimate, LLC annual tax and LLC estimated fee payment requests (excluding Form 199) through tax preparation software.

Fiduciary e-file allows both signature methods for all fiduciary e-file return types (Form 541) and stand-alone EFW payment requests of estimated tax and extension payments through tax preparation software.

Like the IRS, ERO's may sign FTB Form 8453 series, Form 8455 series, Form 8879 series or Form 8454 by rubber stamp, mechanical device (such as signature pen) or computer software program as described in IRS Notice 2007-79.

Electronic signatures may be created by many different technologies. Examples of currently acceptable electronic signature methods include:

- A handwritten signature input onto an electronic signature pad;
- A handwritten signature, mark or command input on a display screen by means of a stylus device;
- A digitized image of a handwritten signature that is attached to an electronic record;
- A typed name (e.g., typed at the end of an electronic record or typed into a signature block on a website form by a signer);
- A digital signature

**Reminder:** The taxpayer must be allowed to review their completed tax return or stand-alone EFW payment request before using any of the signature options. Also, the return or stand-alone EFW payment request must be signed before you transmit it to the FTB.

**FTB offers the following options for signing the e-file return or stand-alone EFW payment request:**

Method	Used For	Taxpayer Responsibility	ERO Responsibility
<b>Practitioner PIN Method</b> 8879 (Individuals) 8879-FID (Fiduciaries) 8879 (PMT)	<ul style="list-style-type: none"> <li>• Individuals</li> <li>• Fiduciaries</li> </ul>	<ol style="list-style-type: none"> <li>1. Read/Accept jurat/disclosure statement for filing situation</li> <li>2. Select PIN and enter it on Form 8879</li> <li>3. Review, sign and date completed form</li> </ol>	<ol style="list-style-type: none"> <li>1. Review form for completeness</li> <li>2. Enter taxpayer's PIN and your ERO PIN on Form 8879</li> <li>3. Sign and date completed form</li> <li>4. Retain a copy of form in your records</li> </ol>
<b>Self-Select PIN Method</b>	<ul style="list-style-type: none"> <li>• Individual</li> </ul>	<ol style="list-style-type: none"> <li>1. Read/Accept jurat/disclosure statement for filing situation</li> <li>2. Select a PIN</li> <li>3. Enter shared secret into computer</li> </ol>	<ol style="list-style-type: none"> <li>1. Allow taxpayer to enter PIN and shared secret on your computer</li> <li>2. Enter your ERO PIN</li> </ol>
<b>Pen on paper Method</b> 8453 (Individuals) 8453-C (Corporation) 8453-P (Partnership) 8453-EO (Exempt Org) 8453-LLC (Limited Liability Company) 8453-FID (Fiduciaries) 8453 (PMT) 8453-FID (PMT) 8453-BE (PMT)	<ul style="list-style-type: none"> <li>• Individuals</li> <li>• Business Entities</li> <li>• Fiduciaries</li> </ul>	<ol style="list-style-type: none"> <li>1. Complete form</li> <li>2. Sign and date</li> <li>3. Retain a copy</li> </ol>	<ol style="list-style-type: none"> <li>1. Review form for completeness</li> <li>2. Sign and date completed form</li> <li>3. Retain a copy of form in your records</li> </ol>

## **e-Signature Taxpayer Eligibility Requirements**

**Practitioner PIN:** Individuals and Fiduciaries are eligible to sign electronically using the Practitioner PIN method, provided the ERO follows the fraud prevention procedures described in this publication.

**Self-Select PIN Method:** Only taxpayers who filed a California individual income tax return (Form 540, 540A, 540 2EZ, or 540NR) on or before November 15<sup>th</sup> are eligible to use the Self-Select PIN method in the current year.

**Note:** If a taxpayer is ineligible to sign electronically using the self-select PIN method, they may still e-file their return or stand-alone EFW payment request by signing the form FTB 8453, *California e-file Return Authorization for Individuals*, form FTB 8453 (PMT), *California Payment for Automatic Extension and Estimate Payment Authorization for Individuals* or by using the Practitioner PIN method.

### **Practitioner PIN Method**

The FTB 8879, FTB 8879-FID and FTB 8879 (PMT) forms are used when the taxpayer or fiduciary signs using the Practitioner PIN Method. The Practitioner PIN method is an option only available for taxpayers or fiduciaries that use an ERO to e-file their return.

Form FTB 8879, FTB 8879-FID, and FTB 8879 (PMT) serves to:

- Authenticate the return or stand-alone EFW payment request.
- Authorize the ERO to file the return or stand-alone EFW payment request on the taxpayer's or fiduciary's behalf.
- Authorize the ERO to enter the taxpayer's PIN on the return or stand-alone EFW payment request on the taxpayer's or fiduciary's behalf.
- Authorize the ERO to transmit the tax return or stand-alone EFW payment request electronically to us either directly or through a third-party Transmitter.
- Provide the taxpayer's written consent to have their refund directly deposited or their tax payment debited from their financial institution.
- Authorize us to inform the taxpayer's or fiduciary's ERO or Transmitter that the taxpayer's return or stand-alone EFW payment request has been accepted or rejected and when rejected, to identify the reason(s) for rejection.
- Authorize us to inform the taxpayer's or fiduciary's ERO or Transmitter of the reason(s) for return processing delays or when the refund was sent.
- Remind taxpayers or fiduciaries who are filing balance due returns, of their liability for paying taxes, and if applicable, any interest and penalties.

**Note:** The ERO must provide the taxpayer with a copy of the return form and accompanying documents or stand-alone EFW payment request showing the electronic data transmitted to us.

EROs must retain forms FTB 8879, FTB 8879-FID, or FTB 8879 (PMT) at their place of business for four years from the due date of the return or four years from the date the return is filed, whichever is later.

Failure to maintain forms FTB 8879, FTB 8879-FID, or FTB 8879 (PMT) as required, or incomplete or erroneous forms may result in immediate suspension from California's e-file Program.

**DO NOT SEND FORM FTB 8879, FTB 8879-FID, OR FTB 8879 (PMT) TO THE FRANCHISE TAX BOARD OR TO THE IRS.** Please notify your clients not to send form FTB 8879, FTB 8879-FID, or FTB 8879 (PMT) to the FTB or the IRS.

Do not use IRS Form 8879 or 8879-F for California e-filing purposes. The federal and state forms are **NOT** interchangeable.

### **Self-Select PIN Method**

The Self-Select PIN method is an option only for individual taxpayers who enter their own electronic signature on the e-file return or stand-alone EFW payment request.

For California returns, the shared secret is the California AGI from the taxpayer's previous year original individual income tax return (do not use values from an amended or modified return).

If the California AGI is a negative amount, be sure the taxpayer enters the amount as a negative value. If the value is not within \$1 of our records, we will reject the return or stand-alone EFW payment request.

If taxpayers filed a joint return in the previous year and file separately or authorize a separate EFW payment for the current year, both will enter the same California AGI from the previous year's return. Do not divide the AGI between the taxpayers.

If taxpayers filed separate returns in the previous year and file jointly or authorize a joint EFW payment request for the current year, they will each enter the California AGI from their respective returns. Do not combine the AGI from the two returns.

If your client signs using this method, you must sign the return electronically using the ERO PIN.

### **Pen-on-Paper Signature Option**

The FTB 8453 form series is used when the taxpayer and ERO sign using the pen on paper method.

**Note: This is the only signature method available for business e-file returns.**

Form FTB 8453 serves to:

- Authenticate the return or stand-alone EFW payment request.
- Authorize the ERO to file the return or stand-alone EFW payment request on the taxpayer's behalf.
- Authorize the ERO to transmit the tax return or stand-alone EFW payment request electronically to us either directly or through a third-party Transmitter.
- Provide the taxpayer's written consent to have their refund directly deposited or their tax payment debited from their financial institution (if applicable).
- Authorize us to inform the taxpayer's ERO or Transmitter that the taxpayer's return or stand-alone EFW payment request has been accepted or rejected and when rejected, to identify the reason(s) for rejection.
- Authorize us to inform the taxpayer's ERO or Transmitter of the reason(s) for return processing delays or when the refund was sent.
- Remind taxpayers who are filing balance due returns, of their liability for paying taxes, and if applicable, any interest and penalties.

**Note:** The ERO must provide the taxpayer with a copy of the return and accompanying documents or stand-alone EFW payment request showing the electronic data transmitted to us.

EROs must retain forms FTB 8453 at their place of business for four years from the due date of the return or four years from the date the return is filed, whichever is later.

Failure to maintain forms FTB 8453 as required, or incomplete or erroneous forms may result in immediate suspension from California's e-file Program.

**DO NOT SEND FORM FTB 8453 TO THE FRANCHISE TAX BOARD OR TO THE IRS.** Please notify your clients not to send form FTB 8453 to the FTB or the IRS.

Do not use IRS Form 8453 for California e-filing purposes. The federal and state forms are **NOT** interchangeable.

To obtain copies of the 8453 series of forms, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **e-file forms**.

## The ERO PIN

You must use the ERO PIN when your client uses either the Self-Select PIN or Practitioner PIN method to electronically sign their individual or fiduciary e-file return or stand-alone EFW payment request.

The ERO PIN is made up of two components:

1. The ERO's six-digit electronic filer identification number (EFIN).
2. Any five numbers (except all zeroes).

## Differences between the IRS & FTB Individual e-Signature Programs

We follow the IRS electronic signature specifications to the extent that they apply to our Individual e-file Program. Key differences include:

- **Shared secret** – We require the original California AGI, rather than the federal AGI.
- **Prior-year nonresidents** – Taxpayers who filed a Form 540NR in the previous year may use any of the electronic signature methods for their current year return or stand-alone EFW payment request.
- **Prior-year non-filers** – Taxpayers who did not file a California individual income tax return in the previous year **cannot sign** their current year return or stand-alone EFW payment request using the Self-Select PIN method. These taxpayers must use the Practitioner PIN method or sign one of the following forms:
  - FTB 8453, *California e-file Return Authorization for Individuals*
  - FTB 8453-OL, *Online e-file Return Authorization for Individuals*
  - FTB 8453 (PMT), *California Payment for Automatic Extension and Estimate Payment Authorization for Individuals*
- **Extension of time to file** – We offer an automatic six-month extension of time to file California individual income tax returns. No form is required to receive this extension.
- **Returns filed after cut-off** – Taxpayers who filed their previous year's California tax return after November 15th cannot sign their current California tax return or stand-alone EFW payment request using the Self-Select PIN method.

## Bulk e-file Authorization

Beginning January 2nd, 2018, one California e-file Authorization forms, Forms 8453-C, 8453-EO, 8453-FID, 8453-LLC, 8453-P, and 8879-FID, can be associated with multiple related tax returns.

If a fiduciary, signing member, signing manager, or signing officer is authorized to sign more than one return, a listing may be attached to one of the authorization forms listed above. The listing should include information requested in the form instructions. The signer must initial on

the schedule next to each entity validating the entity's inclusion in the bulk e-file return authorization.

## **6.5 Substitute Forms**

Authorized FTB e-file Providers must use only the official form or an approved substitute form that duplicates the official form in format, language, content, and size. Make sure the e-file software you use produces our approved substitute forms. Ask your Software Developer for a copy of their FTB approval letter for the form you are interested in.

Software Developers who use substitute tax forms must get written approval from us. Software Developers must submit the forms and schedules that require our approval to:

### **Substitute Forms Program**

**Filing Methods Section, M/S F284  
Franchise Tax Board  
PO Box 1468  
Sacramento, CA 95812-1468**

Send courier or freight deliveries to:

**Substitute Forms Program  
Filing Methods Section, M/S F284  
Franchise Tax Board  
9646 Butterfield Way  
Sacramento, CA 95827**

For more information, call 916.845.4522. The fax number is 916.845.4788.

## Section 7 Record Keeping and Data Retention

### 7.1 The Paper Portion of the Return

The paper portion of the return may consist of information that cannot be electronically transmitted with the return as well as an Authorization document, either:

- Form FTB 8453-C, *California e-file Return Authorization for Corporations*, or
- Form FTB 8453-EO, *California e-file Return Authorization for Exempt Organizations*, or
- Form FTB 8453-P, *California e-file Return Authorization for Partnerships*, or
- Form FTB 8453-LLC, *California e-file Return Authorization for Limited Liability Companies*, or
- Form FTB 8453, *California e-file Return Authorization for Individuals*
- Form FTB 8453-FID, *California e-file Return Authorization for Fiduciaries*, or
- Form FTB 8879, *California e-file Signature Authorization for Individuals*.

Information that cannot be electronically transmitted with the return, but may be retained by the ERO and/or Taxpayer includes:

- Blindness Certification.
- Nonrefundable Renter's Credit Qualification Record.
- Qualifying Person's Death Certificate.
- Federal Form 1310, *Statement of Person Claiming Refund due a Deceased Taxpayer*.

For record keeping purposes, we suggest that you retain a copy of these documents and withholding records (Forms W-2, W-2G, or 1099-R) in the event we ask you to provide copies. Unless requested, do **not** mail these forms to FTB.

You may retain the paper portion of the return, including the documents listed above, electronically by scanning the pages into the computer or using another method that captures the pertinent data and signatures.

### 7.2 Special Situations

**An ERO no longer doing business** must send all e-file Return and Signature Authorization forms to us or provide access to the forms for a period of four years from the due date of the return or four years from the date the return was filed, whichever is later. The ERO is responsible for all costs associated with the handling and shipping of these documents to us.

If you are a **VITA/TCE/Not for Profit site**, give the signed form FTB 8453, FTB 8453-EO, FTB 8453-C, FTB 8453-LLC, FTB 8453-P, FTB 8453-FID, FTB 8879, or FTB 8879-FID to the taxpayer to retain.

## Section 8 Refund Returns and Direct Deposit of Refund

### 8.1 Refund Returns

Below are the refund options for taxpayers:

Type	Individual	Business	Fiduciary
Paper Check	✓	✓	✓
Direct Deposit Refund (DDR)	✓	✓	

Individual and business taxpayers may elect to apply part of their refund to next year's estimated tax and have the remainder refunded by DDR or paper check.

**Note:** Taxpayers may *not* elect to have part of their refund by DDR and part by paper check.

### 8.2 General Information

DDR, available for individual and business returns, is the fastest, most convenient way to receive a refund. Refunds are directly deposited into the designated taxpayer's financial institution account. This refund method reduces the risk of lost payments, and allows quicker access to the funds once the return has been processed. For information on refund processing timeframes, go to <https://www.ftb.ca.gov/online/refund/index.asp>

For purposes of DDR, a financial institution is any state or national bank, savings and loan association, mutual savings bank, or credit union. The term "state" includes all states of the United States and their political subdivisions, and the District of Columbia.

We do not guarantee a specific date of deposit of a refund into a taxpayer's financial institution account and will not issue written notices to taxpayers to confirm DDRs. You or your client can verify the status of their refund on our Website. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **refund status**.

If an individual taxpayer chooses to split their DDR and requests an electronic funds withdrawal (EFW) for estimated tax payments on the same return, the EFW will take place from the first bank account listed.

If a DDR fails, we will reissue the refund as a paper check and mail it to the taxpayer's address as shown on the tax return.

Neither FTB nor the State Controller's Office (SCO) is responsible for the misapplication of a DDR caused by error, negligence, or malfeasance on the part of the taxpayer, ERO, financial institution, or any of their agents. Always be sure to verify the account number, prior to submitting the DDR request.

Taxpayers must submit a new DDR request each year. Election of DDR is voluntary and applies only to the current year. No prior approval from financial institutions is necessary.

The taxpayer should, however, contact the institution to resolve uncertainties about its DDR capability or "payable through" status.

## 8.3 Eligibility Requirements

The account designated to receive the DDR must be in the taxpayer's name. The account must be a checking, share draft, savings, or other consumer asset account (e.g., an IRA or money market account) held by a financial institution within the United States and established primarily for personal, family, or household purposes. You may not use a credit card account.

Some financial institutions may not accept "payable through" routing numbers for DDR. A check or share draft that is "payable through" another financial institution may cause problems because it shows the routing number of the "payable through" financial institution rather than that of the institution where the account is located.

Remind taxpayers to verify the routing number by contacting the financial institution responsible for their account. Some financial institutions use a different routing number for electronic transactions. Failure to verify the routing number may result in the refund being sent to the wrong financial institution. This may result in a returned DDR, which will delay the refund. We will reissue the refund as a paper check and mail it to the taxpayer's address as shown on the tax return.

**Caution:** Some financial institutions do not permit the deposit of a joint refund into an individual account. FTB is not responsible for a financial institution's refusal to accept a DDR for this reason.

- It is recommended the taxpayer verify their chosen financial institution's policy and procedures, to avoid a delay in the refund process.

## 8.4 Responsibilities

Electronic Return Originators (EROs) must:

- Ensure that the taxpayer is aware of all general information regarding a DDR request.
- Not charge a separate fee for DDR.
- Accept any DDR requests to any eligible financial institution designated by the taxpayer.
- Ensure that taxpayers electing DDR meet the eligibility requirements.
- Verify that the DDR information on the return and the e-file Return Authorization forms (FTB 8453 series) is correct and that the information is transmitted with the electronic portion of the return.
- Advise taxpayers that once FTB has accepted their electronic return for processing they cannot:
  - Rescind the DDR request.  
**Exception:** Corporation DDR requests may be cancelled if the DDR has not been issued. To cancel a corporation DDR, contact e-Programs Customer Service at 916.845.0353.
  - Change the routing number of the financial institution.
  - Change the taxpayer's account number.
- Advise the taxpayer how to contact FTB about their DDR request. Individual taxpayers may:
  - Access our refund status page located on our Website at [ftb.ca.gov](http://ftb.ca.gov) and search for **Refund Status**.
  - Call our automated toll-free phone service at 800.338.0505.

## **8.5 Verifying the Financial Institution Information**

Be sure to verify the financial institution information on the return and on the e-file Return Authorization forms.

## **8.6 Refund Delays and Changes**

We may delay or change a refund when:

- Taxpayer owes back taxes.
- Taxpayer owes delinquent child support.
- Taxpayer has certain delinquent federal debts, such as student loans, etc.
- Estimated tax payments reported on the return do not match FTB's records. This may occur when a taxpayer and spouse made separate payments and filed a joint return or when the return was posted before the last estimate tax payment was credited to the taxpayer's account.
- Financial institution information on a DDR request is incorrect or the taxpayer's account is closed.

## Section 9 Balance Due Return and Electronic Payment Options

### 9.1 General Information

Taxpayers who owe additional tax must pay the balance due by the return due date to avoid interest and penalties. As an e-file participant you are encouraged to inform taxpayers of their obligation and options for paying the outstanding balance due.

### 9.2 Payment Options

Below are the payment options for taxpayers:

Type	Individual	Business	Fiduciary
EFW (Electronic Funds Withdrawal)	✓	✓	✓
Web Pay	✓	✓	✓
Credit Card	✓	✓	
Paper Check/ Money Order	✓	✓	✓
EFT (Electronic Funds Transfer)		✓	
Installment Agreement	✓	✓	✓

#### Electronic Funds Withdrawal (EFW)

Taxpayers may elect to have their current year balance due paid by electronic funds withdrawal (EFW). Individual taxpayers authorize the EFW by signing form FTB 8453, form FTB 8879, FTB form 8453 (PMT), FTB 8879 (PMT) or by using the Self-Select PIN method. Corporations authorize the EFW by signing form FTB 8453-C or FTB 8453-BE (PMT), Exempt Organizations authorize the EFW by signing form FTB 8453-EO, Partnerships authorize the EFW by signing form FTB 8453-P or FTB form 8453-BE (PMT), LLCs authorize the EFW by signing form FTB 8453-LLC or FTB form 8453-BE (PMT), and Fiduciaries authorize the EFW by signing form FTB 8453-FID, FTB 8879-FID, FTB 8453-FID (PMT) or FTB form 8879 (PMT) The EFW request and banking information are transmitted with or separately from the e-file return.

Follow your software's instructions for entering the banking information and payment date for an EFW. Advise taxpayers not to use a money market or CD account because their financial institution will not honor their request.

Taxpayers may request that the EFW take place as soon as we process the e-file return, or they may schedule the EFW for a future date.

**Note:** For Individual returns, payments made after the due date will result in penalties and interest being added to the tax due.

**Note:** Individuals and corporations required to remit payments electronically may use EFW and be considered in compliance with that requirement.

If a taxpayer receives a notice reducing their balance due, they should contact FTB to cancel their EFW request to avoid an overpayment. FTB cannot reduce the amount of the original EFW request to the reduced balance due. Similarly, if the taxpayer receives a notice advising an increase in their balance due, they should either remit the difference or cancel the EFW request.

**Note:** To cancel the EFW request, taxpayers must call e-Programs Customer Service at 916.845.0353, at least two working days before the requested withdrawal date.

If a taxpayer receives an FTB Notice of Tax Return Change reducing their balance due, they should contact FTB to cancel their EFW request to avoid an overpayment. FTB cannot reduce the amount of the original EFW request to the reduced balance due. Similarly, if the taxpayer receives a RIN advising an increase in their balance due, they should either remit the difference or cancel the EFW request.

### **Web Pay**

Taxpayers can use Web Pay to make their return payment, bill payments, and extension or estimated tax payments online. Taxpayers enter their account information, payment type, amount, and the date they want the payment made. We'll deduct the specified amount on the date they indicate. FTB offers two ways to use this service:

- Taxpayers can complete a one-time registration process, log in to MyFTB, and access Web Pay to schedule payments, view and cancel scheduled payments, and save their information for future payment requests.
- Taxpayers do not need a MyFTB account to pay.
  - Individuals - Can log in to Web Pay using their social security number and last name.
  - Business Entities & Fiduciaries – Can log in to Web Pay using their entity type and entity ID.

Individuals, Businesses and Fiduciaries that use Web Pay while not logged into MyFTB, cannot view or cancel these payments online nor can they save their information for future payments.

**See [www.ftb.ca.gov/online/webpay/index.asp](http://www.ftb.ca.gov/online/webpay/index.asp) for more information.**

## Credit Card



Individual and business entity taxpayers may use Discover, American Express, MasterCard, or Visa to pay income tax (balance due, extension payment, estimated taxes, or amounts owed for prior years). FTB has partnered with Official Payments Corp. to offer this service.

Here's how:

- Have the credit card ready.
- Go to the Official Payments Corp. Website at [www.officialpayments.com](http://www.officialpayments.com).
- Select Payment Center, and enter jurisdiction code 1555.

### OR

- From a touch-tone telephone, call toll free 800.2PAY-TAX or 800.272.9829. Use jurisdiction code 1555 and follow the recorded instructions.

## Assistance for persons with disabilities

The Franchise Tax Board complies with the Americans with Disabilities Act. Persons with hearing or speech impairments please call TTY/TDD 800.822.6268.

- Official Payments Corp. charges a convenience fee based on the amount of your payment.
- Official Payments Corp. will tell you your fee amount before you complete your credit card transaction.

### Convenience Fee

- 2.3% of the tax amount charged (rounded to the nearest cent)
- Minimum fee: \$1
- Example of fee:  
Tax Payment = \$753.56  
Convenience Fee = \$17.33 (\$17.331 rounded)

If the taxpayer chooses to pay by credit card, you must still furnish the taxpayer with the following applicable completed e-file payment voucher:

- FTB 3582, *Payment Voucher for Individual e-filed Returns*
- FTB 3582X, *Payment Voucher for Individual e-filed Amended Returns*
- FTB 3586, *Payment Voucher for Corporations and Exempt Organizations e-filed Returns*
- FTB 3587, *Payment Voucher for LP, LLP, and REMIC e-filed Returns*
- FTB 3588, *Payment Voucher for LLC e-filed Returns*
- FTB 3843, *Payment Voucher for Fiduciary e-filed Returns*

Prepare the above forms the same as you would if the taxpayer were paying by paper check.

**Note:** Instruct the taxpayer not to mail the above forms to FTB if they choose to pay by credit card.

## Paper Check/Money Order

If a taxpayer pays by paper check or money order, you must furnish them with the following applicable completed e-file payment voucher:

- FTB 3582, *Payment Voucher for Individual e-filed Returns*
- FTB 3582X, *Payment Voucher for Individual e-filed Amended Returns*
- FTB 3586, *Payment Voucher for Corporations and Exempt Organizations e-filed Returns*
- FTB 3587, *Payment Voucher for LP, LLP, and REMIC e-filed Returns*
- FTB 3588, *Payment Voucher for LLC e-filed Returns*
- FTB 3843, *Payment Voucher for Fiduciary e-filed Returns*

Provide the appropriate form to the taxpayer after the return has been verified but before it is transmitted. The identifying number, (SSN, FEIN, Corporation Number, or SOS Number), name, and address information on the voucher must be the same information that was electronically transmitted and match the information printed on the paper copy of the tax return. Erroneous information may cause us to misapply the payment.

## Electronic Funds Transfer (EFT)

If a corporation is in mandatory EFT status and enrolled in FTB's EFT Program, they may elect to pay their current year balance due through that system. For more information on FTB's Electronic Funds Transfer Program, go to [ftb.ca.gov](http://ftb.ca.gov) and search **EFT**.

## Installment Agreement Request

If taxpayers are unable to pay their tax due by the due date (or if they have a delinquent liability for a previous year), they may electronically apply for an installment agreement and check the status of their request online using the Electronic Installment Agreement application. Visit our Website: [ftb.ca.gov](http://ftb.ca.gov) and search for **Installment Agreement**.

FTB will notify the taxpayer whether or not they are approved to make monthly installments. **Approval to make installment payments is not automatic.** Taxpayers should pay as much as they can by the due date.