



11.13.2023

## FTB NOTICE 2023-03

**SUBJECT: Extension of Notice 2023-02 Participation Period to January 31, 2024**

### PURPOSE:

In [FTB Notice 2023-02](#), Franchise Tax Board (FTB) announced a limited-time resolution program that allows Eligible Taxpayers to resolve Eligible Transactions that may be subject to the non-economic substance transaction understatement penalty (NEST penalty) under Revenue and Taxation Code section 19774. The terms of resolution and participation procedures of FTB Notice 2023-02 provide that in order to participate in the FTB Notice 2023-02 resolution program, an Eligible Taxpayer must submit an [FTB Notice 2023-02 Closing Agreement](#) between July 10, 2023, and November 17, 2023 (defined in the notice as the "Participation Period"), and make payment in full of the additional taxes, applicable penalties, and interest by November 17, 2023, or enter into an acceptable installment payment arrangement as described in FTB Notice 2023-02.

The purpose of FTB Notice 2023-03 is to announce that FTB is extending the Participation Period of the FTB Notice 2023-02 resolution program. Pursuant to this notice, the last day of the Participation Period of FTB Notice 2023-02 is extended from November 17, 2023, to January 31, 2024. Taxpayers now have until January 31, 2024, to participate in the FTB Notice 2023-02 resolution program. The requirements for participation in the FTB Notice 2023-02 resolution program are detailed in FTB Notice 2023-02.

The principal author of this notice is Todd Watkins of the Franchise Tax Board, Legal Division. For further information regarding this notice, contact Mr. Watkins at P.O. Box 1720, Rancho Cordova, CA 95741-1720.