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13.5   POST AUDIT FORMS

13.5.1   Notice of Action/Revision

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NOTE: ((***)) = Indicates confidential and/or proprietary information has been deleted.

13.1	The objective of this Forms Section is to provide instructions and links to the commonly used forms to conduct your examinations.
	Occasionally, the format of the following forms on PASS will be different from the form on ******. For consistency, when available, the PASS form is preferred. In most cases, the forms listed here are available in PASS. For a list of all FTB forms, see the Forms Index.

FTB 4523B	Authorization for Single Notices
FTB 6163	Abatement/ Refund Memo
FTB 6213A	Accounting Instructions/ Entity
FTB 6350 (PIT)	In-Lieu Remittance Document
FTB 6352	Business Entity Memorandum of Remittance
FTB 6430	Audit Report
FTB 6638	Auditor's Recommendation Formal Claim
FTB 6830-BCT	BCT NPA Worksheet Audit
FTB 5847 or 5847A	PIT Overassessment
FTB 7011	Rush Actions Slip
FTB 7024	Request for Field Action

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13.2 PRE-AUDIT FORMS	MAP 13.2.1 Request for Field Action (Form FTB 7024) Rev. 7/17
13.2.1 Request for Field Action (Form FTB 7024)	Complete form FTB 7024, Request for Field Action, for each case being referred to a Program Office. Form FTB 7024 should provide a description of all returns and any other

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documents being forwarded. The package being sent to the field should be assembled in the following order:

1.   Form FTB 7024
2.   Return(s)
3.   Audit file(s)

Do **not** send the following:

- NPAs that are not yet final
- The corporate folder

Note on form FTB 7024 any special problems identified, such as imminent statute expiration.

Instructions to Complete Form FTB 7024:

1.   **District**: Enter the Program & Office, e.g, C Corp, West Covina.

2.   **Earliest Statute Date**: Enter the earliest statute of limitations date for the returns being sent.

3.   **Name, Account Number, & Years**: Enter the taxpayer's name, account number, claim number (if applicable), and the years of the returns being referred to the field office. Circle the years for any returns being sent for reference. Do not include in this area any prior audit report or other information being referred to the field. These should be referenced in the Special Instructions area of the form.

4.   **Reason**: Check the box for the appropriate reason why the returns are being sent. Indicate in the area designated whether the return is being sent to the field due to the taxpayer's or the field auditor's request.

5.   **Special Instructions**: The comments here may include a detailed listing of the potential areas of examination or any other special instructions for the field auditor. Indicate in this area if a prior audit report and/or other information is being sent along with the returns.

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6. **Send form FTB 4102 or Special Letter**: Identify whether a letter is being sent to notify the taxpayer and/or the taxpayer's representative that the returns are being sent to the field office. A letter should only be sent to the taxpayer when it is necessary for the taxpayer to know that its returns are being transferred to the field for examination.

7. **Name and Address of Taxpayer or Taxpayer's Representative**: If you are aware of a change in the taxpayer's and/or the representative's address, it should be indicated and the address updated on BETS and/or TI (MAP 25.3.10 Address Book).

After completing form FTB 7024, complete the following tasks:

- If the case being sent to the field is a refund claim, take the case to the Claims Control Desk. All other cases, except Water's-Edge cases (which are worked by the Water's-Edge team) should be submitted to your lead auditor. The lead auditor will then take the case to the Work Control Desk.

- The Claims Control Desk or the Work Control Desk will route the cases to the Program Office indicated on the form. The Program Office receiving the case will update the PASS file upon receipt of the return.

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13.3 IN PROGRESS AUDIT FORMS	MAP 13.3.1 In-Lieu Remittance Document for PIT (Form FTB 6350) MAP 13.3.2 Memorandum of Remittance for Corporations (Form FTB 6352) Rev. 7/17
13.3.1 In-Lieu Remittance	Complete form FTB 6350 (PIT), In-Lieu Remittance Document, when a taxpayer delivers a check for payment to an auditor during the examination. For additional procedures

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Document for PIT (Form FTB 6350)	regarding payments received at audit and In-Lieu Remittance Documents, see MAP 7.10 Payments and Deposits. This form is found in the PASS Workpaper file – Administration Folder. **Instructions for Completing Form FTB 6350, In-Lieu Remittance Document**: 1. **Taxpayer's name** 2. **Taxpayer's address** 3. **Taxpayer's city, state, and zip code** 4. **Spouse's name** 5. **Spouse's SSN** 6. **BR. Code**: Enter the payroll unit code (PUC) of your unit 7. **Batch No**: Leave blank 8. **Account No**: (FTB 6350 Only) Enter the account number from TI, (PASS automatically populates the account number) 9. **Date Received**: Enter the date of payment 10. **Tax Year**: Enter the tax years involved

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11. **Do. Code**: Insert the correct code. The codes are:

   a. ***** – Code "*" indicates an NPA payment and will put the payment into suspense.

   b. ***** – Code "*" is used to put payments into miscellaneous suspense.

   c. ***** – Code "*" is used to put an estimate payment (other than current year) into suspense.

12. **Amount Paid**: Enter the amount of tax and interest, if identified, per year.

At the bottom of the form, write in red, **NPA not yet issued. Place payment in nonbillable status.**

Failure to follow the above procedures will cause the payment to post to a final/billable status. This will result in a refund to the taxpayer, or the application of the payment to a liability. Be sure to complete the form in ink.

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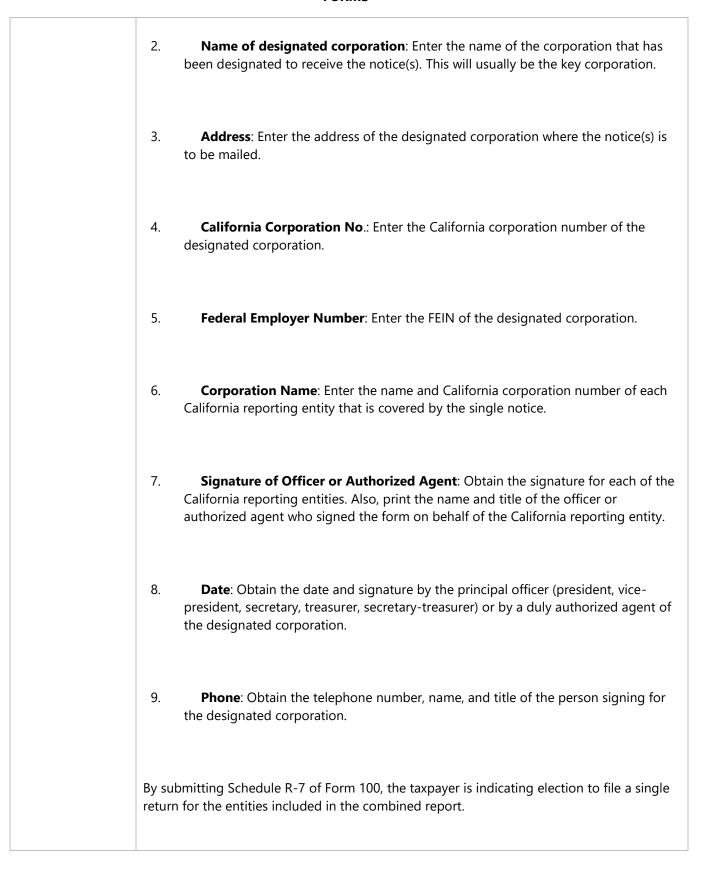| 13.3.2 **Memorandum of Remittance for Corporations (Form FTB 6352)** | Complete form FTB 6352, Business Entity Memorandum of Remittance, when a taxpayer delivers a check for payment to an auditor during the examination. For additional procedures regarding payments received at audit and remittance documents, see MAP 7.2 Payments and Deposits.

This form is found in the PASS Workpaper file – Administration Folder.

Instructions to Complete Form FTB 6352:

1. **Entity Name**: Enter the name of entity for which the payment is made. |

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2.   **Entity ID, ID Type**: Enter the BETS code identifying the type of number used for the entity ID. Most common is 3 for corporations.

3.   **Entity ID, ID Number**: Most common is a seven-digit number for corporations.

4.   **Date payment is first received by FTB**: Enter the date received by your office.

5.   **Total Amount Paid**: Enter the total amount of payment.

6.   **Account Type**: Two-digit code for the account type on which the payment is to post. The most common are:

   a.   **10** for a B&C account.

   b.   **11** for a NB&C account. Used when a payment is for an NPA that has not yet been issued or for an NPA that has been issued but has not yet become final.

7.   **Taxable Year**: Taxable year is the last day of the taxable year for which the payment is made.

8.   **Amount**: Enter the total amount to be posted to on the account type and taxable year identified.

9.   **Unit & Initials**: Enter your payroll unit, number, and initials.

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13.4 CLOSING FORMS	MAP 13.4.1 Authorization for Single Notices (Form FTB 4523B) MAP 13.4.2 Abatement Refund Memo (Form FTB 6163) MAP 13.4.3 Accounting Instructions/Corp. (Form FTB 6213A) MAP 13.4.4 Audit Report, FTB 6430 MAP 13.4.5 Auditor's Recommendation Formal Claims, FTB 6638 MAP 13.4.6 BCT NPA Worksheet for Corporations, FTB 6830 BCT MAP 13.4.7 PAWS Input Worksheet for PIT, FTB 6831B MAP 13.4.8 PIT Overassessment Procedures, FTB 5847 or 5847A MAP 13.4.9 PIT Computation of Proposed Overpayment Procedures MAP 13.4.10 Revenue Codes MAP 13.4.11 Audit Issue Codes for Corporations MAP 13.4.12 Rush Action Slip (Form FTB 7011) Rev. 7/17
13.4.1 Authorization for Single Notices (Form FTB 4523B)	In all audits where California reporting entities have filed separate returns and are being combined by audit, or have filed a combined report and are being de-combined by audit, an Authorization for Single Notice, form PASS FTB 4523B, should be secured from the taxpayer. If the taxpayer does not sign the authorization, prepare an intrastate apportionment of the income and issue separate notices for each of the California reporting entities that filed separate returns. If separate notices are issued, payments of previously assessed tax will be allocated to the California entities in accordance with the Schedule R-7 filed with the original return if intrastate apportionment was used to prepare the original return. If intrastate apportionment was not used, the previously assessed tax must be assigned back to the members based on intrastate apportionment principles, see Legal Ruling 95-2. This form is found in the PASS Workpaper file – Administration Folder. **Instructions to Complete Form FTB 4523B**: 1. **For the year ended...through the year ended**: Enter the Taxable years for which the notices are to be issued. One authorization may be used to cover all years under audit.

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2.   **Name of designated corporation**: Enter the name of the corporation that has been designated to receive the notice(s). This will usually be the key corporation.

3.   **Address**: Enter the address of the designated corporation where the notice(s) is to be mailed.

4.   **California Corporation No**.: Enter the California corporation number of the designated corporation.

5.   **Federal Employer Number**: Enter the FEIN of the designated corporation.

6.   **Corporation Name**: Enter the name and California corporation number of each California reporting entity that is covered by the single notice.

7.   **Signature of Officer or Authorized Agent**: Obtain the signature for each of the California reporting entities. Also, print the name and title of the officer or authorized agent who signed the form on behalf of the California reporting entity.

8.   **Date**: Obtain the date and signature by the principal officer (president, vice-president, secretary, treasurer, secretary-treasurer) or by a duly authorized agent of the designated corporation.

9.   **Phone**: Obtain the telephone number, name, and title of the person signing for the designated corporation.

By submitting Schedule R-7 of Form 100, the taxpayer is indicating election to file a single return for the entities included in the combined report.

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Members Not Included in the Authorization for Single Notices

- **Members with Different Accounting Periods**: Because of statutory filing requirements, corporations having different accounting periods may not be included in the authorization for single billings. In these instances, separate notices are issued.

- **Part-Year Members**: Have there been reorganizations, liquidations, or changes in ownership? Corporations that become a member of the unitary group after the beginning of the taxable year or cease to be a member of the unitary group during the taxable year may not be included in the authorization for single billings. For example, if a California reporting corporation is a member of a combined group for only the first six months, a separate notice must be issued with the first six months of operations determined by combined report procedures and income for the last six months determined by separate accounting.

- **Bankrupt Members**: Separate notices should be issued in bankruptcy cases. The court may not recognize the single notice authorization. The key company may have no assets. Unitary affiliates may not be in bankruptcy or may have assets for payments to creditors.

- **Suspended Members**: Suspended corporations do not have the right to file protests or claims for refund. Therefore, separate NPAs should be issued to suspended corporations so that the assessments for the other corporations can be allowed to go final.
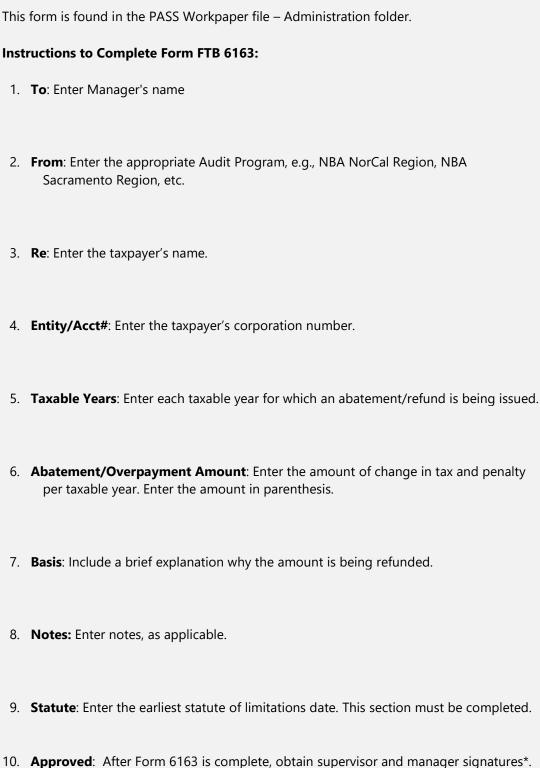
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13.4.2 Abatement Refund Memo (Form FTB 6163)	Complete form FTB 6163, Abatement/Refund Memo when there is: - An overpayment larger than $******* resulting from an overassessment of taxes. - A cancellation of tax. - A combination of overpayments and cancellations.

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These refunds require administrative review before being issued, and this form provides the information necessary for that review.

This form is found in the PASS Workpaper file – Administration folder.

Instructions to Complete Form FTB 6163:

1. **To**: Enter Manager's name

2. **From**: Enter the appropriate Audit Program, e.g., NBA NorCal Region, NBA Sacramento Region, etc.

3. **Re**: Enter the taxpayer's name.

4. **Entity/Acct#**: Enter the taxpayer's corporation number.

5. **Taxable Years**: Enter each taxable year for which an abatement/refund is being issued.

6. **Abatement/Overpayment Amount**: Enter the amount of change in tax and penalty per taxable year. Enter the amount in parenthesis.

7. **Basis**: Include a brief explanation why the amount is being refunded.

8. **Notes:** Enter notes, as applicable.

9. **Statute**: Enter the earliest statute of limitations date. This section must be completed.

10. **Approved**: After Form 6163 is complete, obtain supervisor and manager signatures*.

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	*Handwritten signatures are not required; an electronic approval process is sufficient as described below: 1. Manager and supervisor type names on the applicable signature line of Form 6163. 2. Manager and supervisor make "Event Log" entry stating each has approved the Abatement/Refund Memo form 6163. Rev. 4/19
13.4.3 Accounting Instructions/Corp. (Form FTB 6213A)	Complete Form FTB 6213A, Accounting Instructions/Entity, when you need to make account adjustments, such as: • Accepting amended returns as filed • Denying informal claims for refund • Turning amended returns into Information Returns • Moving funds from year-to-year • Transferring funds from taxpayer-to-taxpayer • Canceling tax • Creating Supplement Assessments • Suppressing accounts • Changing taxable loss per audit • Issuing credit balance refunds • Moving amended return from one CCN to another CCN • Moving payments from **** to **** • Assessing or canceling tax based on amended returns • Miscellaneous transactions to clean up or close a taxable year This form is found in the PASS Workpaper file – Administration Folder. **Instructions to Complete Form FTB 6213A** How the Form FTB 6213A is completed will vary according to the situation: **To assess tax based upon an amended return received during the course of an audit where payment has already been made:** • Enter the corporation number in the Account Number field if not auto populated.

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- Enter the taxable year in the Taxable Year field.

- Determine the correct net income and enter that figure on the Taxable Income (Revised) line.

- Determine the additional tax due, then:

  o Check the Supplemental Assessment box and enter the additional tax in the Tax field.

  o Enter the date the amended return was received in the respective In Date field.

- If a penalty is required:

  o Enter the penalty amount in the Penalty field, or enter "*as needed*" in the Penalty field to request that BES Audit Technical Support compute the amount.

  o Enter the date the amended return was received in the respective In Date field.

- In the Reason field (below the Penalty field), enter "*100X*" or "*amended return*".

To cancel tax based upon an amended return or to reduce an NPA which has become final and posted to the taxable year:

- Follow the initial steps listed above and check the Cancel box.

- Enter the appropriate date in the In Date field:

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- To cancel tax on an amended return, the date is the date the amended return was received.

- To cancel NPA tax, the date will be the date the NPA became final.

- If the cancellation results in a refund, check the Refund box, and enter the balance in the Amount field.

- If the cancellation does not result in a refund, and the taxable year will remain billable, check the Billable Balance box.

To issue a refund based on an amended return that is not a formal claim:

- Follow the procedure to cancel tax above. This will create the required credit.

- Enter "*60000*" in the Paragraphs field.

To issue a credit balance refund to clean up a taxable year:

- Determine that the credit is legitimate. If unsure, the case may be referred to BES Audit Technical Support for further analysis.

- Once the correct credit is determined, check the Refund box.

- Enter the credit balance in the Amount field.

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- Enter "*60004*" in the Paragraphs field.

To deny an informal claim for refund:

- Check the Denial box.

- Enter "*60001*" in the Paragraphs field.

- Enter an explanation in the Paragraphs field.

To transfer credits between taxable years and corporations:

- Check the Transfer box.

- Enter the appropriate corporation number in each of the Entity fields.

- Enter the appropriate tax year in the TY (to) and TY (from) fields.

- Enter the transfer amount in the respective Amount fields..

- Initial and date the form.

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- Staple the form to the corporation folder and route to BES Audit Technical Support for action.

- If you do not have the folder, a dummy folder should be made.

- If the monetary transactions exceed $*****, a reviewer's initials are required.

To change a Business Entity's name on BETS or TPF account:

- Generally, auditors do not have the skill to change a business entity's name in BETS or TPF. This action must be performed by Audit Support.

- Note that corporations qualified through the Secretary of State (SOS) can only be changed to match the name that is currently on record with SOS.

- In the fields provided at the top of the 6213A, complete the following:

  - o Req Code: Requester's PUC and initials
  - o Date: Date of request
  - o Account Number: Corporation number
  - o Taxable Year: Taxable year(s), if applicable

- Check the Other box and enter the following in the adjacent field:

  - o The action being requested: Business Entity name change
  - o Business Entity's new name
  - o Effective date of name change, if applicable

- Enter the reason for name change request in the Reason field provided at the bottom of the form, e.g., per return, per taxpayer request, per SOS, etc.

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	Route completed form to the Audit Support workgroup: BE-T/S CLAIM/O/A/6213A Rev. 7/17

13.4.4 Audit Report, FTB 6430	Use FTB 6430 (Audit Report) as a cover page whenever sending a closed case to Technical Resource Section and Audit Business Support, or a referral or transfer case to auditors from a different office.
	
	This form is found in the PASS work paper file – Administration Folder.
	
	Instructions to Complete FTB 6430:
	
	1. **Program Office** – Enter your appropriate program & office (i.e., PIT SoCal, West Covina).
	
	2. **PUC** – Automatically populates.
	
	3. **Earliest Statute** - Enter the earliest date on which the statute will expire for making an assessment or allowing a refund for any of the returns under audit in the affiliated groups. If the statute will expire within four months for apportioning corporations or six months for all other taxpayers, after the file is submitted to review, circle the statute in red.
	
	       Affiliated entity - If earliest statute applies to an affiliate, put ********: below the expiration date.
	
	       Related entity - If the earliest statute date is for a related entity, enter ******** and the statute date.
	
	       Bankruptcy cases - Enter the Audit Bankruptcy Liason's name and the date when the liason was notified by the auditor.

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Claims - Enter ******* *** ********.

4. **Identification Number** – PASS automatically populates this section with the taxpayer's full name, address, and identification number.

5. **Boxes**

- **Physical File** - Check if there is a physical case.

- **Claims** - Check if there is a formal or informal claim (any overassessment other than generated by audit).

- **Non-Review** - Check if the case does not require TRS review.

- **RAR Pending** – Provide the work paper reference for the IRS contact and substantiation of the federal exam.

- **Taxpayer's Copy-** check this box if you made adjustments using copies of the tax returns, and not the original returns filed with FTB. Enter the years that the taxpayer's copies were used.

- **Bankruptcy** - Check this box if applicable. For additional information, see MAP 20 Bankruptcy.

- **Protested** - Check if the file includes a case in which an NPA previously issued is under protest and you are recommending action to be taken on the protest. Files with **Docketed** protest must be approved through Legal's Protest Desk. Do not check this item to indicate that the taxpayer will protest.

- **Taxpayer's Position** – Double click on the position listing and make a choice from the drop down list.

6. **Taxable year** – Enter the years examined, starting with the earliest year first.

7. **Statute Extended** - Enter the SOL statute date or the extended SOL date for each year under audit.

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If no SOL date, explain why, such as fraud or no return.

If a state waiver extends the statute, enter **SW** and the date.

If extended by a Federal waiver, enter as **FW MM/DD/YY** (using the Federal waiver date and not the date six months later applicable for State purposes under R&TC Section 25663(a). See MAP 4.2 Statute of Limitations Charts.

If the six months statute applies under R&TC Section 25674, enter the actual statute date. See MAP 4.2 Statute of Limitations Chart.

If the statute has expired on a referenced return, enter a dash.

8.   **Federal Action** – Enter **RAR** if the report is available. See MAP 16.5. Unagreed RARs and Pending Federal.

If there is information the IRS is making or will make an audit, write **Pend** on this line.

If there is no indication a Federal audit will be made, write **N/A**.

If there is an RAR pending for any other years, show this information in **Special Remarks** and check **See Remarks** at right.

9.   **Def or O/A** – Enter the tax change amount.

The tax change amount is the amount of the assessment, the amount of overassessment, or the portion of any claim for refund denied for the years under audit, plus any penalties assessed, and any interest paid. If a claim for refund is partially allowed, enter the amount of the claim denied.

Tax change also includes any amount allowed in excess of the amount claimed for refund. (Write overassessment amounts in parentheses.) For full claim denials, write **denied**. Also see the section on **Special Instructions** below.

In situations where dollar amounts do not apply, use the following wording:

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- N/C - No Change.

- NPACA – Notice of Proposed Adjusted Carryover Amounts. If you are issuing an NPACA, write NPACA. Do not enter zero (0). See MAP 7.7 Notice of Proposed Adjusted Carryover Amounts for additional information and also the section on Special Instructions below.

- Claim allowed in full – for audited claims for refund with amounts allowed in full.

See MAP 8.4.1 Quick Reference Table for Closing PIT Claims for wording in specific situations.

10. **Names and Dates** - The auditor's name and address automatically populate. Manually enter the date submitted and the reviewer's name and number.

11. **Special Instructions**

For N/C, indicate what the no change is in reference to: N/C letter, N/C claim accepted as filed, N/C amended return accepted as filed, Claim Denied in Full, NOA – Notice of Action for when a protested NPA is revised, withdrawn or affirmed REF – Reference Return.

If an N/C letter has been mailed, indicate the date of the letter (i.e., N/C MM/DD/YY).

For partial claim denials, write the amount allowed, amount denied, and the total refund claimed for each year. For example:

Claim allowed	$xxx.xx
Claim denied	xx.xx
Total claim	$xxx.xx

Related Taxpayers - List all related returns in this section, including name, ID Number, and tax years so that all related files can be processed together.

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	- Pass-through entity - List all investors/shareholders with adjustments. - Investors/shareholders - List only the related pass-through entity. Do not list the other investors/shareholders. NPACA - Include any reductions to NOL or credit carryover amounts affecting future taxable years. Special Item - If transferring the case to another auditor in a different office, you may include in this space the reason for the referral or transfer. See MAP 5.3.1 Procedure for Auditor Transferring the Case. Rev. 5/18
13.4.5 Auditor's Recommendation Formal Claims, FTB 6638	Complete FTB 6638, Auditor's Recommendation Formal Claim, when fully allowing or fully denying **corporate** claims for refund. This form is found in the PASS workpaper file – Administration Folder. **Instructions to Complete FTB 6638**: 1. **Taxpayer Name**: Use the exact name of the corporation. 2. **Taxpayer ID**: Enter the corporate number. 3. **Created by**: Enter your name.

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4. **Income Years**: Enter the month and year.

5. **Ccs**: Indicate the name and address of the representatives to whom a copy of the notice should be sent. A copy should be sent when you are dealing with an outside representative.

6. **Reviewer and Review Date**: Enter the reviewer's name and the date the review was completed.

7. **Deny Claim for Refund for:** Place an X in this box only if denying the claim in full. Include an explanation of the denial. See #9. Enter the tax year and the amount of the claim. It is not necessary to put a claim number.

8. **Allow Claim for Refund for**: Place an X in this box only if the claim is to be allowed in full with no increase or decrease in the amount requested in the claim. NPA paragraph 50663 will automatically be typed as an explanation. Enter tax year, amount of claim, and revenue code. See MAP 13.4.10 Revenue Codes. It is not necessary to put a claim number. Indicate if the claim is related or unrelated to another notice issued at the same time.

9. **Explanation**:

    a. Denied with no other action – use NPA paragraph 50621, followed by an explanatory paragraph.

    b. Denied with an NPA also being issued on the same year, or different year with the same issue – the denial letter will not be issued until the NPA goes final. This prevents the taxpayer from having to appeal a claim denial concurrently with filing a protest.

    c. Denial with NPA on same year – Use NPA paragraph 50625.

    d. Denial with NPA on same issue on a different year – Use NPA paragraph 50621 with explanatory paragraph, and a note Do not type until concurrent NPA on taxable year _____goes final.

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	e. Allowed in full. NPA paragraph 50663 will automatically be typed. If an additional explanation is needed, it should be written in this area. f. Claim allowed in full, and an NPA is greater than the claim – Check the deny claim box and enter paragraph 50625. Complete FTB 6830-BCT NPA Worksheet. See MAP 13.4.6 BCT NPA Worksheets for Corporations. 10. **Paragraph**: Indicate whether NPA paragraph 53400 should be used by placing an X in the box and inserting the month and year for the taxable years to which it applies. Include FTB 6638 in the Audit Report package. See MAP 13.4.5 Auditor's Recommendation Formal Claims. Rev. 7/17
13.4.6 BCT NPA Worksheet for Corporations, FTB 6830	Complete FTB 6830-BCT, BCT NPA Worksheet (Audit), when preparing Notices of Proposed Assessment (NPAs) and Overassessments (O/As) for corporate taxpayers. If you are inputting the NPA directly to BETS, you do not need this form. Prior to preparing the FTB 6830-BCT NPA worksheet, it is important that you check the account status on BETS, **** for each taxpayer in the combined group. If the group contains a suspended taxpayer, a separate notice must be issued to the suspended taxpayer. See MAP 7.13 Suspended Corporations for additional information. It is important that you verify the previously assessed tax on BETS, **** before preparing the FTB 6830-BCT worksheet. This form is found in the PASS work paper file – Administration Folder. Instructions to Complete Form FTB 6830-BCT: 1. NOTICE UNRELATED & NOTICE RELATED 2. DO NOT MAIL NPA

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3.   AUTHORIZED OFFSET

4.   ASSUMER

5.   FT & CIT

6.   O/A & J/A

7.   ASSUMER ID NO

8.   CORP NO

9.   J/A NO

10.   SOL

11.   NO. OF NOTICES

12.   NO. OF ENC

13.   TXP

14.   CC REP

15.   TAXABLE YR

16.   DLN NO

17.   COPY TO FEDERAL

18.   REV CODE

19.   ISSUE CODES

20.   NET INC AS REPORTED; UNITARY BUS INCOME; INC PER SCH___

21.   ITEM ADJUSTMENTS

22.   APPORTION_____% TO CALIFORNIA

23.   NONBUSINESS INC. WHOLLY ATTRIBUTABLE TO CA

24.   CONTRIBUTION ADJUSTMENT

25.   REVISED STATE NET INCOME

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26.   PASSIVE INC.; NOL C/O DED.; LARZ/EZ NOL; DISASTER LOSS.

27.   REVISED TAXABLE NET INCOME

28.   TAX AT ___ MINIMUM TAX, PREPAYMENT TAX

29.   LESS TAX CREDITS

30.   NET TAX

31.   AMT and OTHER TAXES

32.   TOTAL TAX

33.   PREVIOUSLY ASSESSED

34.   TOTAL ADDITIONAL TAX OR OVERASSESSMENT

35.   PENALTY

36.   TOTAL ADDITIONAL TAX AND PENALTY

37.   PARAGRAPH NUMBER(S)

38.   PREPARER AND DATE

39.   REVIEWER #1 AND DATE; REVIEWER #2 AND DATE

1.   **NOTICE UNRELATED & NOTICE RELATED:** Check the proper box to indicate if the notice is related or unrelated to another notice that is being issued at the same time.

Related Notice: any notice associated with another notice that should be processed together regardless of any subsequent action such as a protest or appeal.

Unrelated Notice: any notice resulting in a bill, refund/offset that should be processed independently of other notices, regardless of any subsequent action such as a protest or appeal.

Most notices will be related notices. The unrelated notice will be the exception.

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2.   **DO NOT MAIL NPA**: Check here if additional tax was paid, and an NPA is not to be mailed for closing agreement cases only where the closing agreement is on the same issue(s) as proposed at audit. Use payment paragraphs 50699--50702. The notation **Do not type** should be written across the face of the worksheet in instances where the NPA is not typed. Do not check this box if the closing agreement does not cover all of the issues proposed at audit.

3.   **AUTHORIZED OFFSET**: Review MAP 13.4.6.1 Offset Cases to determine if your case meets the definition of an offset case. If your case is an <u>authorized offset</u>, check here to offset the deficiency by an overpayment.

> If the audit is agreed, contains only related notices, and you have obtained **written** approval from the taxpayer, or representative, to offset an overassessment to an assessment prior to expiration of the 60 days protest period then:
>
>> Check the **Notice Related** boxes for all overassessment and deficiency assessment notices on all worksheets.
>>
>> Write the word **OFFSET** on top of the overassessment worksheet(s) to indicate that the taxpayer's **written authorization** was received.

4.   **ASSUMER**: Check here if there is an assumer.

5.   **FT & CIT**: Check the box indicating whether the notice is issued under the Corporation Franchise Tax Law or the Corporation Income Tax Law.

6.   **O/A & J/A**: Check O/A for an overassessment and J/A for jeopardy and bankruptcy cases. See the following sections for more detail:

> Overassessments: See MAP 13.4.8 Overassessments.
>
> Jeopardy: See MAP 7.14 Jeopardy Assessments.
>
> Bankruptcy: See MAP 20 Bankruptcy.

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7. **ASSUMER ID NO**: Enter the account number or corporation number of the assumer.

8. **CORP NO**: Enter the California corporate number. Corporation numbers must contain seven digits. Do not include the prefixes **D, F, NQIT**, or **NQFT**. Include the prefixed **NB** (National Banks), **FSLA** (Federal Savings and Loan Associations), or **FPCA** (Federal Production Credit Associations).

    The NPA must be issued to the key corporation. If the Corp No. begins with an 8 or 9 (nonqualified corporations), the auditor must verify that the nonqualified corporation is the key corporation. Refer to MAP 6.10.5.2 Verifying Key Corporations (MSA).

9. **J/A NO**: If a jeopardy assessment is being issued, enter the form to be used and circle it in red pencil: Form FTB 5837 or Form FTB 5840. See MAP 13.4.7.1 Jeopardy Assessments.

10. **SOL**: Enter date statute expires if other than normal statute or statute extended by State waiver or if the normal statute will expire within six months after the file is submitted to Review.

11. **NO. OF NOTICES**: Enter the number of Notices of Proposed Assessment (NPAs), Overassessments (O/As or NPOs), Notices of Proposed Adjusted Carryover Amount (NPACAs), etc. being sent to the taxpayer or affiliated group. Remember that the cases with an overassessment in a year(s) and a NPA(s) or NPACA in another year, must be issued the NPO not an O/A notice.

    Example:

2 NPAs Only	write NPA 2
2 NPAs and 1 O/A	write NPA 2, NPO 1
1 NPACA and 1 O/A	write NAPCA 1 on other line, NPO 1
Do Not Write	1 of 3, 2 of 3, etc.

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12. **NO. OF ENC**: Indicate the total number of enclosures to be mailed; e.g.:

    7 audit schedules

    For additional information on Offsets, see MAP 13.4.6.1 Offset Cases

    For information on Barred Offsets, see MAP 13.4.6.2 Barred Offset

13. **TXP**:

    Enter **T/P** if the name and address of the taxpayer shown on the taxpayer's latest return is the same as shown on the taxpayer's BETS account.

    Show the correct name and/or address on the form FTB 6830-BCT when the address on the latest return in the file is incorrect.

    If the corporation has dissolved, withdrawn, liquidated, etc., find the assumer.

    Check whether the taxpayer wants a copy of the notice sent to an address other than the **Best** address listed in the entity's Taxpayer Folder. Address changes will take 1-2 days to be updated to BETS. Refer to MAP 29.3.3 Contact Information Changes. The mailing address information should also be added to the audit narrative. See MAP 7.3.1 Narrative Report 6431 (PIT, C Corp, PTE, & MSA).

    If the name or mailing address of the corporation has changed, it is your responsibility to verify that BETS is corrected immediately.

    - To change a taxpayer's name on BETS, refer to MAP 13.4.3 Accounting Instructions/Corp. (Form FTB 6213A). Note that the California Secretary of State must first approve a name change before the taxpayer's BETS account can be changed.

    The name of the individual or corporation presently liable for payment of the assessment will appear in the heading.

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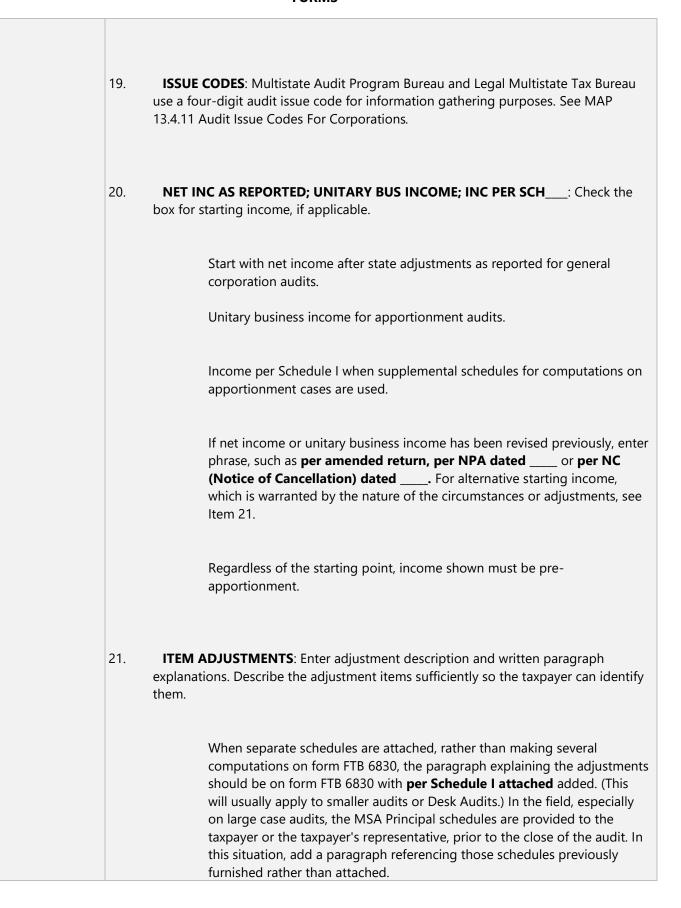Never include **formerly known as --------- or DBA** in the heading.

In the case of refunds, the taxpayer will be the original corporation making the overpayment.
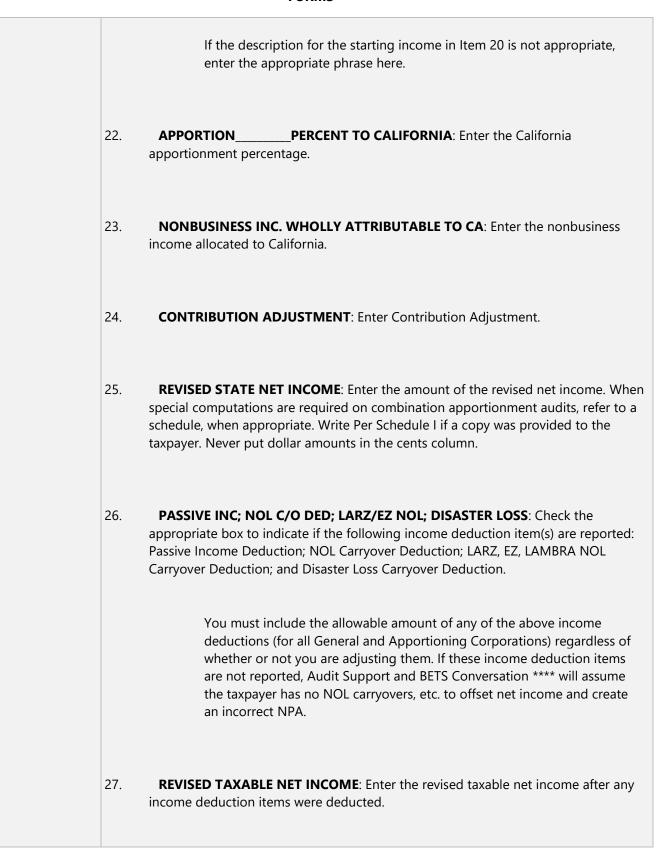
14.   **CC REP**: Indicate the name and address of the representative to whom copies of the NPA should be sent. If you were working with an outside representative, send a copy to the representative. Send the original to the taxpayer even if the representative requests it. Do not send a copy to a person who is not authorized to represent the taxpayer, since this would violate the confidentiality provisions of the law.

If the taxpayer has an assumer, and there is no representative, enter the name of the assumer here. Be sure to cross out **rep** and write **assumer**. Otherwise, write the name and address of the assumer in the body of the notice and circle in blue pencil.

You may send a cc to a program office or other staff requiring a copy of the NPA. This may facilitate follow-up. Example writing **bcc: New York, Attn: A. Staff** will result in a copy being sent to auditor **A. Staff** in the New York Program Office.

15.   **Taxable YR**: Enter the taxable year in every case. Enter the month and year for all Taxable years. (Example, 12/XX instead of 20XX).

16.   **DLN NO**: Enter the nine-digit number stamped at the top of the return.

17.   **COPY TO FEDERAL**: Check this box if a copy of the NPA is to be forwarded to the IRS.

18.   **REV. CODE**: Enter the seven-digit revenue code. (See MAP 13.4.10 Revenue Codes).

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19.　　**ISSUE CODES**: Multistate Audit Program Bureau and Legal Multistate Tax Bureau use a four-digit audit issue code for information gathering purposes. See MAP 13.4.11 Audit Issue Codes For Corporations.

20.　　**NET INC AS REPORTED; UNITARY BUS INCOME; INC PER SCH___**: Check the box for starting income, if applicable.

　　　　Start with net income after state adjustments as reported for general corporation audits.

　　　　Unitary business income for apportionment audits.

　　　　Income per Schedule I when supplemental schedules for computations on apportionment cases are used.

　　　　If net income or unitary business income has been revised previously, enter phrase, such as **per amended return, per NPA dated ____** or **per NC (Notice of Cancellation) dated ____.** For alternative starting income, which is warranted by the nature of the circumstances or adjustments, see Item 21.

　　　　Regardless of the starting point, income shown must be pre-apportionment.

21.　　**ITEM ADJUSTMENTS**: Enter adjustment description and written paragraph explanations. Describe the adjustment items sufficiently so the taxpayer can identify them.

　　　　When separate schedules are attached, rather than making several computations on form FTB 6830, the paragraph explaining the adjustments should be on form FTB 6830 with **per Schedule I attached** added. (This will usually apply to smaller audits or Desk Audits.) In the field, especially on large case audits, the MSA Principal schedules are provided to the taxpayer or the taxpayer's representative, prior to the close of the audit. In this situation, add a paragraph referencing those schedules previously furnished rather than attached.

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If the description for the starting income in Item 20 is not appropriate, enter the appropriate phrase here.

22. **APPORTION_____PERCENT TO CALIFORNIA**: Enter the California apportionment percentage.

23. **NONBUSINESS INC. WHOLLY ATTRIBUTABLE TO CA**: Enter the nonbusiness income allocated to California.

24. **CONTRIBUTION ADJUSTMENT**: Enter Contribution Adjustment.

25. **REVISED STATE NET INCOME**: Enter the amount of the revised net income. When special computations are required on combination apportionment audits, refer to a schedule, when appropriate. Write Per Schedule I if a copy was provided to the taxpayer. Never put dollar amounts in the cents column.

26. **PASSIVE INC; NOL C/O DED; LARZ/EZ NOL; DISASTER LOSS**: Check the appropriate box to indicate if the following income deduction item(s) are reported: Passive Income Deduction; NOL Carryover Deduction; LARZ, EZ, LAMBRA NOL Carryover Deduction; and Disaster Loss Carryover Deduction.

     You must include the allowable amount of any of the above income deductions (for all General and Apportioning Corporations) regardless of whether or not you are adjusting them. If these income deduction items are not reported, Audit Support and BETS Conversation **** will assume the taxpayer has no NOL carryovers, etc. to offset net income and create an incorrect NPA.

27. **REVISED TAXABLE NET INCOME**: Enter the revised taxable net income after any income deduction items were deducted.

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28.   **TAX AT ___ MINIMUM TAX, PREPAYMENT TAX**: Enter the amount of tax, unless supplemental schedules are referenced. Enter the tax rate where a standard or composite rate is applicable. On financial tax computations, special combination, and apportionment audits, additional computations are required and should be shown in Item 37 (paragraph area), keyed in with an asterisk or on a supplemental schedule.

> If minimum tax or prepayment tax applies, check the box located to the left for that item and do one of the following:
>
> - Separately list the total minimum tax on the **Total Amount of Minimum Tax** line, or enter prepayment tax amount on the **Prepayment Tax** line.
>
> - On the **Tax at** line enter **Per Sch I** instead of listing the tax rate if a supplemental schedule is used.
>
> In combined reporting situations, where more than one of these may apply refer to the schedule furnished to the representative at the **Tax at** line. (Ex: **Per Sch I**.)
>
> If the taxpayer is referred to a schedule, do not check the box to the left of **Tax at**.
>
> The only time the **Tax at** box should be checked is when the **Revised Taxable Net Income** times the tax rate equals the tax stated on the notice.

29.   **LESS TAX CREDITS**: Enter tax credits. If a change is proposed, attach a schedule. If MIC, LARZ, or R&D credits apply, check the box. For other miscellaneous credits, check the box and enter the name of the credit.

30.   **NET TAX**: The net tax amount is only required if different from total tax.

31.   **AMT and OTHER TAXES**: Check the appropriate box if Alternative Minimum Tax or other taxes apply. Enter the amount of the AMT or other taxes. If a change is proposed, attach a schedule showing the revised computation. If other taxes apply, enter a description of the tax. Use descriptions such as: **S corporation tax on**

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certain capital gains, **Tax on built-in gains**, or **Tax on excess net passive investment income.** Do not refer to law sections or regulations on this line, such as **Tax imposed under R&TC Section 23811**.

32.   **TOTAL TAX**: Enter total revised tax plus AMT, and other taxes.

33.   **PREVIOUSLY ASSESSED**: Enter the total amount of tax previously assessed, including AMT and other taxes (enter a previously proposed overassessment, which remains unpaid, to the left of the money column.) For combined reports, list corporate names, numbers, and amounts for each corporation included in the total previously assessed either with an asterisk or attach schedule to form FTB 6830. If separate NPAs are being issued or when intrastate apportionment is applied to taxpayers that had been included in a group filing (under Schedule R-7), the previously assessed tax for each taxpayer should be determined in accordance with intrastate apportionment principles as explained in FTB Legal Ruling 95-2. Previously assessed tax may be from the original return, amended return, or previous NPA. Verify the amount of the previously assessed tax by checking the taxpayer's account on BETS, ****. Do not rely on the tax amount that appears on the face of the original tax return.

> To reduce errors, the auditor, supervisor, and reviewer must review taxpayer's current account status. A check of the taxpayer's BETS (****) account may reveal changes to the original self-assessed amounts. This is important when the entire audit file is unavailable or when relying on representative's copy of return. It is also important for financial corporations where the rate may be changed after the return is filed.

> For old years where the tax information has been purged off the BCM or BETS, request the information via the Business Entities' Home Page.

> An NPA does not become final until the expiration of the 60-day protest period or the expiration of the 30-day period after issuance of a Notice of Action of Affirmation or Revision.

34.   **TOTAL ADDITIONAL TAX or OVERASSESSMENT**: Check which box applies and enter the total additional tax or overassessment.

If there is no penalty, this will be the last line filled in for a deficiency, overassessment, or Notice of Action revising an NPA.

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An overassessment will be entered to the left of the money column, in brackets.

35.   **PENALTY**: Complete if any penalties apply. Enter percentage and a description of the penalty. Use descriptions such as **Late Filing, Accuracy-Related**, etc. rather than the section of the law.

Generally, the penalty will be computed only on the additional tax. Exceptions are:

- If it is determined there should have been a delinquent filing penalty, but the original return was assessed for tax only.

- Fraud penalty is assessed and there has been a previous NPA or amended return.

- Penalty for failure to furnish information requested applies to only a portion of the deficiency. (If a representative fails to submit information, a request should be addressed to the taxpayer before the penalty is imposed.)

- Accuracy-related penalty is applied to the portion of the tax associated with a particular issue.

36.   **TOTAL ADDITIONAL TAX AND PENALTY**: Enter the total additional tax and penalties. If this is a net overassessment, enter to the left of the money column, in brackets.

When the taxpayer pays the additional tax at the time of the audit, interest should be computed to the date of payment; however no interest figure should be entered on the form FTB 6830. NPA paragraphs 50706 or 50707 should be used to indicate to the taxpayer the portion of the payment being applied towards interest.

37.   **PARAGRAPH NUMBERS**: Paragraph codes, typed or handwritten paragraphs, and short computations may be entered here. If calculations must be made for items 22-36, the computations may be shown in this area and keyed to the line number with an asterisk.

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	EPAL (Electronic Paragraphs and Letters) is a searchable web-based system that stores standard electronic paragraphs and letters. An EPAL tutorial is available here.
	If the adjustments were based on field audit schedules previously provided to the taxpayer or the representative, NPA paragraphs 52656 or 52657 may be used.
	If payment is secured prior to issuance of the NPA, enter the appropriate paragraph to notify taxpayer of payment received. Also, see MAP 7.10 Payments and Deposits for processing payments.
	All Audit NPAs created **in BETS** must include paragraph 03167 as a standard paragraph. This paragraph will direct taxpayers where to mail or fax protest letters.
	38. **PREPARER AND DATE**: Enter your name and date.
	39. **REVIEWER #1 AND DATE; REVIEWER #2 AND DATE**: Enter the names of the reviewers who performed the first-level and second level reviews and the respective dates when their reviews are complete.
	Rev. 2/19
13.4.6.1 Offset Cases	An Offset case issues one or more Notices of Proposed Assessment, Notices of Action, or Notices of Revision, and one or more Notices of Proposed Overassessment to the same taxpayer for different years. Offset procedures apply audit-generated overpayments against outstanding deficiencies. If the audit is unagreed, do not pursue an authorization to offset.
	The proposed deficiency assessment and the proposed overpayment will automatically be held pending the protest period expiration. If the taxpayer does not file a protest, then the Audit Business Support Section makes the appropriate offset. In some situations, a deficiency or overpayment may not be related to another Notice of Proposed Assessment or Overassessment. In these situations, they can process the unrelated notice separately regardless of whether a protest is filed.
	You need to identify all Offset cases as:

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- Agreed (taxpayer agrees with the proposed adjustments).

- Unagreed Related (related adjustments resulting in a Notice of Proposed Assessment and Overassessment for different tax years).

- Unagreed Unrelated (unrelated adjustments in different tax years).

The manual forms and PASS templates include **Notice Related** and **Notice Unrelated** boxes. Mark the appropriate box when preparing the worksheets.

Notices are **related** if the adjustments depend upon adjustments made in other tax years for the same taxpayer. An example of related notices is a bad debt that was disallowed in one tax year, resulting in a tax deficiency, but allowed in a different tax year, resulting in an overassessment.

Unrelated notices are notices for the same taxpayer that are not transactionally related. The taxpayer's protest of one notice would have no effect on the other notice. An example of unrelated notices is a bad debt adjustment in one tax year, and a business expense adjustment in a different tax year. Once the notices have finalized, the Notices of Proposed Assessment and Overassessment offset, and we refund/credit or bill the remaining net amount.

To facilitate offset case processing, follow the steps below.

Un-Authorized Offset With Related NPAs and O/As

If the taxpayer or representative did not agree to the audit adjustments and/or provide authorization to offset, and if all notices within a case are related and must be kept together in one package (previously referred to as a consent package), do the following:

1. Check the **Notice Related** box on each NPA and O/A worksheet (PASS form FTB 6830 BCT).

2. Hold all NPAs and O/As for a period of 90 days (60-day protest period + 30-day processing).

3. If protest is not received within this timeframe, offset O/As against NPAs and refund or bill remaining balance to the taxpayer.

4. If any NPA or O/A is protested, forward all notices to the Protest Unit for resolution.

Authorized Offset With Related NPA and O/A

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If the audit is agreed, contains only related notices and written authorization was obtained from the taxpayer or representative to offset O/As against NPAs prior to expiration of the 60-day protest period, do the following (PIT taxpayers only require verbal authorization):

1. Check the **Notice Related** box on each NPA and O/A worksheet.

2. Write, **OFFSET** on each O/A worksheet, indicating taxpayer's written authorization was received.

Procedure for Corporations:

If BE Audit Technical Support determines a large refund is due once the overpayment is computed, offset is performed immediately and refunded as soon as possible to reduce interest charges payable by the state. If the related O/A will not result in a refund, the case will be held for 90 days.

NPAs and Unrelated Overassessment Notices

In the rare instance where an audit package contains unrelated O/As that should be refunded regardless of protest, do the following:

1. Check the **Notice Unrelated** box on the O/A to be processed (refunded) regardless of protest.

2. Check the **Notice Related** box on those notices (NPA or O/A that should remain together.

If the notices are not protested, O/As will be offset against NPAs and any remaining balance will be refunded or billed to the taxpayer. If the related NPA and O/A are protested, the related NPA and O/A will be forwarded to the Protest Unit for resolution. The unrelated O/A will be refunded without offset.

The unrelated notice is truly an exception to the rule. The purpose of an unrelated notice is to provide a means for issuing notices regardless of protest action on other notices. This should not occur often.

> **Example 1**: RAR Received for a Taxable Year End Not in the Audit Cycle
>
> As a result of an audit, NPAs are issued for TYE 12/00 and 12/01 with an O/A issued against TYE 12/02. The notices for all three years are **related**. During the audit, the taxpayer inquires about an unrelated RAR refund in TYE 12/04. The auditor agrees to resolve the RAR. The 12/04 O/A is **unrelated to the other NPAs and O/A**. In preparing the worksheet, the auditor should check the **Notice Unrelated** box associated with TYE 12/04. If the related audit notices (TYE 12/00 - 02) are protested,

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	the technician will send only the related audit notices to the Protest Unit for resolution. The unrelated RAR is processed separately. **Example 2**: Issue is NOT Transactionally Related Notices may be unrelated if the issues adjusted are not transactionally related, and there are no transactionally related issues being adjusted on the O/A. For example, a bad debt is disallowed in one year, resulting in an NPA, and a business expense is increased in another year, resulting in an overassessment. There are no other common issues on the notices. These may be treated as unrelated notices. Rev. 7/17
13.4.6.2 Barred Offset, R&TC Section 19314	R&TC Section 19314 permits an offset of any otherwise barred overpayment that results from a transfer of items of income or deduction to or from another year for the same taxpayer, a transfer of items of income or deductions or both for the same year for a related taxpayer described in R&TC Section 19110, or a transfer of items of income or deduction or both for the same or different years among affiliated taxpayers whose tax is determined under Chapter 17 (commencing with R&TC Section 25101) of the Code. No offset shall be allowed after the expiration of seven years from the due date of the return on which the overpayment is determined. **Worksheet for Offset Allowable (Use Form FTB 6830BCT)** 1. Label the top of the form **Schedule I**. 2. Line through the words **Additional Tax** and **Overassessment** and write **Offset Allowable, R&TC Section 19314**. 3. Attach the worksheet to the outside of the folder behind the NPA worksheet on which the offset is being allowed. **Worksheet for NPA (Use Form FTB 6830BCT)** 1. On the Previously Assessed line, write **From Allowable Offset and Return**. 2. In the column, enter the total of the allowable offset and the previously assessed tax per the return. Cases involving more than one taxpayer require special attention to avoid unauthorized disclosure. If unauthorized disclosure becomes a concern on a given case, the computation of the offset should be mailed separately to the affected taxpayers. The offset on form FTB 6830 BCT should be described as **Offset Allowable, section 19314, from the return of _____.** Rev. 7/17

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13.4.7 PAWS Input Worksheet for PIT, FTB 6831B	Complete the FTB 6831B, PAWS Input Worksheet, when you are making a tax adjustment to PIT (individual) taxpayers.
	This form is found in the PASS workpaper file – Administration Folder.
	For Jeopardy Assessments, see MAP 13.4.7.1 Jeopardy Assessments.
	For Erroneous Refunds, see MAP 13.4.7.2 Erroneous Refunds.
	Instructions to Complete FTB 6831B:
	1. **Number of Notices** - If the case involves multiple notices, indicate the total number of PIT notices, including Notices of Proposed Assessment, Jeopardy Assessments, Overassessments, and Notices of Proposed Overassessment.
	2. **SOL Date** - Enter the earliest statute of limitations date for all notices (tax years) submitted with the case.
	3. **DLN** – Enter the return Document Locator Number.
	NPA Circle File: A NPA Circle File is created when we issue a Notice of Proposed Assessment on a tax year in which we have no return. The circle file serves as the placeholder for the physical audit file. The Document Locator Number on the notice is 00000000. You should create a circle file even if the taxpayer provides a copy of the return.
	To create a circle file, treat the NPA Worksheet, FTB 6830 and/or FTB 6831, as a replacement tax return. Write **Circle File**, in red, across the top of the NPA Worksheet and attach it to the top of the physical file.
	If you get a waiver for a tax year with an NPA Circle File, attach the waiver to the top of the NPA Worksheet that now serves as the replacement tax return. Complete the rest of the file according to standard procedures.
	4. **Taxpayer's Name** - Enter the taxpayer's full name as it appears on the notice. Include the spouse's name on joint returns.

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Mirror Image NPA: A **Mirror Image** Notice of Proposed Assessment is one that we send to spouses (or ex-spouses) who reside at different addresses.

When spouses have different addresses, PAWS indicates it is creating a **Mirror Image** Notice of Proposed Assessment (e.g., SPOUSE ADDRESS IS DIFFERENT FROM PRIMARY ADDRESS). Check TI to see if you need to update the spouse's address. If so, enter paragraph 00027 and write the sequence number and **MIRROR IMAGE** on the PAWS batch control worksheet in red.

If completing a PAWS worksheet, write, **Mirror Image NPA needed** at the bottom of the worksheet with the other spouse's current address.

5.   **Tax Year** – Enter the four-character tax year.

6.   **Account Number** – Enter the primary taxpayer's account number.

7.   **Revenue Code** – Enter the seven-digit revenue code. See MAP 13.4.10 *Revenue Codes*.

8.   **CC to Rep** – Enter the representative's address if sending a copy of the notice to the representative.

9.   **Profile** – Enter the following "99999999999", i.e. eleven 9's. This section is no longer used but the system requires an entry.

10.   **CC to Federal** - If sending a copy of the Notice of Proposed Assessment to the IRS, put an **x** in this section.

11.   **Enclosures** – Provide all schedules to the taxpayer/representative before closing the audit. If you send enclosures with the Notice of Proposed Assessment, identify the schedules (e.g., Exhibit A and Exhibit B), and enter their addressees in the **Special Instructions** section. Stagger and staple the enclosures to the back of the PAWS worksheet.

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12. **Payment Made** – If the taxpayer has made a payment for this notice, enter the amount and the date. Use NPA paragraph 04022. Be sure to include the applicable fill-in entries.

13. **Taxable Income** - Enter the source and the dollar amount of starting taxable income. Enter the taxable income corresponding to the latest return processed. For example, if the taxpayer filed an amended return, check the *********** radio button and enter the taxable income from the amended return.

    If the taxpayer filed a claim for refund that we have not granted, enter the taxable income from the original return and check the 540 line.

    If we have issued a Notice of Proposed Assessment or Overassessment, enter the taxable income from the latest notice. If Taxable Income is a negative amount, be sure to add the negative amount to the itemized deductions. For example, negative income of ($100.00) is added to itemized deductions of $10.00 for a revised taxable income of ($110.00).

    Many adjustments impact Itemized Deductions and Exemption Credits. If a revised amount is reduced to zero, enter zero on the NPA created within PAWS and the PAWS input worksheet. Add a paragraph explaining any change.

14. **W/P Reference** – Enter the Workpaper source of the proposed adjustment.

15. **Adjustments** - Enter the adjustments as they should appear on the notice. Each description is limited to 34 characters or spaces. Enter the dollar amount of the adjustment to the right of the description. If you propose more than five adjustments, combine the adjustments and enclose a schedule describing the adjustments and the dollar amounts. Check the **Enclosures** line when you have attached descriptive schedules.

16. **Revised Taxable Income** - Enter the starting Taxable Income combined with the proposed adjustments.

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17.   **Filing Status** – Enter the filing status to use on this notice. Check **TR** or **EST** for a trust or an estate return.

18.   **Dep** – Enter the number of dependent, blind, or elderly exemptions allowed.

19.   **Tax From** - Enter the method of the tax computation used.

20.   **Exemptions** - If this section is blank, use the exemptions according to the return. If adjusted at audit, enter the amount of the revised exemptions. If we revised the exemptions to zero, enter zero.

21.   **Other Credits**

Enter the appropriate description and dollar amount for each allowed credit, either **per return** or **as revised**. It does not show the difference between the claimed and the adjusted credit. Enter a zero if you have disallowed the credit. Each credit amount must have a credit description. Use a separate line for each credit and, if necessary, add a schedule. Check the **Enclosures** line if you are attaching descriptive schedules.

If there are adjustments to a 540NR, enter only child/dependent or military credits on the **other credit** line. Use the **special credits** line of the nonresident/part year resident PAWS worksheet for all other credits.

If you have a disallowed refundable credit (such as a child care tax credit) enter it as a positive amount and put an explanation in the Special Instructions section at the bottom of the worksheet.

22.   **Other taxes** identify the type of additional tax to be assessed, and the dollar amount.

23.   **Total Tax** is the total revised tax liability.

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24. **Previously Assessed** identifies the previously assessed tax on the taxable income amount entered on number 13 above.

25. **Total Additional Tax** is the total additional tax due to the proposed audit adjustments.

26. **Penalties** indicate the type of penalty to be assessed. Enter the percentage and amount. If assessing a penalty other than those listed, enter the penalty type and percentage. If you need to calculate the amount manually, enter the amount. If the taxpayer filed a delinquent return, check only the delinquent line. Enter the percentage and amount of the additional tax assessed. The system automatically computes the delinquent filing penalty on the return filed. For tax shelter penalties, see Audit Procedures -Tax Shelter Penalties for more information.

27. **Paragraphs or Special Instructions** lists the Notice of Proposed Assessment paragraphs and is available for any necessary fill in data.
Put the paragraphs in the order in which they should appear on the notice. For every item adjusted, you must list a separate paragraph. It is not enough to state: **The revision is based on the schedules provided to the taxpayer's representative by the auditor.** You must explain the adjustment on the Notice of Proposed Assessment.

EPAL (Electronic Paragraphs and Letters) is a searchable web-based system that stores standard electronic paragraphs and letters. An EPAL tutorial is available here.

If you use free form paragraphs, write in the space provided. If you need more space, attach a separate sheet of paper with additional paragraphs. Indicate that the additional paragraphs are on an attached sheet of paper. Do not check the enclosure line. Enter paragraph 04022 if you received payment.

If you use an NPA paragraph that has **fill-in-the-blank** spaces, input the information needed in those blank spaces. This does not apply to paragraphs for protest, amnesty, and interest suspension, which automatically populate.

28. **Reviewer**: The reviewer initials and dates this section.

29. **Special Instructions** includes data such as:

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	• Addressees for enclosures • Notices for a Jeopardy Assessment, see MAP 13.4.7.1 Jeopardy Assessments • Erroneous Refunds, see MAP 13.4.7.2 Erroneous Refunds • Other special instructions 30. **Tax Shelter**. Write **TAX SHELTER** in red on top of the form if you are treating the case as a tax shelter. Rev. 10/18
13.4.7.1 Jeopardy Assessments	If the notice is a Jeopardy Assessment, you must follow these special procedures: • Include a detailed justification for the Jeopardy Assessment. Refer this justification to the Supervisor or Program Manager, along with the Notice of Proposed Assessment worksheet and the audit file for approval. • Calculate penalties and interest. • Include an explanatory paragraph. If the notice includes standard Notice of Proposed Assessment paragraphs, write out the paragraphs for processing by the Jeopardy Assessment Desk. The Jeopardy Assessment Desk does not have access to the standard Notice of Proposed Assessment paragraphs. However, the Jeopardy Assessment Desk does have a number of standard paragraphs. Enter the following in the paragraph section of the Notice of Proposed Assessment worksheet for the standard paragraphs: *(table below)* The Technical Resource Section will review all Jeopardy Assessments, except those issued by the Criminal Investigation Bureau. See MAP 7.14 Jeopardy Assessments, for more information. Rev. 6/18

ENTER	STANDARD JEOPARDY ASSESSMENT PARAGRAPH
Illegal Activity	For any assessment based upon illegal activities
Minimum Tax	For any assessment based upon minimum tax
CDTFA -or- OTA	For any assessment based upon information provided by the California Department of Tax and Fee Administration (CDTFA) or the Office of Tax Appeals (OTA)
EDD	For any assessment based upon information provided by the Employment Development Department
Prior Year	For any assessment based upon a prior year adjustment
Unreported Income	For any assessment based upon unreported income

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13.4.7.2 Erroneous Refunds	If you issue the Notice of Proposed Assessment because of an erroneous refund, enter **Erroneous Refund - Please Suppress Interest**, in the Special Instructions section. Use Paragraph 00978. If you can identify the reason for the erroneous refund, compose another paragraph explaining why we previously sent the refund to the taxpayer. Rev. 7/17
13.4.8 PIT Overassessment Procedures, FTB 5847 or 5847A	First determine whether the taxpayer is entitled to appeal rights. Normally, if the overassessment (O/A) is initiated by the taxpayer, appeal rights are allowed and FTB PASS 5847 should be completed. If the O/A is initiated by FTB, no appeal rights are allowed and FTB PASS 5847A should be completed. Use the FTB PASS 5847 or 5847A, PIT Overassessment Credit Refund, for all personal income tax overassessments. Situations that require using this form are: • The proposed audit adjustments result in overassessments. • A claim for refund is increased. • A claim for refund is partially denied, and we have not previously taken action on the claim. • A claim for refund is allowed in full, and we have not previously taken action on the claim. • An amended return (Schedule X) is filed with additional tax due and processed/posted to Case Management/ Return Analysis. The amended return tax is decreased after examination. For additional claim/amended return information, see MAP 8 Claims. These forms are available in PASS work paper file, Draft Correspondence Folder. **Instructions to Complete Notice FTB PASS 5847 or 5847A**: Create the notice in the Draft Correspondence Folder. Select PIT Overassessment Credit Refund, FTB PASS 5847 or PIT Overassessment – No Appeal Rights, 5847A. 1. **TP Name and Address** – When the notice opens the PASS Send Options box opens. Check TPF for the latest taxpayer's name and address and make sure it is the same as shown in PASS. If it is not the same, correct TPF or PASS with the latest name and address. If the notice is sent to the TP and the representative, the TP name and address should show in the To box and the Rep's name and address in the Cc box. A cover letter will print for the Rep's copy. If it is a mirror image, please include the spouse's name and address in the **To** box.

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2. **Amt. Claimed (5847 only)** – Enter the amount of refund claimed by the taxpayer.

3. **Account No.** - FTB ID number will automatically populate the account number.

4. **Sp/RDP Account No**. - Enter the Spouse's/RDP's FTB ID Number. PASS will not automatically populate the account number.

5. **Tax Year** – Enter the tax year on which we issue the refund.

6. **Revenue Code** – Enter the seven-digit numeric activity code. See MAP 13.4.10 Revenue Codes.

7. **RTM/RTF and Auditor's Initials** – Enter RTM (Return to Maker) or RTF (Return to File) and your initials after the revenue code (3438000:RTM:JS)

8. **AGI / TI** – Type **adjusted gross income** or **taxable income** in the gray box on the left. Access TI for the taxpayer's taxable income and make sure it is the same as that reflected on the return. Sometimes the return is not always marked with purple pencil but the system is updated. Tab to the right and type the amount.

9. **Adjustments** - Enter the individual proposed adjustments. For 540NR returns, write **Adjustments per attached schedule**. Be sure to enclose PASS California Nonresident or part-year resident net tax liability worksheet, pages 1 & 2. (Found in Schedules Folder).

10. **Revised AGI / TI** – Enter the revised amount.

11. **Filing Status** – Enter the filing status per the return or as revised.

12. **Total Tax** – Enter the amount of tax on the revised AGI or TI. This is the amount of tax before any exemptions or credits. Type the applicable source used to compute the total tax.

13. **Credits for Exemption** – Enter the total dollar amount of the exemption credits. Most adjustments impact exemption credits. If a revised amount is reduced to zero, enter zero on the notice.

14. **Add: Tax** – Enter any additional tax from Schedule G-1 or FTB 5870A.

15. **Other Credits** - Enter all credits that apply, besides the exemption credits. If a credit is adjusted, enter the revised credit amount, not the difference.

16. **Other Taxes** - Enter the revised (not the difference) preference Tax, alternative minimum tax, tax on early withdrawal from an IRA, or other taxes.

17. **Net Tax Liability** – Enter the revised tax liability (not the amount of the refund allowed). If no penalties are assessed, this is the final line that you complete. If penalties will be assessed, step 1 is the final line that you complete.

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	18. **Penalty** – Enter the type of penalty, the percentage, and the amount. Collection and lien fees are also entered on this line. 19. **Paragraph(s)** - Enter the standard paragraphs used to explain the adjustments. Do not enter paragraph codes. You can cut and paste the standard paragraphs from EPAL (Electronic Paragraphs and Letters). EPAL is a searchable web-based system that stores standard electronic paragraphs and letters. An EPAL tutorial is available here. If none of the most commonly used standard paragraphs are appropriate, you can create your own. The paragraphs are typed on the second page of the notice below the hard-coded paragraphs. 20. **Enclosures** – Type the word **Enclosure** or **Enc**. if enclosing additional schedules and/or explanations with the notice. 21. **Cc** – Enter the representative's name. Please leave the notice in the Draft Correspondence Folder. Audit Business Support staff will complete the following part of the notice and mail the notice for the auditors: **Audit Technical Support** 22. **Interest** – Enter the amount of interest charged for this tax year. 23. **Revised Liability** – Enter total of net tax liability, penalties, and interest. 24. **Previously Paid** – Enter amount previously paid. 25. **Overpayment** – Subtract the revised liability from the previously paid. 26. **Interest Allowed** – Enter the interest allowed on the refund. 27. **Credit Applied to** – Enter amount transferred to other tax years or offset to other agencies. Enter tax year where credit was transferred or agency offset code. 28. **Amount Refunded** – Enter amount refunded. Rev. 10/18
13.4.9 PIT Computation of Proposed Overpayment Procedures	Computation of Proposed Overpayment (NPO) is used for mixed files when a Notice of Proposed Assessment (NPA) is also being issued. We do not generally issue refunds until the related NPA is either paid or final. A Consent Letter is mailed with the NPO informing the taxpayer the proposed overassessment will be offset to the balance owing. Use FTB PASS 5851, Computation of Proposed Overpayment, in the following situations:

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- The proposed PIT audit adjustments result in an NPA for one year and an overassessment for another year.

- The audit includes both corporation and PIT taxpayers, resulting in an NPA for one and an overassessment for another.

Instructions to Complete Notice FTB PASS 5851:

Create the notice in the Draft folder. Select Computation of Proposed Overpayment, FTB PASS 5851.

1. **TP Name and Address** – When the notice opens the PASS Send Options box opens. Check TI for the latest taxpayer's name and address and make sure it is the same as shown in PASS. If it is not the same, correct TI or PASS with the latest name and address. To verify name and address on TI, use ****** Command. To change name or address on TI, use ******* Command. If the notice is sent to the TP and the representative, the TP name and address should show in the To box and the Rep's name and address in the Cc box. A cover letter will print for the Rep's copy. If it is a mirror image, please include the spouse's name and address in the To box.

2. **Amt. Claimed** – Enter the amount claimed on the amended return. Leave blank if the overassessment was FTB initiated.

3. **Account No.** - FTB ID number will automatically populate the account number.

4. **Sp/RDP Account No.** - Enter the Spouse's/RDP's FTB ID Number. PASS will not automatically populate the account number.

5. **Year** – Enter the tax year on which we propose a refund.

6. **Revenue Code** – Enter the seven-digit numeric activity code. See MAP 13.4.10 Revenue Codes.

7. **RTM/RTF and Auditor's Initials** – Enter RTM (Return to Maker) or RTF (Return to File) and your initials after the revenue code (3438000:RTM:JS)

8. **"as Reported or Revised"** – Type **adjusted gross income** or **taxable income** in the gray box on the left. Access TI for the taxpayer's taxable income and make sure it is the same as that reflected on the return. Sometimes the return is not always marked with purple pencil but the system is updated. Tab to the right and type the amount.

9. **Adjustments** - Enter the individual proposed adjustments. For 540NR returns, write **Adjustments per attached schedule**. Be sure to enclose PASS California Nonresident or part-year resident net tax liability worksheet, pages 1 & 2. (Found in Schedules Folder).

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10. **Revised AGI / TI** – Enter the revised amount.

11. **Filing Status** – Enter the filing status per the return or as revised.

12. **Total Tax** – Enter the amount of tax on the revised AGI or TI. This is the amount of tax before any exemptions or credits. Type the applicable source used to compute the total tax.

13. **Credits for Exemption** – Enter the total dollar amount of the exemption credits. Most adjustments impact exemption credits. If a revised amount is reduced to zero, enter zero on the notice.

14. **Credits** - Enter all credits that apply, besides the exemption credits. If a credit is adjusted, enter the revised credit amount, not the difference.

15. **Other Taxes** - Enter the revised (not the difference) preference tax, alternative minimum tax, tax on early withdrawal from an IRA, or other taxes.

16. **Net Tax Liability** – Enter the revised tax liability (not the amount of the refund allowed). If no penalties are assessed, skip to step 18. If penalties will be assessed, continue to step 17.

17. **Penalty** – Enter the type of penalty, the percentage, and the amount. Collection and lien fees are also entered on this line.

18. **Paragraph(s)** - Enter the standard paragraphs used to explain the adjustments. Do not enter paragraph codes. You can cut and paste the standard paragraphs from EPAL (Electronic Paragraphs and Letters). EPAL is a searchable web-based system that stores standard electronic paragraphs and letters. An EPAL tutorial is available here. If none of the most commonly used standard paragraphs are appropriate, you can create your own. The paragraphs are typed on the second page of the notice below the hard-coded paragraphs.

19. **Enclosures** – Type the word **Enclosure** or **Enc**. if enclosing additional schedules and/or explanations with the notice.

20. **Cc** – Enter the representative's name.

Audit Technical Support

1. **Interest** – Enter the amount of interest charged for this tax year.

2. **Revised Liability** – Enter total of net tax liability, penalties, and interest.

3. **Previously Paid** – Enter amount previously paid.

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	4. **Overpayment** – Subtract the revised liability from the previously paid. Rev. 7/17
13.4.10 Revenue Codes	MAP 13.4.10.1 PIT, PTE, and Nonapportioning C Corp Revenue Codes MAP 13.4.10.2 MSA Revenue Codes Rev. 7/17
13.4.10.1 PIT, PTE, and Nonapportioning C Corporation Revenue Codes	Refer to the Audit Division's Quick Reference Charts to help choose the appropriate revenue code for each audit. Rev. 7/17
13.4.10.2 MSA Revenue Codes	Refer to the Audit Division's Quick Reference Charts to help choose the appropriate revenue code for each audit. Rev. 7/17
13.4.11 Audit Issue Codes for Corporations	Multistate Audit Program Bureau and Legal Multistate Tax Bureau use a four-digit audit issue code for information gathering purposes. The four-digit code is based on the five-digit R&TC statute section numbers. Dropping the first digit of the law section, as follows, changes the five-digit law section into a four-digit audit Issue Code: <table><tr><td>STATUTE SERIES</td><td>ISSUE CODE</td><td>STATUTE</td></tr><tr><td>23000</td><td>3000</td><td>R&TC Tax Laws</td></tr><tr><td>24000</td><td>4000</td><td>R&TC Income and Deductions</td></tr></table>

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If a standard NPA paragraph is used on the NPA worksheet, use the NPA Paragraph Manual to determine the applicable issue code. This manual has been revised to incorporate these codes.

Apportioning Corporation Procedures

Multistate audit issues use an additional series (0000) to specifically identify the issues. For example, when the audit issue is Sales Factor-Dividend Income the Code Section 25134 is not specific enough, and issue code 0301 from the Apportioning Audit Issue Code list would be used. For the list of codes, see MAP 13.4.11.1 Apportioning Audit Issue Codes.

Notice of Proposed Assessments (NPA)

Determine the issue codes for each NPA year using the applicable law section or the following audit issue code list. Up to three codes may be used for each year.

- If more than one issue code is applicable, the codes should be shown in descending order of importance.

- The issue codes are entered on the NPA worksheet, form FTB 6830-BCT.

- These codes will be entered on the BETS file once Central Office staff has processed the NPA.

Overassessment (O/A)

Use issue codes on overassessments.

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	• Use only one issue code per O/A.
	• Select the primary issue code.
	• Placement of the code on the form FTB 6830-BCT is the same as for NPA codes.
	Claims
	For a formal claim, enter the issue code on form FTB 6638 or NPA worksheet.
	For the lists of issue codes, see MAP 13.4.11.1 Apportioning Audit Issue Codes.
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13.4.11.1 Apportioning Audit Issue Codes	• Assessment Issue
	• Doing Business
	• Income Adjustments

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- Factors Adjustment

- Business / Nonbusiness Income

- Combinations / Decombinations

- Water's-Edge

- Exempt Organizations

Assessment Issue	Issue Code
Allocation & Apportionment General	0000

Doing Business	Issue Code
Doing Business Within and Outside California	0010
Doing Business - Agency Relationships	0011
Doing Business - Independent Contractors	0012
Commercial Domicile	0013
Legal Domicile	0014

Income Adjustments	Issue Code
Foreign Currency Translation	0020
Interest Offset	0021
Contribution adjustment	0022
DISC/FSC Adjustments	0023
Safe Harbor Lease Adjustments	0024
Michigan Single Business Taxes	0025
Section 78 Gross-Up	0026
Foreign Taxes	0027
Income adjustments – Miscellaneous	0099

Factor Adjustments	Issue Code
Property Factor	

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	Capitalized Rents	0103
	Construction/Work in Progress	0104
	Foreign Currency Conversion	0105
	Government Property	0106
	Idle/Nonbusiness Property	0107
	In Transit	0108
	Inventories	0109
	Land	0110
	Partnership Property	0111
	Progress Billings	0112
	Other	0199
	Payroll Factor	
	Base of Operations/Control	0200
	Compensation	0201
	Construction of Assets	0202
	Exclusions	0203
	Foreign Affiliates	0204
	Independent Contractors	0205
	Mobile Employees	0206
	Operation of Government Plant	0207
	Paid or Accrued	0208
	Partnership Share	0209
	Related to Nonbusiness Income	0210
	Intercompany Eliminations	0211
	Other	0299
	Sales Factor	
	DISC/FSC	0300
	Dividend income	0301
	Double Throwback Sales	0302
	Gain/Loss on Sale of Assets	0303
	Government Facility/Cost Plus Fee	0304
	Gross Receipts	0305
	Installment Sales	0306
	Intercompany Eliminations	0307
	Interest Income	0306
	Leases	0309
	Other Miscellaneous Income	0310
	Partnerships	0311
	Receipts from Services	0312
	Receipts from Intangibles	0313
	Rental Income	0314
	Royalty Income	0315
	Sales to US Government	0316
	Throwback Sales	0317
	Other	0399

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Special Formulas	
Air Transportation	0400
Banks and Financials	0401
Commercial Fishing	0402
Franchisers	0403
General/Financial	0404
Long Term Contracts	0405
Motion Picture/TV	0406
One or Two Factors	0407
Partnerships	0408
Railroads	0409
Sea Transportation	0410
Special Industries	0411
Trucking Companies	0412
Other	0499

Business/Nonbusiness Income	Issue Code
Dividends	0500
Gains/Losses	0501
Interest Income	0502
Nonbusiness Expenses	0503
Partnership	0504
Rental Income	0505
Royalty Income	0506
California Income	0507
Other	0599

Combinations/De-combinations	Issue Code
Domestic Parent with Worldwide Activities	0600
Full De-combination of Foreign Subsidiaries	0601
Partial De-combination of Foreign Subsidiaries	0602
Full Combination of Foreign Subsidiaries	0603
Partial Combination of Foreign Subsidiaries	0604
Other Domestic Parent Combination/ De-combination	0609
Foreign Parent with Worldwide Activities	0610
Full Combination of Domestic Subsidiaries	0611
Partial De-combination of Domestic Subs	0612
Full Worldwide Combination of all Subsidiaries	0613
Partial Worldwide Combination	0614
Barclay's One Voice Issues	0615
Other Foreign Parent Combination/De-combination	0619
De-combinations	0620
Diverse Business - Lines of Business	0621
Diverse Business - Multiple Formulas	0622

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Diverse Business - 482 Allocation	0623
Instant Unity	0630
Ownership/Control	0631
Holding Company	0632
Other De-combinations	0639
Combinations	0640
Ownership/Control	0641
Strong Central Management	0642
Exchange of Product/Flow of Goods	0643
Vertical/Horizontal Integration	0644

Water's-Edge	**Issue Code**
Water's-Edge - 80/20 Corporations	0700
Water's-Edge - Branch Separate Accounting	0701
Water's-Edge - Controlled Foreign Corporation	0702
Water's-Edge - Domestic Disclosure Spreadsht	0703
Water's-Edge - Earnings & Profits	0704
Water's-Edge - Foreign Investment Interest	0705
Water's-Edge - Transfer Pricing	0706
Dividend Exclusions Section 24402	0720
Dividend Exclusions Section 24410	0721
Dividend Exclusions Section 24411	0722
Dividend Exclusions Section 25106	0723
Dividend Exclusions Subpart 'F'	0724
Dividend Exclusions Gross-ups	0725
Dividend Exclusions Other	0729
Federal Tax Treaties	0730
Pricing Goods - Tangible	0731
Pricing Goods - Intangible	0732
Water's-Edge Combination - Other	0799

Exempt Organizations	**Issue Code**
Exempts - R&TC Section 23701h, IRC Section 501(c)(2)	0902
Exempts - R&TC Section 23701d, IRC Section 501(c)(3)	0903
Exempts - R&TC Section 23701f, IRC Section 501(c)(4)	0904
Exempts - R&TC Section 23701a, IRC Section 501(c)(5)	0905
Exempts - R&TC Section 23701e, IRC Section 501(c)(6)	0906
Exempts - R&TC Section 23701g, IRC Section 501(c)(7)	0907
Exempts - R&TC Section 23701b, IRC Section 501(c)(8)	0908
Exempts - R&TC Section 23701i, IRC Section 501(c)(9)	0909
Exempts - R&TC Section 23701l, IRC Section 501(c)(10)	0910

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Exempts - R&TC Section 23701j, IRC Section 501(c)(11)	0911	
Exempts - R&TC Section 23701c, IRC Section 501(c)(13)	0913	
Exempts - R&TC Section 23701n, IRC Section 501(c)(17)	0917	
Exempts - R&TC Section 23701s, IRC Section 501(c)(18)	0918	
Exempts - R&TC Section 23701w, IRC Section 501(c)(19)	0919	
Exempts - R&TC Section 23701q, IRC Section 501(c) (Repealed for TYE beginning on/after 1/1/1999)	0920	
Exempts - R&TC Section 23701x, IRC Section 501(C)(25)	0925	
Exempts - R&TC Section 23701r, IRC Section 527	0927	
Exempts - R&TC Section 23701t, IRC Section 528	0928	
Exempts - R&TC Section 23701k, IRC Section 501(d)	0929	
Exempts - R&TC Section 23701m, (Repealed for TYE beginning on/after 1/1/1988)	0930	
Exempts - R&TC Section 23701p, IRC Section 401(a)	0931	
Exempts - R&TC Section 23701v	0932	
Exempts - R&TC Section 23701u	0933	
Exempts - Revocation	0999	

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13.4.12 Rush Action Slip (Form FTB 7011)	Complete Form FTB 7011, Rush Actions Slip, when routing cases requiring priority handling.
	Use Form FTB 7011 (Rush) in the following circumstances:
	• When the total assessment exceeds $******* or the overpayment exceeds $*******.
	• If the statute of limitations will expire within six months after the file leaves the unit.
	• Bankruptcy cases
	• When Corporation and Personal Income Tax NPAs are involved, to coordinate the mailing date of notices.
	Complete the form in full and attach to the case, as an instruction to BES Technical Support for corporations and ABS Technical Support for PIT.

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These forms are available in PASS in the Workpaper file, Administration Folder. Print the Rush Action Slip on **pink paper** to notify anyone handling the file that the case is a priority.

Instructions to Complete Form FTB 7011:

Mail Notice to Taxpayer Not Later Than: Enter the statute date if it expires within six months.

1.   **Taxpayer**: Enter the names of all taxpayers involved. List the key case first.

2.   **Entity Account Number**: Enter the corresponding account number i.e. taxpayer identification number, or corporation number.

3.   **Type of Case**: Check the box that applies.

   a. Statute date: Enter statute date if expiring within six months.

   b. Jeopardy

   c. Bankruptcy

   d. Specify: Check and enter explanation. We usually check this section when there are offsets, cases over one year old, claims, or tax clearance

4.   **Number of Notices**: Enter the total number of notices for both PIT and Corp. This includes both Assessments and Overassessments.

5.   **NPA(S):** Enter the number of Assessments.

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6.   **O/A(S):** Enter the number of Overassessments.

7.   **NPO(S):** Enter the number of Notices of Proposed Overassessment.

8.   **Preparer**: Enter your name.

9.   **Unit**: Enter your payroll unit code.

10.   **Date**: Enter today's date.

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13.5 POST AUDIT FORMS

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MAP 13.5.1   Notice of Action/Revision

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13.5.1 Notice of Action/Revision

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Notices of Action (NOA) and Notices of Revision (NOR) are prepared using the Notice of Proposed Assessment (NPA) (FTB 5830) [or the Notice of Action (NOA) (FTB 5931) in the case of needing to issue an NOA which supersedes the original NOA due to an error, etc.] as a worksheet following the instructions provided below. All changes to the figures and text should be made on the NPA or NOA in red pencil as follows:

1.   In the upper right hand margin of the NPA or NOA, write in red the following three lines:

     a.   The type of notice to be mailed. Write **NOA-A, NOA-W**, or **NOA-R** for a Notice of Action or write **NOR-W**, or **NOR-R** for a Notice of Revision. An NOR cannot be affirmed. If a memo/do not mail Notice of Action is being prepared, write **Memo-Do Not Mail** above the notice type.

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</table>

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    b. The next line should indicate your unit number and your initials.

    c. The last line should be the date of your action.

2. Verify that the NPA address is current by writing **OK** in red next to it. If the address is not current, update it by crossing it out and writing the new address.

3. When an item of adjustment on the original NPA is unchanged, the original explanation is to be deleted. Bracket the portion of text to be deleted in the left margin and write **out**.

4. When an adjustment is eliminated entirely, bracket the portion of text to be deleted in the left margin and write **out**. In addition, draw a line through the amount to be deleted in the adjustment column.

5. When an adjustment amount is modified, draw a line through the amount being changed and write the correct amount to the side, above, or below it, as is convenient and clear, and revise the explanation as required. When an item has been revised but the explanation still applies, indicate by noting **OK to type** at the left side of the explanation.

6. When a new item is introduced, write in the adjustment and add a paragraph of explanation. An NOA cannot increase the tax above the original NPA tax. It may be necessary in such cases to issue a new NPA in order to allow the taxpayer their protest rights.

7. The notice must clearly explain the basis for the adjustments regardless of whether the taxpayer agrees or disagrees with the action being taken. It is acceptable to refer to a position letter.

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8.   The listing of credits available on applicable taxable years is mandatory on NOAs and NORs. The taxpayer's account must be reviewed for applicable credits/payments at the time of final action on the protest. Add a paragraph to the NPA or NOA acknowledging the payments (i.e. ¶50699 or ¶50702).

9.   If a memo-do not mail notice is being issued, add a paragraph explaining the reason.

10.   If a carbon copy (cc) of the notice needs to be sent, at the bottom of the NPA or NOA write: cc: the name and address then circle the information. This makes the cc: name and address stand out from the text of the notice.

11.   For manual notices, form FTB 6031 (blue flag) (for NOAs) or form FTB 6031A (gold flag) (for NORs) is always affixed to the underside of the lower right side of the NPA or NOA in such a manner that it will not cover any material to be typed and so that it extends over the edge approximately one inch.

12.   The Revenue and Cost Clerk will accumulate revenue data from the audit copy of form FTB 5830 and form FTB 5932. It will, therefore, be necessary to type the revenue code from the NPA being revised.

In most cases, the NOA or NOR can then be entered into BETS or TI. The degree to which the above steps are completed for cases that will be processed using BETS, may depend upon unit procedures. However, certain situations will require manual rather than BETS processing. See MAP 27.4.11 Manual Processing, which provides a list of situations for which manual processing is required. Once the steps above are complete, the case will be ready for manual processing.

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