

ASSEMBLY BILL

No. 1747

Introduced by Committee on Revenue and Taxation (Charles Calderon (Chair), Arambula, Eng, Feuer, and Hayashi)

March 22, 2007

An act to amend Sections 18416 and 21006 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1747, as introduced, Committee on Revenue and Taxation. Franchise Tax Board: notices: last known address: Taxpayers' Bill of Rights.

(1) The Personal Income Tax Law and the Corporation Tax Law authorize the Franchise Tax Board to administer and collect taxes imposed by those laws, and, among other things, require the board to send any notice addressed to a taxpayer by first-class mail postage prepaid but does not specify the address to which required notices must be sent. In this connection, the federal income tax law requires the Internal Revenue Service to mail a notice to the taxpayer at the taxpayer's last known address, as defined.

This bill, in specified conformity to federal income tax laws, would define "last known address" as the address that appears on the taxpayer's last tax return filed with the Franchise Tax Board, as provided, unless the taxpayer provides clear and concise written notification of a different address.

(2) The Katz-Harris Taxpayers' Bill of Rights Act provides specified protections for taxpayers for purposes of, among other things, determining their correct tax liability. The act requires the Franchise Tax Board to perform annually a systematic identification of areas of

recurrent taxpayer noncompliance and report its findings to the Legislature on October 1 of each year.

This bill would require the board to report its findings to the Legislature on December 1 of each year.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 18416 of the Revenue and Taxation Code
2 is amended to read:

3 18416. (a) Unless expressly otherwise provided in this part,
4 any notice may be given by first-class mail postage prepaid.

5 (b) *For purposes of this part, any notice mailed to a taxpayer*
6 *shall be sufficient if mailed to the taxpayer's last known address.*

7 (c) *The last known address shall be the address that appears*
8 *on the taxpayer's last return filed with the Franchise Tax Board,*
9 *unless the taxpayer has provided to the Franchise Tax Board clear*
10 *and concise written or electronic notification of a different address,*
11 *or the Franchise Tax Board has an address it has reason to believe*
12 *is the most current address for the taxpayer.*

13 SEC. 2. Section 21006 of the Revenue and Taxation Code is
14 amended to read:

15 21006. (a) The board shall perform annually a systematic
16 identification of areas of recurrent taxpayer noncompliance and
17 shall report its findings to the Legislature on ~~October~~ *December*
18 1 of each year.

19 (b) As part of the identification process described in subdivision
20 (a), the board shall do both of the following:

21 (1) Compile and analyze sample data from its audit process,
22 including, but not limited to, all of the following:

- 23 (A) The statute or regulation violated by the taxpayer.
- 24 (B) The amount of tax involved.
- 25 (C) The industry or business engaged in by the taxpayer.
- 26 (D) The number of years covered in the audit period.
- 27 (E) Whether professional tax preparation assistance was utilized
28 by the taxpayer.
- 29 (F) Whether income tax or bank and corporation tax returns
30 were filed by the taxpayer.

1 (2) Conduct an annual hearing before the board itself where
2 industry representatives and individual taxpayers are allowed to
3 present their proposals on changes to the Personal Income Tax
4 Law or the Corporation Tax Law which may further facilitate
5 achievement of the legislative findings.

6 (c) The board shall include in its report recommendations for
7 improving taxpayer compliance and uniform administration,
8 including, but not limited to, all of the following:

- 9 (1) Changes in statute or board regulations.
- 10 (2) Improvement of training of board personnel.
- 11 (3) Improvement of taxpayer communication and education.
- 12 (4) Increased enforcement capabilities.