

AMENDED IN SENATE MARCH 24, 2011

SENATE BILL

No. 548

Introduced by Senator Strickland

February 17, 2011

An act to amend Section ~~17048~~ of 19011.5 of, and to add Section 17053.76 to, the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 548, as amended, Strickland. ~~Income taxes: tax tables. Personal income taxes: payments: electronic remittance: credit.~~

The Personal Income Tax Law authorizes various credits against the taxes imposed by that law and requires personal income taxpayers with estimated tax or extension payments in excess of \$20,000, or total tax liability in excess of \$80,000, to remit payments to the Franchise Tax Board by electronic funds transfers, subject to specified requirements.

This bill would instead make the electronic funds transfer of those estimated tax payments or extension payments described above voluntary and would authorize a tax credit in an amount equal to 1% of the amount of payments that are remitted electronically.

~~The Personal Income Tax Law imposes specified taxes based upon gross income, and, among other things, provides for the computation of taxes in accordance with tax tables prescribed by the Franchise Tax Board.~~

~~This bill would make technical, nonsubstantive changes to those provisions.~~

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

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

1 SECTION 1. Section 17053.76 is added to the Revenue and
2 Taxation Code, to read:

3 17053.76. For each taxable year beginning on or after January
4 1, 2011, there shall be allowed as a credit against the “net tax,”
5 as defined in Section 17039, an amount equal to 1 percent of the
6 amount of payments during the taxable year that are remitted
7 electronically pursuant to Section 19011.5.

8 SEC. 2. Section 19011.5 of the Revenue and Taxation Code is
9 amended to read:

10 19011.5. (a) All payments required by an individual under
11 this part, regardless of the taxable year to which the payments
12 apply, made on or after January 1, 2009, ~~shall~~ may be electronically
13 remitted to the Franchise Tax Board in the form and manner
14 prescribed by the Franchise Tax Board, once any of the following
15 conditions are met by an individual:

16 (1) Any installment payment of estimated tax made pursuant to
17 this part in excess of twenty thousand dollars (\$20,000), or any
18 payment made pursuant to Section 18567 with regard to an
19 extension of time to file that exceeds twenty thousand dollars
20 (\$20,000), for any taxable year beginning on or after January 1,
21 2009.

22 (2) The total tax liability exceeds eighty thousand dollars
23 (\$80,000) in any taxable year beginning on or after January 1,
24 2009. For purposes of this section, total tax liability shall be the
25 total tax liability as shown on the original return, after any
26 adjustment made pursuant to Section 19051.

27 ~~(b) A taxpayer required to electronically remit payment to the~~
28 ~~Franchise Tax Board pursuant to this section may elect to~~
29 ~~discontinue making payments electronically where the threshold~~
30 ~~requirements set forth in paragraphs (1) and (2) of subdivision (a)~~
31 ~~were not met for the preceding taxable year. The election shall be~~
32 ~~made in a form and manner prescribed by the Franchise Tax Board.~~

33 ~~(c) Any taxpayer required to electronically remit payment~~
34 ~~pursuant to this section who makes payment by other means shall~~
35 ~~pay a penalty of 1 percent of the amount paid, unless it is shown~~
36 ~~that the failure to make payment as required was for reasonable~~
37 ~~cause and was not the result of willful neglect.~~

1 ~~(d) Any taxpayer required to electronically remit payments~~
2 ~~pursuant to this section may request a waiver of those requirements~~
3 ~~from the Franchise Tax Board. The Franchise Tax Board may grant~~
4 ~~a waiver only if it determines that the particular amounts paid in~~
5 ~~excess of the threshold amounts established in this section were~~
6 ~~not representative of the taxpayer's tax liability. If the Franchise~~
7 ~~Tax Board grants a waiver to a taxpayer, the waiver shall be in~~
8 ~~writing, and subsequent electronic remittances shall be required~~
9 ~~only on those terms set forth in the written waiver.~~

10 (e)

11 (b) For purposes of this section, Chapter 3.5 (commencing with
12 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
13 Code shall not apply to any standard, criterion, procedure,
14 determination, rule, notice, or guideline established or issued by
15 the Franchise Tax Board pursuant to subdivision (a).

16 (f)

17 (c) For purposes of this section, both of the following shall
18 apply:

19 (1) "Electronically remit" means to send payment through use
20 of any of the electronic payment applications provided by the
21 Franchise Tax Board, including, but not limited to, a pay by phone
22 option, when made available by the Franchise Tax Board.

23 (2) "Pay by phone" means a method that allows a taxpayer to
24 authorize a transfer of funds from a financial institution using
25 telephonic technology.

26 (d) *The amendments made to this section by the act adding this*
27 *subdivision shall apply to taxable years beginning on or after*
28 *January 1, 2011.*

29 ~~SECTION 1. Section 17048 of the Revenue and Taxation Code~~
30 ~~is amended to read:~~

31 ~~17048. (a) In lieu of the tax imposed under Section 17041,~~
32 ~~individuals with taxable income of such amounts as prescribed by~~
33 ~~the Franchise Tax Board, shall compute their taxes under tax tables~~
34 ~~prescribed by the Franchise Tax Board. The tax tables shall reflect~~
35 ~~the tax imposed under Section 17041 in income progressions of~~
36 ~~not less than one hundred dollars (\$100), taking into account the~~
37 ~~marital or other status of the individual. For purposes of this part,~~
38 ~~the tax imposed by this section shall be treated as tax imposed by~~
39 ~~Section 17041.~~

40 (b) ~~Subdivision (a) shall not apply to any of the following:~~

- 1 ~~(1) An individual to whom subdivision (b) of Section 17504~~
- 2 ~~(relating to the tax on lump-sum distributions) applies for the~~
- 3 ~~taxable year.~~
- 4 ~~(2) An individual making a return under Section 443(a)(1) of~~
- 5 ~~the Internal Revenue Code for a period of less than 12 months on~~
- 6 ~~account of a change in annual accounting period.~~
- 7 ~~(3) An estate or trust.~~

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