

**ASSEMBLY BILL**

**No. 1450**

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**Introduced by Assembly Member Chang**

February 27, 2015

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An act to amend Section 19133 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1450, as introduced, Chang. Income taxes: administration: returns: penalties.

Under existing law, the Franchise Tax Board is authorized to impose a 25% penalty for failure to furnish information in response to a written request from the Franchise Tax Board and failure to file a return upon notice and demand of the Franchise Tax Board.

This bill would instead authorize the Franchise Tax Board to impose a penalty of up to 10%, and would require the board, in determining the amount of penalty, to consider whether the taxpayer has made a good faith effort to comply with that information request or notice and demand.

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 19133 of the Revenue and Taxation Code
- 2     is amended to read:
- 3     19133. If any taxpayer fails or refuses to furnish any
- 4     information requested in writing by the Franchise Tax Board or
- 5     fails or refuses to make and file a return required by this part upon

1 notice and demand by the Franchise Tax Board, then, unless the  
2 failure is due to reasonable cause and not willful neglect, the  
3 Franchise Tax Board may add a penalty of ~~25~~ *up to 10* percent of  
4 the amount of tax determined pursuant to Section 19087 or of any  
5 deficiency tax assessed by the Franchise Tax Board concerning  
6 the assessment of which the information or return was required.  
7 *In determining the amount of penalty, the Franchise Tax Board*  
8 *shall consider whether the taxpayer has made a good faith effort*  
9 *to comply with that information request or notice and demand.*