STATE OF CALIFORNIA
Franchise Tax Board

taxnews

Tax News

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Contents

New vouchers allow for single payment for multiple taxpayers (or debtors)

We continue to look for opportunities to streamline our payment process to better serve our customers.

In 2018, we developed two new forms to assist employers, payroll companies, financial institutions, and tax professionals with submitting a single check for multiple personal income taxpayers. In 2019, we are releasing new forms for businesses and for payments related to both Court-Ordered Debt and for Vehicle Registration Debt.

Submitting a single check and form for multiple taxpayers instead of one check per taxpayer increases efficiencies for you and us. This saves you time and keeps all of the payment information for multiple accounts on one document. Providing the appropriate form based on taxpayer type with all the supporting information allows us to effectively process your payment and apply the credits exactly as requested.

Simply search for the form number you need, follow the instructions on how to fill it out, and include it when you mail your check.

Personal Income Tax (including Estates and Trusts):

- Multipayment Voucher Submission for Individuals (FTB 5007) is used when the check is for personal income taxpayers and
- Multipayment Voucher Submission for Estates or Trusts (FTB 5008) was created to specifically provide the estate or trust information related to the payment.

Four New Forms Just Released!

We released four new forms customized for Businesses and for Court-Ordered and Vehicle Registration types:

- Businesses (Limited Liability Companies, Partnerships, and Corporations):
    - FTB 5012: New Business Filer Attachment
      Note: This form expedites processing when submitted with FTB 5013 for any entities that have been marked as a new filer and is not needed when FTB 5013 contains *no* new filers.
    - FTB 5013: Multipayment Voucher Submission for Business Entities
- Non-Tax Debt Payments:
    - FTB 5014: Multipayment Voucher Submission for Court-Ordered Debt
    - FTB 5015: Multipayment Voucher Submission for Vehicle Registration

IRS expands penalty waiver for underpayment of 2018 estimated individual taxes

In an IRS Notice 2019-25, the Internal Revenue Service expanded penalty relief that it previously announced in Notice 2019-11. The expanded waiver applies to taxpayers whose total withholding and estimated tax payments are 80 percent or more of their 2018 taxes, the previous threshold was 85 percent.

In our February Tax News article, What's new for filing 2018 tax returns, we provided information that it is not necessary for California to provide a similar waiver because the penalty relief is designed to help taxpayers who were unable to properly adjust their withholding and estimated tax payments to reflect changes under the Tax Cuts and Jobs Act (TCJA). For California purposes, the TCJA had no general impact to the amount of state income tax an individual would owe. Thus, it is not necessary for California to provide a similar waiver described in Notice 2019-25.

Need to contact us?

We recently updated our information directory, both on our website and the publication, California Franchise Tax Board Information Directory (FTB 1240).

There are many direct contact numbers to specialists who can help you, in addition to the Tax Practitioners' Hotline. For example, if you have a question about nonwage withholding or liens we have specific contact numbers for you. Additionally, there are dedicated telephone lines for liens and the Offer in Compromise group, just to name a few. These numbers have a high level of access, which can save you time. It's important to remember though that each of these business areas work exclusively with certain issues and cannot provide general assistance or account information unrelated to their core function. So, if you have specific questions other than for filing assistance, take a look at our directory to see if we can help you.

Go to the California Franchise Tax Board Information Directory for more information.

Franchise Tax Board produces helpful Facebook videos

Whether it's a new program or a helpful filing tip, we want to get the word out to you.

We produced several videos on a variety of topics, but here are two for businesses on Facebook Live:

- Learn more about a program that makes it easier for domestic limited liability companies and domestic corporations to administratively dissolve: Administrative Dissolution Program (Facebook video)
- How to keep records for a cash-based business (Facebook video)

We are also sharing importation information on twitter and Instagram. Follow us at:

- https://www.twitter.com/ftbadvocate
- https://www.instagram.com/calftb/

CalEITC information brochures available in different languages

Do you need to share information about the California Earned Income Tax Credit (CalEITC) with your non-English speaking clients?

The CalEITC information brochure is available in six different languages, including Spanish, Mandarin, Korean, Vietnamese, and Russian. If you would like to order brochures visit CalEITC.

Don't forget that you can check to see if your client is eligible for the CalEITC at CalEITC4Me.org. Use the calculator provided to estimate the amount of the credit.

A taxpayer who qualifies for CalEITC and the federal EITC can receive up to $6,000.

Go to CalEITC4Me.org for eligibility requirement and more information.

IRS annual list of most prevalent tax scams

IRS YouTube Videos:

Phishing-Malware – English | Spanish | ASL

Dirty Dozen – English | Spanish | ASL

The IRS warns tax professionals with a list of tax scams about ongoing threat of internet phishing scams that lead to tax-related fraud and identity theft.

New variations on phishing schemes

The IRS continues to see a steady stream of new and evolving phishing schemes as criminals work to victimize taxpayers throughout the year. Whether through legitimate-appearing emails with fake, but convincing website landing pages, or social media approaches, perhaps using a shortened URL, the end goal is the same for these con artists: stealing personal information.

Schemes aimed at tax pros, payroll offices, and human resources personnel

The IRS has also seen more advanced phishing schemes targeting the personal or financial information available in the files of tax professionals, payroll professionals, human resources personnel, schools and organizations such as Form W-2 information. These targeted scams are known as business email compromise (BEC) or business email spoofing (BES) scams.

Depending on the variation of the scam (and there are several), criminals will pose as:

- a business asking the recipient to pay a fake invoice
- an employee seeking to re-route a direct deposit
- someone the taxpayer trusts or recognizes, such as an executive, to initiate a wire transfer of funds

The IRS warned of the direct deposit variation of the BEC/BES scam in December 2018, and continues to receive reports of direct deposit scams reported to phishing@irs.gov. The Direct Deposit and other BEC/BES variations should be forwarded to the Internet Crime Complaint Center (IC3). The IRS requests that Form W-2 scams be reported to: phishing@irs.gov (Subject: W-2 Scam).

Criminals may use the email credentials from a successful phishing attack, known as an email account compromise, to send phishing emails to the victim's email contacts. Tax preparers should be wary of unsolicited email from personal or business contacts especially the more commonly observed scams, like new client solicitations.

Tax professional alert

Numerous data breaches across the country mean the tax professional community must be on high alert to unusual activity, especially during the tax filing season. Criminals increasingly target tax professionals, deploying various types of phishing emails in an attempt to access client data. Thieves may use this data to impersonate taxpayers and file fraudulent tax returns for refunds.

As part of the Security Summit initiative, the IRS has joined with representatives of the software industry, tax preparation firms, payroll and tax financial product processors and state tax administrators to combat identity theft refund fraud to protect the nation's taxpayers.

The Security Summit partners encourage tax practitioners to be wary of communicating solely by email with potential or existing clients, especially if unusual requests are made. Data breach thefts have given thieves millions of identity data points including names, addresses, Social Security numbers and email addresses. If in doubt, tax practitioners should call to confirm a client's identity.

Reporting phishing attempts

If your client receives an unsolicited email or social media attempt that appears to be from either the IRS or an organization closely linked to the IRS, such as the Electronic Federal Tax Payment System (EFTPS), they should report it by sending it to phishing@irs.gov. Learn more by going to the Report Phishing and Online Scams page on IRS.gov.

If you receive unsolicited and suspicious emails that appear to be from the IRS and/or are tax-related (like those related to the e-Services program) also should report it to: phishing@irs.gov.

The IRS generally does not initiate contact with taxpayers by email to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels.

Ask the Advocate

Susan Maples, CPA
Taxpayers' Rights Advocate
Follow me on Twitter at
twitter.com/FTBAdvocate

Another tax season coming to a close

Tax News is similar to many publications in that much of our content is written ahead of our publishing date. Because we are a monthly newsletter, "ahead of time" for us usually means two to three weeks. As I'm writing this, there is still one month left before the initial April 15 filing deadline, which means another month of long days for many tax professionals in order to get everything done. Thankfully though, by the time we publish this month's issue of Tax News and you are reading this, the first part of 2019 tax season will be that much closer to wrapping up.

I've heard several times now from tax professionals that the challenges they're facing in getting returns done this year are much greater than in past years. One practitioner told me this was the most challenging filing season for her since the passage of the Tax Reform Act of 1986! Several of my staff previously worked in large and small public accounting firms (as CPAs or EAs) and while they miss working closely with many of their longtime clients, they don't miss the evening and weekend work hours that were common this time of year. I am thankful for their having this experience because it helps them to better understand the day to day challenges you face as a tax professional.

Later this year, I plan on attending several events and conferences, including those sponsored by the California Society of Tax Consultants, the California Society of Enrolled Agents, the Latino Tax Professionals Association, the National Associations of Tax Professionals and the IRS Tax Forum. At these events, I look forward to hearing from you how this filing season went and whether there are things under our control that FTB could do to make things go smoother for you. I know there is a desire for conformity to many of the provisions of the TCJA, and I want to make sure that we share your concerns and ideas with our elected officials as they consider changes to the tax code.

Finally, I want to let you know that in order to better serve you, our call centers are again temporarily extending the hours you can reach us by phone. From April 1 through April 15 our extended hours are 7am until 6pm. If you have ever worked in a call center or had to answer a phone all day, you know that this work is demanding and requires a talented person to do the job well. I commend the many dedicated customer service representatives we have to help you, especially those who volunteered to work on Monday April 1, which is a State Holiday and on Saturday April 13, when our call centers will be open from 8am to 5pm to handle your last minute questions.

Event Calendar

As part of education and outreach to our tax professional community, we participate in many different presentations and fairs. We now provide a calendar that shows the events we attend, as well as other events happening with us, such as interested party and board meetings.