



# Tax News

April 2022

---

## Table of Contents

Table of Contents.....	1
State Controller's Office.....	2
CalEITC Qualification Expanded - UPDATE.....	3
Duplication Fees for Record Requests.....	3
Court-Ordered Debt.....	4
Single Member Limited Liability Company (SMLLC).....	5
Ask the Advocate.....	6
Additional Resources.....	6
Tax News Flash.....	7
Event Calendar.....	8

## State Controller's Office

### Unclaimed Property Reporting April 30 Deadline Reminders

April 30, 2022, is the deadline for several critical actions for businesses reporting unclaimed property to the State Controller's Office (SCO):

- **Electronic Funds Transfer Registration Due (Mandatory for Remittance Over \$2,000)**  
Businesses remitting unclaimed property of \$2,000 and over are required to transfer funds using Electronic Funds Transfer (EFT), and should establish an EFT account and register with SCO by the end of April. Complete an Authorization Agreement Form [EFT-1](#) (for Automated Clearinghouse [ACH] or International Funds Transfer [IFT] accounts) **or** Registration Form [EFT-3](#) (for Fedwire accounts) and submit it to the Unclaimed Property Division EFT Help Desk at [UPDSCOEFTEFT@sco.ca.gov](mailto:UPDSCOEFTEFT@sco.ca.gov) or fax to (916) 464-6224.
- **Holder Due Diligence Notice Time frame Ends**  
Businesses (except life insurance companies) holding unclaimed property shall send all [due diligence notices](#) to owners by the end of April.
- **Life Insurance Notice Reports Due**  
[Notice Reports](#) from life insurance companies must be received by SCO before May 1. The Notice Report is the first of the two annual unclaimed property reports.

For more information or to request one-on-one assistance with reporting unclaimed property to the state, contact the Outreach and Compliance Unit with the Unclaimed Property Division of SCO at [updholderoutreach@sco.ca.gov](mailto:updholderoutreach@sco.ca.gov).

## CalEITC Qualification Expanded - UPDATE

### A fourth option is now available for taxpayers

For tax year 2021, a fourth option has been added for married/RDP not filing a joint return, who meet the requirements, have already filed a California return, and did not claim the California Earned Income Tax Credit (CalEITC):

- File a superseded return on or before the April 18, 2022 due date
- Wait for a letter from FTB for instructions
- File an amended return

Or

- **\*NEW\*** Submit a completed FTB 3514, *California Earned Income Tax Credit*. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for 2021 FTB 3514 to locate instructions on how to download and print. Mail your completed FTB 3514 to:

Franchise Tax Board  
PIT Correspondence  
PO Box 942840  
Sacramento, CA 94240-0040

As tax professionals, we remind you that it is important for you to verify your client qualifies for the CalEITC and to complete and keep copies of the:

- [Paid Preparer's California Earned Income Tax Credit Checklist \(FTB 3596\)](#)
- [CalEITC worksheet](#)

You may be subject to a \$500 penalty if you do not comply with CalEITC requirements.

For more information, please read [Public Service Bulletin 2022-07](#) - EITC Qualification Expanded, and visit our [California Earned Income Tax Credit and Young Child Tax Credit](#) webpage.

## Duplication Fees for Record Requests

### **FTB charges a duplication fee when you request copies of records**

The Franchise Tax Board (FTB) charges a duplication fee when you request copies of records under the Information Practices Act (IPA) or Public Records Act (PRA), as permitted by the IPA and PRA. For PRA requests, we will provide copies of records that are not exempt from disclosure promptly upon advance payment, by check, of the estimated duplication costs.

### **Duplication Fees**

We charge a duplication fee to photocopy or scan paper records that are not maintained by FTB in electronic format. You may specify your preference for paper records to be photocopied and mailed, or converted to electronic format, such as .pdf and emailed, subject to data file size limitations. We also charge a duplication fee if the record needs to be converted to a format other than the one in which it is stored. For example, we will charge a duplication fee if a record is stored as a Word document and you ask for the document to be provided in .pdf format.

Our charge is based on our direct cost of duplication. If the responsive records need to be stored on portable storage media for mailing due to the volume and/or file size of the records, duplication fees will also include the cost of the storage device (CD or USB drive). Direct cost of duplication does not include staff time to locate, retrieve, or redact the record.

Beginning January 1 of each year, FTB will provide a one-time waiver of the cost of the first 49 pages requested by an individual or company that are subject to a duplication fee for either an IPA or PRA response, and those pages will be provided without charge. After this threshold is met, and for the remainder of the year, we will charge duplication fees of .10 cents per page for all pages that are subject to a duplication fee.

### **Programming and Computer Services Costs**

If producing a record requires construction of a record by data compilation, extraction, or programming, we charge the full cost of our necessary programming and computer services, to include IT personnel time (prorated salary and benefits), in addition to any direct cost of duplication.

Please review [IPA](#) or [PRA](#) at FTB's [website](#) for more information.

### **Court-Ordered Debt**

#### **If your client owes money to a California court**

If an individual owes money to a California court and the balance is not paid, it may become court-ordered debt. Courts may send the debt to the Franchise Tax Board (FTB) for collection. FTB may collect money from your paycheck or bank account to satisfy the debt.

If you do not agree with the debt, paid the debt, served time (like community service), or have other questions or issues regarding the balance due, you must contact the court or county listed on the notice.

Individuals should contact FTB if:

- Your wage garnishment or bank levy is causing a financial hardship
- The letter you received doesn't belong to you
- You want to give us permission to discuss your account with your representative

Employers should contact FTB if:

- The social security number on the notice does not match your employee's
- You have questions about wage garnishment
- FTB records show you did not make a garnishment payment, and you mailed the payment more than 60 days ago.

Tax representatives would need to complete an FTB 3520, *Power of Attorney Declaration* to discuss their client's account without the debtor on the call. This form can be submitted through MyFTB, faxed to 916-843-5440, or mailed to:

POA/TIA Unit Franchise Tax Board  
PO Box 2828  
Rancho Cordova CA 95741-2828

To contact FTB Court-Ordered Debt by telephone:

916-845-4064

Weekdays, 8 AM to 5 PM

## Single Member Limited Liability Company (SMLCC)

### Important information about SMLLCs

A single member limited liability company (SMLLC) may be disregarded for federal tax purposes. In California, however, there is a separate existence for this business entity and it is not disregarded for purposes of the:

- LLC tax
- LLC fee
- LLC return filing requirement

Generally, a disregarded SMLLC that is owned by an individual or a non-pass through entity must file a Form 568 by the 15<sup>th</sup> day of the fourth month after the close of the taxable year of the owner except if the disregarded SMLLC is owned by a pass-through entity, then the Form 568 must be filed by the 15<sup>th</sup> day of the third month after the close of the taxable year of the owner. California grants an automatic extension of time to file a return. An extension of time to file is not an extension of time to pay the LLC tax or fee.

Please remind your SMLLC clients that a disregarded SMLLC is required to:

- File a tax return (Form 568)
- Pay the LLC annual tax
- Pay the LLC fee (if applicable)

Additionally, we have received questions about Assembly Bill 85 and whether or not this applies to SMLLCs. During the 2020-21 legislative session, Assembly Bill 85 was enacted to make numerous changes to the California Revenue and Taxation Code. One of those changes was to eliminate the \$800 annual tax for Limited Liability Companies (LLCs), Limited Liability Partnerships (LLPs), and Limited Partnerships (LPs), that organize, register, or file with the Secretary of State on or after January 1, 2021, and before January 1, 2024, for their first taxable year.

The statute does not distinguish between SMLLCs and multi-member LLCs. In fact, the plain language states that "*Every limited liability company* doing business in this state as described in subdivision (a) that organizes or registers with the Secretary of the State pursuant to subdivision (b) on or after January 1, 2021, and before January 1, 2024, shall not be subject to the tax imposed under this section for its first taxable year." (Rev. & Tax. Code, § 17941, subd.

(g)(1) italics added.) Therefore, SMLLCs have the annual tax waived for their first taxable year as well.

Visit our [Single Member LLC](#) webpage for more information.

## Ask the Advocate

### Additional Resources



Brenda Voet, EA.  
Taxpayers Advocate

A great way to stay informed and get the information you need is to know that our Subscription Services is a valuable resource. As a Tax News subscriber, you receive Tax News Flashes from us for time-sensitive information. A Tax News Flash delivers a brief heads up of what may impact you or your clients before the next monthly Tax News edition, such as:

- Last minute changes due to new legislation
- System updates or issues to MyFTB
- How to request a Partnership Entity Identification Number

But, are you aware there is more to our [Subscription Services](#) than just Tax News Flashes? By providing your email address you can subscribe to receive:

- [Announcements](#): Important events and late breaking news posted on our website.
- [Newsroom](#): Latest news about tax laws, tax help and services, tax statistics, and criminal prosecution activities.
- [Public Service Bulletins](#): FTB public service bulletins.
- [e-Programs News](#): Information on e-file, e-Services, seminars, and processing developments important to tax professionals.
- [Notices and Legal Rulings](#): Latest FTB Notices and Legal Rulings.
- [Regulation Information](#): Information on draft, proposed, and final regulations.

Go to [Subscription Services](#) to see the full list of available topics and subscribe today!

We are adding a new section to our monthly edition of Tax News to provide links to Tax News Flashes sent the previous month.

I hope the remainder of the tax season goes smoothly for you and after the last return is filed on April 18, 2022, you are able to spend a few, well-deserved days doing something enjoyable away from the office.

## Tax News Flash

### Tax News Flashes sent in March

[Entity ID Number to use for Electronic Payment Methods](#)

[Estimated Tax Penalty Relief for Farmers and Fishermen](#)

[Capital Account Reporting](#)

[CalEITC Qualification Expanded](#)

[Claiming Credit Code 242 PTE Elective Tax Credit](#)

[SOS “Dark” Period March/April 2022](#)

## Event Calendar

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