California Tax Updates 2020

TAX PRACTITIONER/IRS FALL WEBINAR

- Marc Narlesky
- Taxpayers’ Rights Advocate’s Office
- Franchise Tax Board
- November 4, 2020
Today’s Agenda

• Taxpayers’ Rights Advocate’s Office
• COVID-19
• Legislation
• Earned Income Tax Credit
• Resources
Taxpayers’ Rights Advocate’s Office

- Taxpayers’ Rights
  - Systemic Advocacy
  - Advocate Assistance
  - Education and Outreach
Help with a Tax Problem?

If you have an income tax issue and need to escalate it through normal channels and require immediate assistance call: 800.883.5910.

When Normal Channels Fail:
• On the Web:  ftb.ca.gov – search: “Problem”
• Email:  FTBAAdvocate@ftb.ca.gov
• Fax:  916.843.8330
• Call:  916.845.2550
• Mail:  
  FRANCHISE TAX BOARD
  TAXPAYERS’ RIGHTS ADVOCATE’S OFFICE
  MS F385
  PO BOX 157
  RANCHO CORDOVA, CA 95741-0157
Tax News

October 2020

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COVID – 19

- Are you affected:
  - Income tax return filing or payment due date between 3/12/2020 and 7/15/2020
- Field Offices - Open for appointments
- Collections -
  - Temporary hold
  - Payment Arrangement
  - Offer in Compromise
  - Hardship
COVID – 19

- Original Signatures not needed except for Power of Attorney
  - Attach a separate signature document
    - Form 100 California Corporation return
    - “Refer to attachment for original signature
    - Faxed signature on a paper return
    - Photographs or digital copies of signature for other documents
    - Ends 12/31/2020
- Electronically signed waivers – including signature services to extend statute of limitations
  - E-signatures currently accepted until 12/31/2020
New Legislation

- AB 276 Loans from retirement plans
- AB 1525 Financial Institutions and Cannabis
- AB 1577 Nonrecognition of income for PPP loan forgiveness
- AB 1876 EITC - SSN/ITIN not required; documents/process FTB
- AB 2247 Dependent Exemption Credit
- AB 2660 Group nonresident return with nonresident aliens
- AB 3372 Electronic Withholding Orders/Water’s Edge Election and Doing Business
New Legislation

- SB 592 FTB to Furnish Tax Filer Information to Counties for Juries
- SB 934 Exempt Organizations Filing Fees
- SB 1447 Small Business Credit for hiring new or hiring back during CV-19 pandemic
New Legislation – AB 85

- Limits the amount of allowable business credits to $5 million, for tax years 2020 - 2022.
- Extends film credit carryover periods under Revenue and Taxation Code sections 17053.95 and 23695.
- Suspends NOL deductions for tax years 2020 - 2022, for taxpayers with income of $1 million or more and extends the carryover period.
- Provides a first year exemption from the annual tax for LPs, LLPs, and LLCs that file with the Secretary of State for tax years 2021 - 2023.
- Makes clarifying changes to the Healthcare Mandate penalty.
New Legislation

- AB 93 allows the use of ITIN to establish eligibility of qualifying dependent for EITC.
- AB 1876 EITC removes ITIN requirement.
- AB 2247 Allows alternative identification numbers for those ineligible for ITIN.
New Legislation

Loophole Closure and Small Business and Working Families Tax Relief Act of 2019 – SB 91

- Technical Termination of Partnerships
- Updates to EITC
- No NOL Carryback
- Conformity to TCJA for Small Business accounting methods changes
Healthcare Mandate

- Effective January 1, 2020
- Mirrors Federal Mandate
- Provides Subsidy and Penalty
- Must Reconcile at the end of the tax year
  - Forms similar to federal 1095....
- Includes Exemptions – FTB and CC
- More info @ FTB.CA.GOV
Head of Household

- New error notification
  - Starting 2019 tax returns
  - No more NPAs
    - No Protest Rights
  - Notice of Tax Return Change (Math Error)
  - Based on form FTB 3532
    - Resolve with PHL 916.845.7057 or MyFTB
Earned Income Tax Credit

- Refundable
- Based on Wage and SE Income
- Qualifying children establishes credit percentage
- **AB 91 - Income ceiling $30,000**
- Maximum CA Credit $2,982; phases out as income increases.
- **AB 91 - 1,000 young child credit**
- Volunteer Income Tax Assistance Program
Nonwage Withholding

Updated FTB FORM 593

- Combines 593, 593-C, 593-E and 593-I
- Must be completed by Withholding Agent
- Due by the 20th of the following month of R/E transaction to FTB and Seller

New FTB FORM 592-PTE (Pass-through Entity)
New FTB FORM 592-Q (PTE Payment Voucher)
Collection Resources

Collection Contact Centers:

- **Individuals:** 800.689.4776
- **Business Entities:** 888.635.0494
- **Lien Desk:** 916.845.4350
- **Innocent Joint Filer:** 916.845.7072
- **FTB.CA.GOV**
Contact Information

- Practitioner Hotline: 916.845.7057
- ID Theft Coordinator: 916.845.7088
- E-File Help Desk: 916.845.0353
- Small Business Liaison: 916.845-4669
- ftbadvocate@ftb.ca.gov