



**CDTFA**  
CALIFORNIA DEPARTMENT OF  
TAX AND FEE ADMINISTRATION



**TAXPAYERS'  
RIGHTS ADVOCATE'S**

# **ANNUAL REPORT**

**BUSINESS TAXES**



**2019-2020**

# MESSAGE TO DIRECTOR

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Mr. Nicolas Maduros, Director  
California Department of Tax and Fee Administration

Dear Mr. Maduros,

I am happy to present the *2019-2020 Taxpayers' Rights Advocate's Annual Report*. The report highlights the accomplishments of the Taxpayers' Rights Advocate's Office (TRA Office) and provides examples of the services we provide. I would like to express my appreciation to the entire CDTFA team for their continued cooperation with my office.

The TRA Office continues to focus on both educating taxpayers about their rights and responsibilities, and on making sure the CDTFA team members understand the important role they have in ensuring that taxpayers' rights are protected. Over the course of the next year, it will be imperative that CDTFA team members continue to work with taxpayers who are navigating these unprecedented times due to the COVID-19 pandemic.

We will continue to work with the tax program areas on policy and procedure changes that will make it easier for taxpayers to comply with their obligations. As an independent office, we are focused on supporting the mission of the CDTFA by assisting taxpayers on their tax compliance issues. The TRA Office remains dedicated to serving the citizens of the State of California.

Respectfully submitted,



William J. Hain  
Taxpayers' Rights Advocate

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# TAXPAYERS' RIGHTS ADVOCATE OFFICE

## VISION

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To be a trusted voice of reason and fairness when resolving issues between taxpayers<sup>1</sup> and the government.

## MISSION

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To positively affect the lives of taxpayers by protecting their rights, privacy, and property during the assessment and collection of taxes and fees.

## GOALS

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- To ensure that taxpayers coming to the Taxpayers' Rights Advocate Office with problems that have not been resolved through normal channels have their concerns promptly and fairly addressed.
- To identify laws, policies, and procedures that present barriers or undue burdens to taxpayers attempting to comply with the tax laws; to bring those issues to the attention of California Department of Tax and Fee Administration (CDTFA) management; and to work cooperatively on making changes to laws, policies, and procedures where necessary.
- To meet taxpayer needs by opening appropriate channels of communication, providing educational resources, and finding creative solutions to unresolved problems.
- To promote the CDTFA's commitment to honor and safeguard the rights of taxpayers.



<sup>1</sup>The term "taxpayers" in this publication means payers of sales and use taxes and special taxes and fees.

## PROFILE

### TAXPAYERS' BILLS OF RIGHTS MANDATE A TAXPAYERS' RIGHTS ADVOCATE

In January 1989, the *Harris-Katz California Taxpayers' Bill of Rights* was placed into law to ensure that the rights, privacy, and property of California taxpayers were adequately protected in the assessment and collection of sales and use taxes. All holders of seller's permits and consumer use tax accounts, which currently include approximately one million taxpayers, are provided protection under this law.

Effective January 1993, the Special Taxes Bill of Rights expanded the Bill of Rights statutory authority to include the special tax and fee programs administered by the CDTFA, currently affecting approximately 250,000 taxpayers in more than 37 programs. Since these programs primarily affect business owners, this publication refers to both Bills of Rights generally as the Business Taxpayers' Bill of Rights, covering both sales and use taxes and the various special taxes and fees. In addition, each Taxpayers' Bill of Rights provides for a Taxpayers' Rights Advocate (Advocate).

### LEGAL RESPONSIBILITIES OF THE TAXPAYERS' RIGHTS ADVOCATE

The responsibilities of the Advocate are specifically delineated in the law. Consistent with the Taxpayers' Bills of Rights, the Advocate:

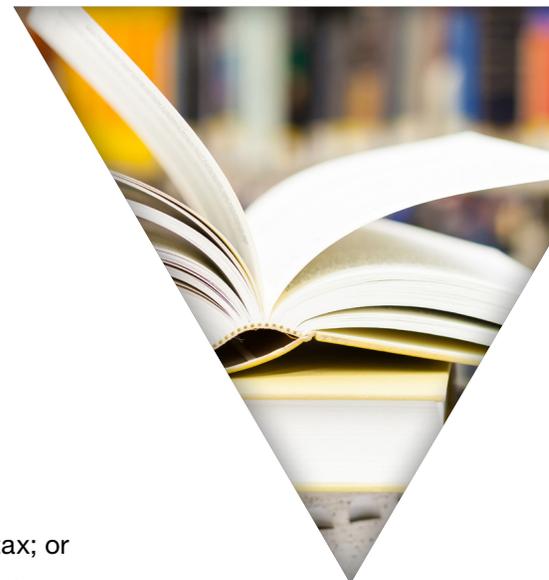
- Facilitates resolution of taxpayer complaints or problems, including complaints regarding unsatisfactory treatment of taxpayers by the CDTFA;
- Monitors all tax and fee programs administered by the CDTFA for compliance with the Taxpayers' Bill of Rights and recommends new procedures or revisions to existing policies to ensure fair and equitable treatment of taxpayers;
- Works with the CDTFA to ensure that taxpayer educational materials are clear and understandable; and
- Conducts Taxpayers' Bill of Rights meetings to give the public an opportunity to express their concerns, suggestions, and comments.

### HOW THE TAXPAYERS' RIGHTS ADVOCATE OFFICE FULFILLS ITS LEGAL RESPONSIBILITIES

#### Facilitates resolution of taxpayer complaints or problems

The TRA Office generally assists taxpayers who:

- Have been unable to resolve a matter through normal channels;
- Want information regarding CDTFA procedures;
- Claim their rights were not upheld in the assessment or collection of tax; or
- Seek confirmation that the CDTFA's actions are lawful and consistent with approved policies.





The TRA Office assists taxpayers and the CDTFA by facilitating better communication between these parties, which helps eliminate potential misunderstandings. Taxpayers are provided information on policies and procedures, so they can better prepare to discuss and resolve their issues with the CDTFA.

Occasionally, a taxpayer contacts the TRA Office complaining about discrimination or inappropriate interactions. The TRA Office works with appropriate CDTFA management to resolve these complaints. Discrimination, harassment, or wrongful behavior of any kind toward CDTFA team members or taxpayers is not tolerated and is immediately addressed.

The Advocate oversees the Tax Appeals Assistance Program, which allows taxpayers who meet certain criteria and filed an appeal with the CDTFA the opportunity to seek free legal assistance. For more information, see the [Tax Appeals Assistance Program](#) chapter.

### **Monitors programs and recommends policy or procedural changes**

In cases where the law, policy, or procedures do not currently allow any change to the team member's actions, but a change to the law, policy, or procedure appears warranted, the TRA Office works toward clarification or modification. Several of the past recommendations for policy or procedural changes, suggestions for enhancements to training materials, and proposals for legislative change have been a result of taxpayer suggestions.

The TRA Office routinely brings the perspective of the taxpayer to all areas of the Department. We take part in policy discussions, interested party meetings, and division chiefs' meetings; conduct focused discussions on policy issues with management; and take part in working groups charged with policy change recommendations.

### Ensures information and guidance provided is easy to understand

The TRA Office suggests ideas for new legislation and participates in task forces and committees responsible for procedure and regulation revisions. We routinely review proposed revisions to taxpayer educational materials to ensure they are easy to understand. The TRA Office provides information to the public through participation in public forums, business fairs, and conferences.

### Conducts Taxpayers' Bill of Rights Meetings

The TRA Office is responsible for conducting yearly business taxes meetings. These meetings invite the public to present ideas, discuss issues, express concerns, and share recommendations regarding legislation, and other items related to the CDTFA's administration of its tax and fee programs. After the meetings, the TRA Office works with appropriate areas of the CDTFA to address issues and concerns conveyed by taxpayers.

## COLLABORATION WITH OTHER GOVERNMENT AGENCY TAXPAYER ADVOCATES

The CDTFA Advocate meets quarterly with Taxpayer Advocates from the Franchise Tax Board (FTB), the California State Board of Equalization (BOE), the Employment Development Department (EDD), and the Internal Revenue Service (IRS), as well as the Small Business Advocate in the Governor's Office of Business and Economic Development (GO-Biz) and the Ombudsperson from the Office of Tax Appeals. The group discusses common problems and systemic issues facing California taxpayers. These meetings, along with close working relationships among the advocate offices, allows all the tax agencies serving California taxpayers to share current taxpayer issues. California taxpayers also benefit from the TRA Office's ongoing relationships with other Advocates because of the enhanced opportunities for outreach to community groups.

## IMPLEMENTATION OF THE BUSINESS TAXPAYERS' BILL OF RIGHTS

The CDTFA is responsible for assessing and collecting business taxes (sales and use taxes and special taxes and fees). The Director has administrative control over these functions and the team member carrying them out. The Advocate reports directly to the CDTFA's Director and is independent of all CDTFA tax program areas. When complaints relating to the CDTFA's business tax programs are received in the TRA Office, the office has direct access to all pertinent CDTFA information and CDTFA team members involved with the taxpayers' issues.

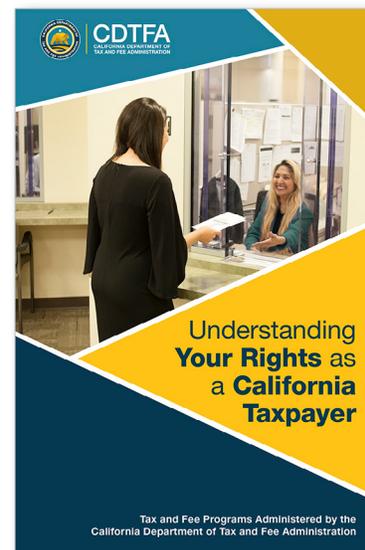
The TRA Office sometimes acts as a liaison between taxpayers and the CDTFA in resolving issues. If the Advocate disagrees with actions taken by the CDTFA and is unable to resolve the situation with program management, the issue may be brought to the Director for resolution. In addition, the Advocate has the authority under the Taxpayers' Bill of Rights to take certain actions to protect taxpayers from irreparable harm, such as issuing a stay of collection action, releasing levies, or ordering the return of levied funds. The Advocate may also make the decision to release or subordinate a lien when that action will facilitate the collection of the tax liability or will be in the best interest of the state and the taxpayer. Examples of how taxpayers' complaints are resolved are included in the [Business Taxes Issues](#) chapter.

## PUBLIC OUTREACH

The public becomes aware of the services offered by the TRA Office in several ways. For example, information about the TRA Office is included in many CDTFA publications, is accessible on the Internet, and is provided by the TRA Office in presentations at public events.

### PUBLICATIONS WITH TAXPAYER RIGHTS ADVOCATE OFFICE INFORMATION

- **Publication 70**, *Understanding Your Rights as a California Taxpayer*, contains information about specific taxpayer rights under the law and the Advocate's role in protecting those rights, and is available in all CDTFA offices and on the CDTFA's website.
- **Publication 468**, *California Taxpayers' Bills of Rights Statutes*, contains all the Taxpayers' Bill of Rights statutes administered by the CDTFA. It is available on the CDTFA's website.
- **Publication 215**, *Tax Appeals Assistance Program*, explains to prospective clients what help is available from the Tax Appeals Assistance Program, which is overseen by the Advocate (see the *Tax Appeals Assistance Program* chapter of this report). It is available on the CDTFA's website.
- **Publication 145**, *California Taxpayer Advocates (CDTFA, BOE, EDD, FTB, IRS, OTA)*, is posted on the websites of participating state agencies and the California Tax Service Center website, [www.taxes.ca.gov](http://www.taxes.ca.gov).
- Many CDTFA publications reference the TRA Office's toll-free telephone number 1-888-324-2798.
- The TRA Office's toll-free number, 1-888-324-2798, is printed on all CDTFA-issued permits and licenses.
- Articles reminding taxpayers about their rights and referencing publication 70 are published each year in CDTFA newsletters.
- Contact information for key TRA Office team members can be found at the back of this Annual Report.



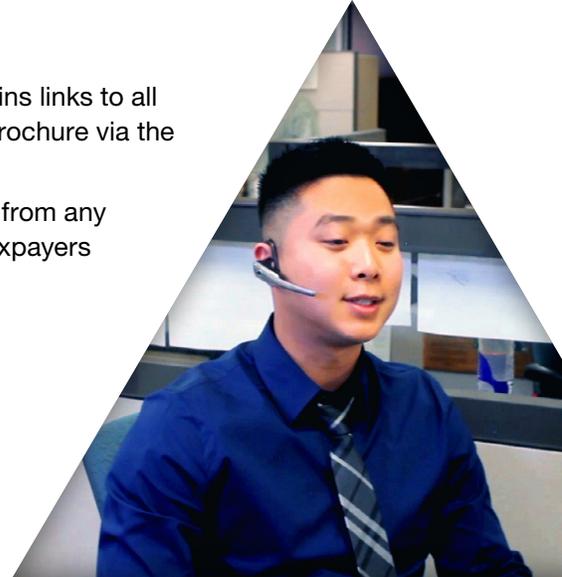
## INTERNET AND TELEPHONE

- The California Tax Service Center website, [www.taxes.ca.gov](http://www.taxes.ca.gov), contains links to all California Taxpayer Advocates' webpages and the publication 145 brochure via the "Your Rights" option under the "Contact Us" tab.
- The TRA Office's webpage, [www.cdtfa.ca.gov/tra](http://www.cdtfa.ca.gov/tra), can be accessed from any page of the CDTFA's website. The webpage provides a means for taxpayers to communicate with the TRA Office directly via email.
- The TRA Office's toll-free number 1-888-324-2798 is available as an option on many field offices' phone lines.

## PUBLIC EVENTS

The TRA Office ensures that the public is aware of its services through the following types of events:

- CDTFA sponsored events: the Advocate or his designee attends small business and nonprofit fairs and seminars throughout the state.
- Non CDTFA-sponsored events: direct contacts with the public and some presentations are made at conventions, fairs, and conferences sponsored by consortiums of industry or business groups and designed to assist California business owners, such as the IRS Nationwide Tax Forum, the annual meeting of the California Tax Bar and California Tax Policy Conference, and the California Small Business Day in Sacramento.



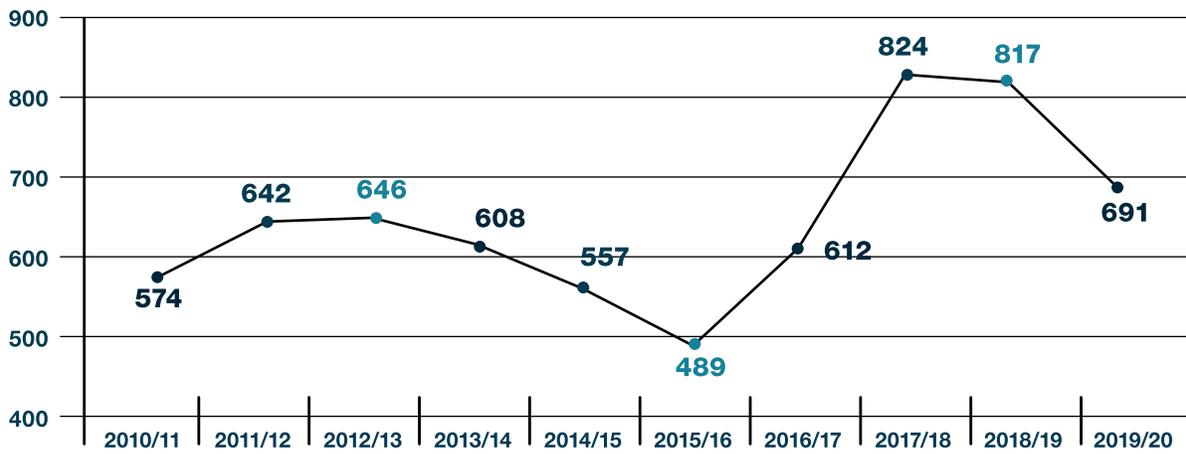
# FISCAL YEAR 2019-20

## BY THE NUMBERS

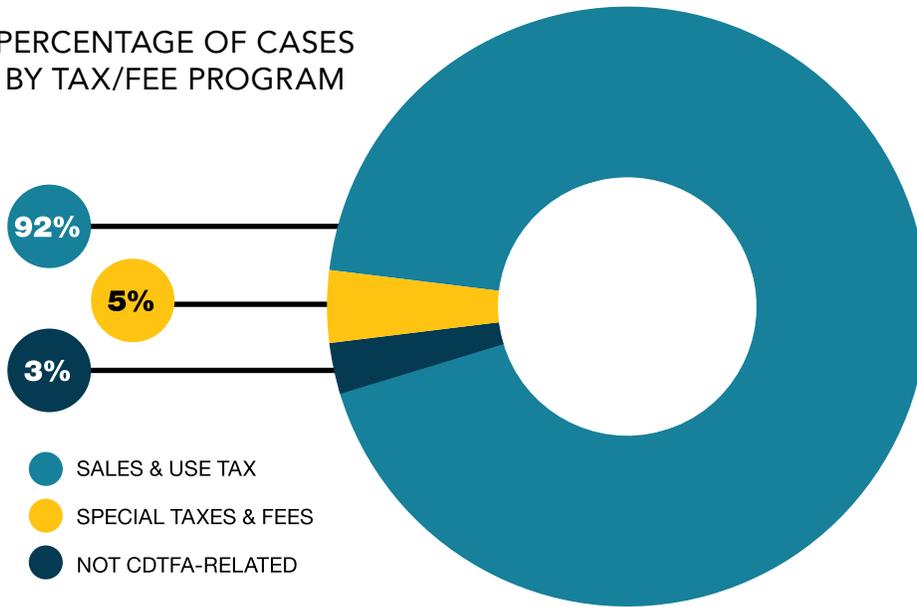
### CASES

The TRA Office recorded 691 new business taxes cases in fiscal year 2019-20. Of the 691 cases, 92 percent were sales and use taxes issues while 5 percent were special tax and fee issues. The remaining 3 percent were not CDTFA-related.

CASES CREATED BY YEAR

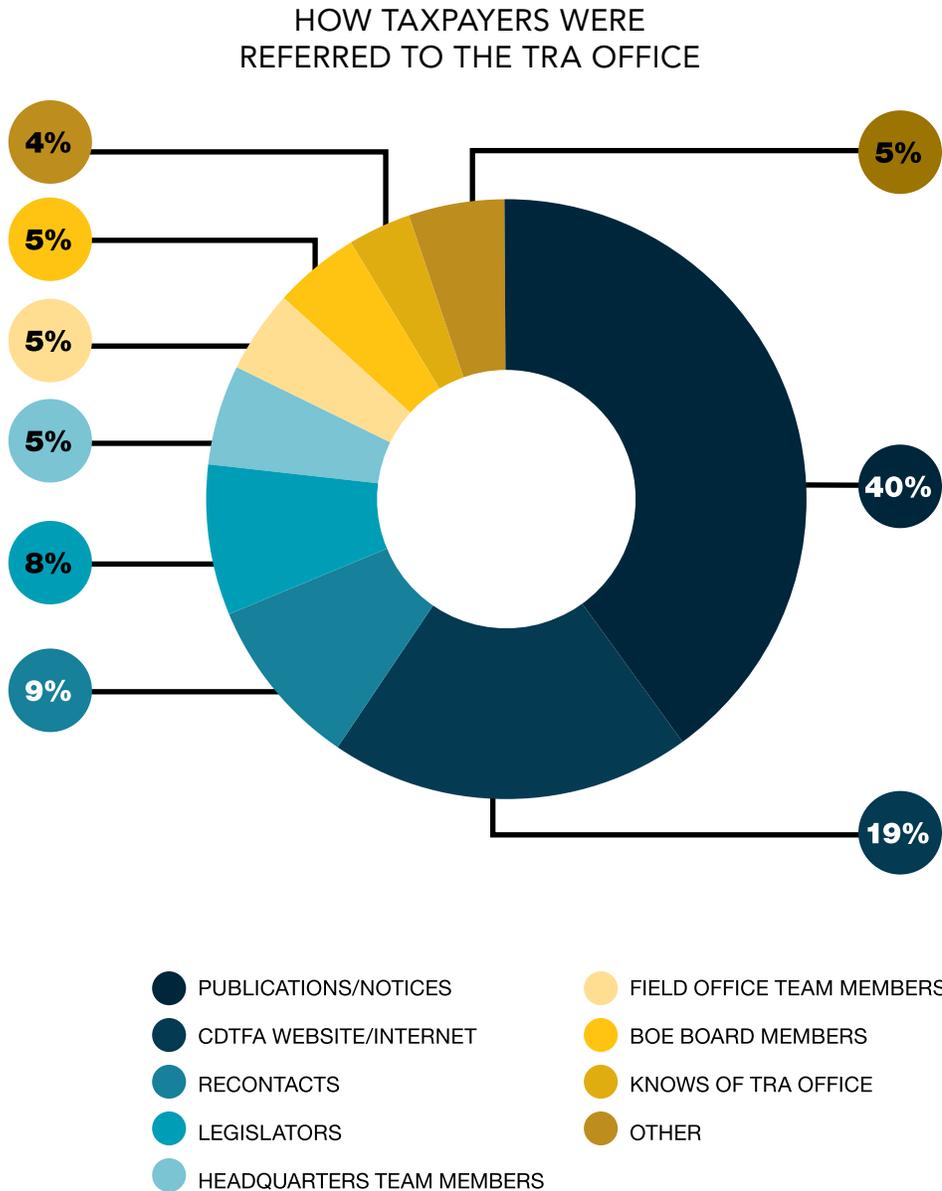


PERCENTAGE OF CASES BY TAX/FEE PROGRAM



## REFERRALS

To gauge the effectiveness of the TRA Office's outreach efforts and to improve public service, the TRA Office tracks the sources of referrals to its office. The CDTFA website and CDTFA publications accounted for the largest source of referrals<sup>2</sup>.



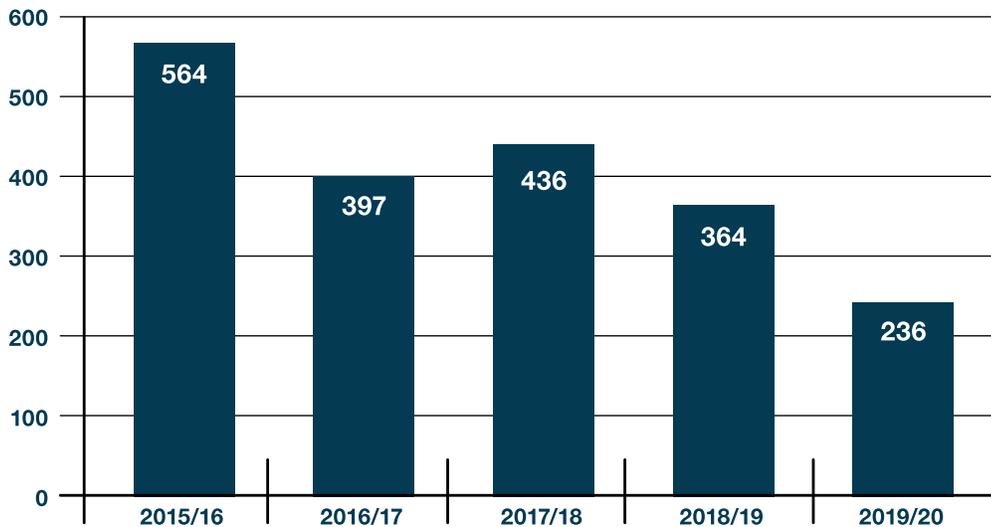
<sup>2</sup>The "Other" category consists of various types of referrals, each comprising less than two percent of the total, including other agencies, customer service center, friends and colleagues, taxpayers' representatives, outreach events, and TRA Office information printed on permits.

### TELEPHONE CALLS

The TRA Office received an average of 236 calls per month in fiscal year 2019-20. Thirteen percent of the calls resulted in new cases. Due to the broad availability of the TRA Office's toll-free telephone number, the TRA Office receives a large number of contacts from taxpayers and others who are either seeking general information about a tax program or the application of tax law, or who have not yet attempted to resolve their various issues with the CDTFA through normal channels.

The TRA Office assists all callers, even those seeking information from other state agencies, and directs the callers to the appropriate department, CDTFA section, or individual as necessary. Information on resources, such as the CDTFA website, is also provided. The TRA Office always invites the caller to call back should they not reach the area they need, or if they require additional information.

AVERAGE TELEPHONE CALLS PER MONTH





# BUSINESS TAXES ISSUES

## CASE RESOLUTION

The TRA Office's cases consist of businesses and individuals liable for taxes and fees under the sales and use taxes and the various special taxes and fees administered by the CDTFA. All of these tax and fee programs are collectively referred to in this publication as "business taxes." A primary goal of the TRA Office is to ensure that taxpayers contacting the office with issues that have not been resolved through normal channels have their concerns promptly and fairly addressed.

The Advocate and advocate office team members have extensive knowledge of CDTFA's programs, policies, and procedures. Therefore, the team is able to advise taxpayers of their rights and obligations, explain the tax law and CDTFA policies, and seek out creative and appropriate solutions that are acceptable to taxpayers and the CDTFA. The TRA Office's independent status allows it to focus on assisting taxpayers within the framework of the law, along with the support and guidance of CDTFA experts.

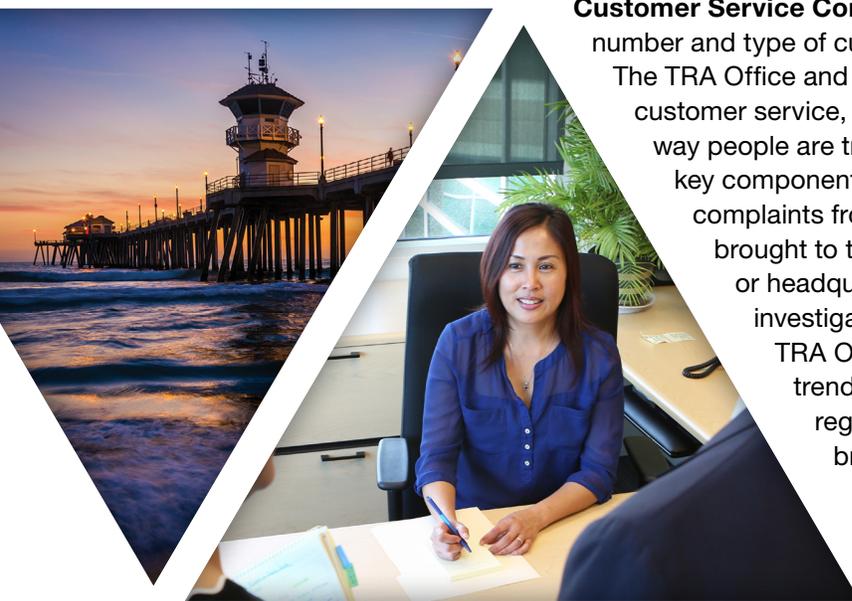
The following is information regarding the business taxes cases the TRA Office worked on this year, and some examples of cases that illustrate the services the office offers its customers.

### ABOUT THE BUSINESS TAXES CASE STATISTICS

During fiscal year 2019-20, the TRA Office recorded 691 new business taxes cases.

#### Outcome of Business Taxes Cases

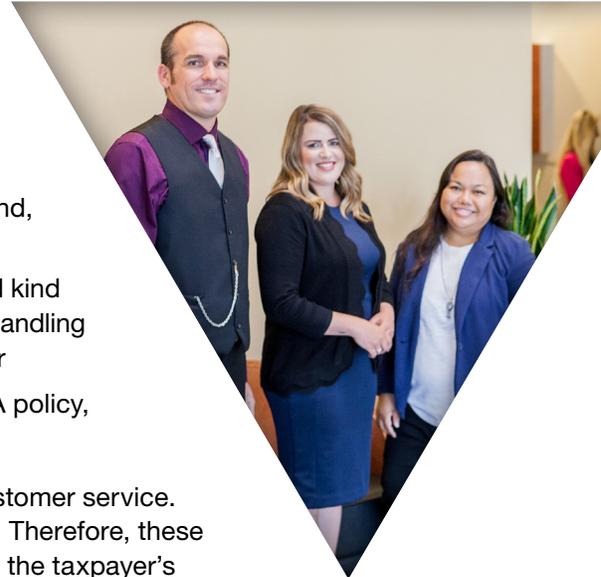
[Appendix 1](#) provides important information about the business taxes cases categorized by location. A specific CDTFA field or Headquarters office, or other government agency was designated as the location for a case if the taxpayer contacted the TRA Office regarding an action taken by that specific office. "Other" was normally designated as the location in cases where individuals wanted general information; or in cases where the office was not disclosed. The TRA Office tracked broad case types and critical outcomes of the cases.



**Customer Service Concerns.** The TRA Office closely monitors the number and type of customer service concerns raised by taxpayers. The TRA Office and CDTFA work collaboratively to prioritize customer service, which is a core guiding principle of CDTFA. The way people are treated, and the quality of service provided are key components of the Taxpayers' Bill of Rights. Accordingly, complaints from taxpayers regarding customer service are brought to the attention of the field office administrator or headquarters section manager, with a request to investigate the taxpayer's allegations and inform the TRA Office of the findings. If the TRA Office notes a trend or pattern in either the types of complaints or regarding a specific CDTFA office, the matter is brought to the attention of the Deputy Director, Field Operations Division, or the Deputy Director, Business Tax and Fee Division.

Customer service concerns are categorized as:

- *Communication*: providing misinformation, not acknowledging a taxpayer's concerns, not referring the taxpayer to a supervisor when requested, failing to answer specific taxpayer questions, or not providing information or a notice;
- *CDTFA delay*: slow response to an inquiry, delay in issuing a refund, or resolving the taxpayer's case;
- *CDTFA team member courtesy*: disrespect or lack of common and kind courtesy shown to a taxpayer indicated by demeanor, manner of handling the taxpayer's case, or comments made by team members; and/or
- *Education*: lack of information provided regarding tax law, CDTFA policy, procedures, or training.



Three percent of all cases this year expressed concerns related to customer service. The customer service statistics were based on taxpayer's statements. Therefore, these statistics do not necessarily indicate verified problems, but do convey the taxpayer's perception. Please see [Appendix 1](#) and [Appendix 2](#) for more information.

**Case Handling Concerns.** After investigating a taxpayer's concerns, the TRA Office is often able to ascertain the nature of the issue and where the problem lies. In almost all instances, the CDTFA's handling of the situation is consistent with legal, regulatory, and procedural mandates, but other issues or circumstances need to be addressed. As a result, the TRA Office may recommend a different approach to produce a result that is satisfactory to both the CDTFA and the taxpayer.

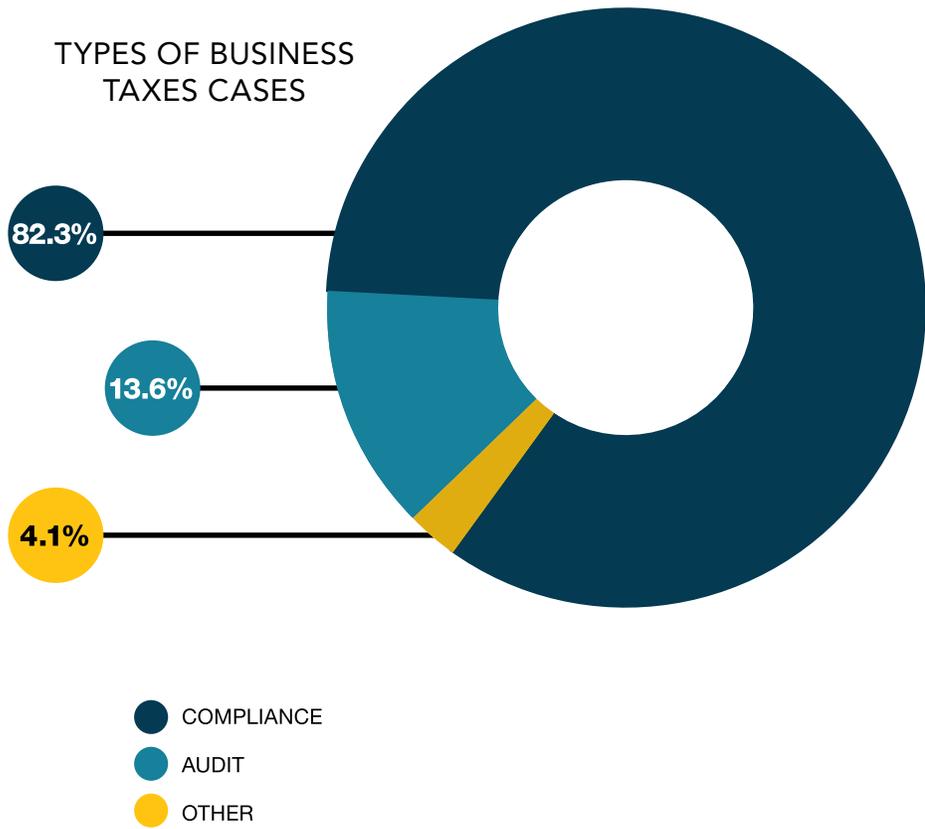
In instances where the TRA Office disagrees with CDTFA's handling of a case, the TRA Office works with CDTFA team members to resolve the taxpayer's concerns and to address issues with how the case was handled. These instances typically comprise a small percentage of the business taxes cases – less than one percent in fiscal year 2019-20 (see Appendix 1). A case is recorded as “disagreed with case handling” only when the TRA Office finds that the CDTFA:

- Did not adhere to the law or approved policies or procedures;
- Acted contrary to what the taxpayer was told by the CDTFA;
- Caused unreasonable delays; or
- Violated the taxpayer's rights.

The Advocate provides a quarterly report to the appropriate bureau chief containing the details of these cases, which provides the opportunity to address specific training needs.

**Taxpayer inquiries cover a wide range of issues**

**Types of Cases.** Business taxes cases are sorted broadly into “compliance,” “audit,” or “other” categories. The “other” category represents customer concerns and/or complaints, general information requests, and many of the matters involving other government agencies.



**Specific Issues Leading to TRA Office Contacts.** Each case may contain a variety of issues that prompted the taxpayer to contact the TRA Office. All issues in each case were tracked and the most common are displayed in [Appendix 2](#).

Not surprisingly, many of the business taxes cases include the need for general information and guidance. Taxpayers often seek information on a procedure or process, or whether an action taken by the CDTFA was necessary and/or in compliance with the law and CDTFA policy.

## EXAMPLES OF BUSINESS TAXES CASES

The following cases illustrate how the TRA Office offers a fresh look at taxpayers' issues and often resolves them with the cooperation of the CDTFA.

### Taxpayer's new economic situation warranted lower payments

**Issue.** A taxpayer contacted the TRA Office because he indicated that the CDTFA field office would not work with him to reduce the monthly payment for his payment plan. He had recently changed jobs to receive benefits, although his wages would be lower. He also had to purchase a reliable vehicle because he had to drive approximately 80 miles to the new job. At the time, he was making \$500 monthly payments to the CDTFA, and sometimes relied on relatives to loan or give him money to get by. The field office did not take into consideration the taxpayer's new situation and believed he could continue to make \$500 payments. In addition, the taxpayer contacted the field office on several occasions to inform them that he did not owe sales tax for the first and second quarters of 2009 because he had closed the business in December 2008. He had not received a satisfactory resolution to these issues.

**Resolution.** When the taxpayer contacted the TRA Office regarding the disagreement he had with the field office over the terms of his payment plan, the TRA Office reviewed the taxpayer's financial records. The TRA Office believed the taxpayer's new financial circumstances that warranted a reduction in his payment plan included:

- New job with less pay but included benefits;
- Increased fuel consumption because of a longer drive to work;
- The purchase of a reliable vehicle; and
- Loans and gifts from relatives to pay expenses, including payments to the CDTFA.

The TRA Office brought their analysis of the taxpayer's current financial situation to the attention of the compliance supervisor. The compliance supervisor agreed, and the taxpayer's payment was reduced to \$100 per month. In addition, the TRA Office reviewed the taxpayer's contention that he did not owe sales tax for first and second quarter 2009. The review indicated the taxpayer contacted the CDTFA to close his business in December 2008 and provided the name of the new owner. Using the information supplied by the taxpayer, the TRA Office discovered that the first and second quarter returns had already been filed and paid by the new business owner. As a result, the billings for those two quarters were canceled.

**Summary.** The TRA Office is committed to assisting taxpayers when they cannot resolve problems through normal channels. In this situation, the TRA Office worked with the field office to obtain a payment plan for the taxpayer that was based on the facts and circumstances of the taxpayer's financial situation, allowed the taxpayer basic living expenses, and allowed the taxpayer the means to successfully make monthly payments. In addition, the TRA Office was instrumental in significantly lowering the taxpayer's liability by discovering that another business was operating for the first and second quarter of 2009.

### Widow requests intervention by TRA Office in resolving use tax billings.

**Issue.** A recently deceased taxpayer was issued two use tax billings for two aircraft purchased several years ago. The use tax liability for each aircraft was approximately \$11,000. When a response to the billings was not provided, a CDTFA team member sent levies to financial institutions and filed liens. The taxpayer's widow contacted the CDTFA team member to resolve the issue. She was informed by the CDTFA team member that the levy would be released if she entered into a payment plan. She quickly agreed to a payment plan. However, the levy debited her bank account paying one of the billings in full because the bank did not receive instructions from the CDTFA to release the levy. As a result, the widow contacted the TRA Office because she was experiencing a hardship due to the levy and believed the CDTFA team member was taking unnecessary collection actions when she already had agreed to a payment plan.

**Resolution.** The TRA Office conducted an independent review on behalf of the widow. It was discovered that use tax for both aircraft had been paid-in-full by the taxpayer about two years prior. The TRA Office brought their finding to the Consumer Use Tax Section who expediated the cancellation of the taxpayer's billings. In addition, the TRA Office worked with the CDTFA's Audit Determination and Refund Section to expediate the refund, reimburse all legal bank fees, and procure the free release of all liens.

**Summary.** This case illustrates the important function of the TRA Office to independently review cases. In this case, the TRA Office's intervention quickly determined that the taxpayer had already paid the use tax liability. As a result, the billings were canceled, and the taxpayer's widow's account was credited.

### Taxpayer was unaware he was required to pay by Electronic Funds Transfer

**Background.** *Electronic Funds Transfer (EFT)* is a method for financial institutions to transfer funds from one account to another, eliminating the use of paper checks. Taxpayers whose estimated monthly sales and use tax liability averages at least \$10,000 are required to remit amounts due by EFT. Taxpayers who are required to remit payments through EFT but use another means such as a check, cash, money order, credit card, etc., are generally subject to a ten percent penalty for tax return payments.

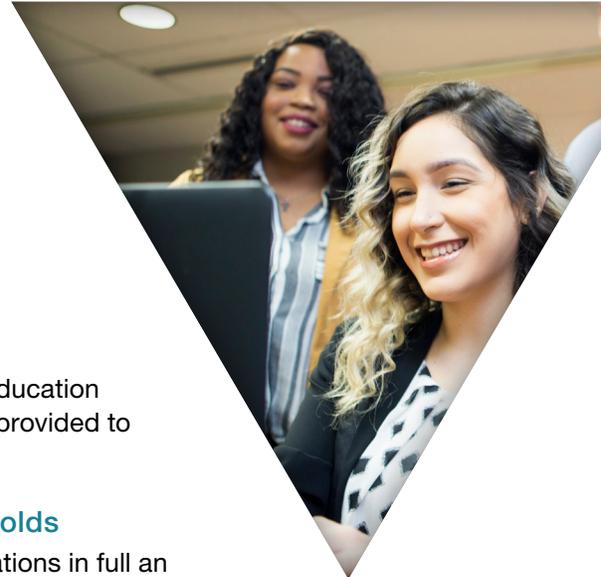
**Issue.** Beginning January 1, 2020, the taxpayer was required to make payments via EFT. However, when the taxpayer filed his fourth quarter return online, he was given the option to print a payment voucher by the CDTFA's online system, which, he believed, allowed him to pay by check. When he was assessed a 10 percent penalty, he contacted the TRA Office.

**Resolution.** The TRA Office requested that the penalty be removed because the taxpayer was confused by the online system which offered him the option to print a paper voucher and remit a payment using that voucher. As a result, the taxpayer's request for relief of penalty was granted.

**Summary.** One of the duties of the TRA Office is ensure information is easy to understand to help taxpayers comply with the various tax and fee laws and to initiate changes when policies and procedures present undue burdens to taxpayers.



In this situation, the taxpayer was confused regarding his obligation to pay by EFT because the information provided in CDTFA's online system did not explain the consequences of paying by another means. This not only affected this taxpayer, but impacted other taxpayers as well. As a result, the TRA Office has requested information be added to the online system that will warn taxpayers with mandatory EFT accounts that a 10 percent penalty for failure to remit funds by EFT will be assessed if payments are made by other means.



## ACCOMPLISHMENTS – TRA IMPACT

The following are examples of TRA's positive impact on training and education regarding business tax laws, policies, procedures and improvements provided to the CDTFA and the public this past year.

### Expanding Payment Plans Timeframes and Balance Thresholds

**Issue:** Payment plans allow taxpayers who cannot pay their tax obligations in full an alternate way to pay. While payments are not a new option for taxpayers, in most instances the CDTFA requires taxpayers to provide full support for their financial situation before payment plans are approved. It should be noted that approval of a payment plan is at CDTFA's discretion per Revenue and Taxation Code (R&TC) section 6832.

R&TC section 6832 states in part: *The board may, in its discretion, enter into a written installment payment agreement with a person for the payment of any taxes due, together with interest thereon and any applicable penalties, in installments over an agreed period. With mutual consent, the board and the taxpayer may alter or modify the agreement*<sup>3</sup>.

On occasion, taxpayers are unable to resolve a disagreement over the terms of a payment plan and contact the TRA Office for assistance. In many instances, the TRA Office helped taxpayers by working with supervisors to extend the terms of a payment plan. As a result, the TRA Office reasoned that a policy change would help more taxpayers qualify for a payment plan without a financial review.

**Resolution:** The Advocate worked with the Field Operations Division (FOD) and the Tax Policy Bureau (TPB) to change the duration and thresholds of payments plans. The CDTFA revised its payment plan policy, and a financial review is not required when taxpayers agree to the following terms:

- Taxpayers with outstanding balances less than \$50,000 that will pay in full within 24 months, or
- Taxpayers with outstanding balances greater than \$50,000 that will pay in full within 12 months, and
- The monthly payment is not less than \$10 per month.

Taxpayers who do not meet the criteria above may still qualify for a payment plan; however, CDTFA will conduct a thorough review of their finances.

<sup>3</sup> Prior to 7/1/17, the California State Board of Equalization administered laws pertaining to sales and use tax, special taxes, and property tax. Pursuant to Assembly Bill 102 (Stats. 2017, ch. 16) effective 7/1/17, the duties, powers, and responsibilities for administering the Sales and Use Tax Law and all special taxes laws were transferred to the newly created California Department of Tax and Fee Administration. Thus, all references to "BOE" and "board" in the TBOR statutes found in this publication are deemed to apply to the CDTFA (Gov't Code 15570.24).

**Work in Progress.** In addition, The TRA Office believes CDTFA team members need to allow taxpayers basic living expenses, ensure they have an adequate means to successfully complete a payment plan, and determine what a taxpayer can pay based on the facts and circumstances of each taxpayer's financial situation. In an effort to ensure CDTFA team members are accurately evaluating a taxpayer's financial situation, the Advocate is working with FOD and TPB to create a financial analysis tool to assist CDTFA team members in reviewing taxpayers' financial information. The tool will be used by all collection CDTFA team members to ensure financial reviews are consistent and conducted in a fair and equitable manner.



# TAX APPEALS ASSISTANCE PROGRAM

The Tax Appeals Assistance Program (TAAP) was created by the Taxpayers' Rights Advocate to provide low-income and underrepresented taxpayers who have filed an appeal with the CDTFA the opportunity to seek free legal assistance. TAAP provides taxpayer assistance through the appeals process up to and including hearings before the Office of Tax Appeals (OTA). Supervised by CDTFA tax attorneys, law students advise qualifying individuals and businesses who have filed appeals under \$30,000.

Eight law schools participate in the program:

- Loyola Law School, Los Angeles
- Chapman University School of Law
- Golden Gate University School of Law
- University of San Diego School of Law
- Lincoln Law School of Sacramento
- University of San Francisco School of Law
- University of the Pacific, McGeorge School of Law
- University of California, Irvine School of Law

## BUSINESS TAXES APPEALS

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TAAP is available to assist individuals and businesses in all tax and fee programs who have filed appeals under \$30,000 with the CDTFA. TAAP is well received by all eight law schools and the program's clients. The Advocate will continue to coordinate work with the Appeals Bureau and the Business Tax and Fee Division (BTFD).

## CASE RESOLUTION

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During fiscal year 2019-20, 344 individuals and businesses were informed about the program; 107 new cases were accepted, and 76 cases were resolved. TAAP makes a positive difference in the lives of its clients. This year's completed cases have fulfilled the purposes of the program, which are to:

- Provide effective representation to taxpayers with cases that do not economically justify hiring representation;
- Resolve cases to achieve the program objectives of educating and assisting taxpayers in voluntarily complying with California's tax laws while minimizing their tax compliance burden;
- Enhance the preparation and quality of the appeals going to the OTA; and
- Promote and achieves more efficient and cost-effective resolution of taxpayer petitions.



# APPENDIX

## APPENDIX 1 - OUTCOME OF BUSINESS TAX CASES

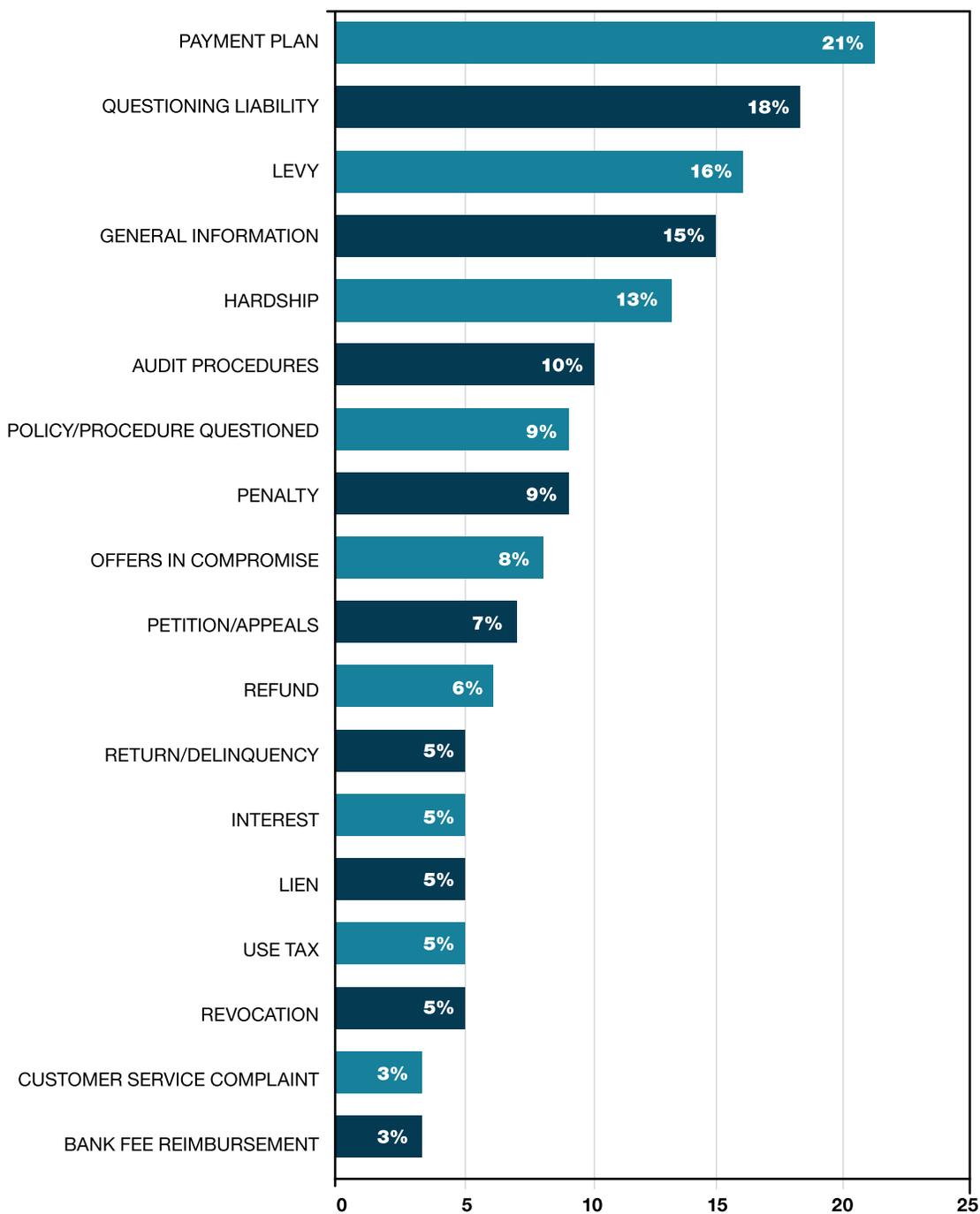
Location	Types of Cases			Total Cases	Customer Service Concerns	Disagreed with Case Handling <sup>1</sup>	Case Handling Changed <sup>2</sup>
	Audit	Compliance	Other				
Appeals & Data Analysis Branch	0	3	1	4	0	0	0
Appeals Bureau	1	0	0	1	0	0	0
Audit Determination and Refund Section	7	8	1	16	0	0	5
Bakersfield Office	1	12	0	13	0	0	4
Cerritos Office	4	17	0	21	1	0	2
Collections Support Bureau	0	5	0	5	1	0	1
Consumer Use Tax Section	1	8	1	10	0	0	4
Culver City Office	6	19	0	25	1	0	8
Customer Service Center	0	1	0	1	0	0	0
El Centro Office	0	0	0	0	0	0	0
Fairfield Office	1	3	0	4	0	0	2
Fresno Office	4	8	0	12	0	0	1
Glendale Office	7	35	1	43	2	0	6
Investigations (Cigarette/Tobacco)	0	0	0	0	0	0	0
Irvine Office	4	22	1	27	1	0	2
Motor Carrier Office	0	0	0	0	0	0	0
Oakland Office	2	26	0	28	2	0	4
Offer in Compromise Section	0	20	0	20	0	0	0
Other <sup>3</sup>	11	42	6	59	0	0	6
Other Government Agencies	1	21	4	26	0	0	0
Out-of-State Offices	5	10	0	15	0	0	0
Petitions Section	1	1	0	2	0	0	0
Program and Compliance Bureau	1	24	1	26	0	0	2
Rancho Cucamonga Office	4	11	0	15	0	0	1
Rancho Mirage Office	1	5	0	6	0	0	1
Redding Office	0	8	0	8	0	0	1
Return Analysis Unit	0	5	1	6	1	0	1
Riverside Office	5	22	3	30	1	0	6
Sacramento Office	7	53	2	62	2	1	21
Salinas Office	0	5	1	6	0	0	0
San Diego Office	2	19	1	22	1	0	3
San Francisco Office	6	21	0	27	3	1	6
San Jose Office	2	21	0	23	1	0	4
Santa Clarita Office	2	16	0	18	1	0	3
Santa Rosa Office	3	13	2	18	2	0	0
Settlement & Taxpayer Services Bureau	1	1	0	2	0	0	0
Statewide Compliance and Outreach Program	0	0	0	0	0	0	0
Tax Policy Bureau	1	5	0	6	0	0	0
Use Tax Administration Section	0	48	2	50	1	0	9
Ventura Office	2	9	0	11	1	0	0
West Covina Office	1	20	0	21	0	0	6
<b>Total</b>	<b>94</b>	<b>569</b>	<b>28</b>	<b>691</b>	<b>22</b>	<b>2</b>	<b>109</b>

<sup>1</sup> In order to facilitate improved CDTFA team member training, the Advocate provides a quarterly report to the appropriate senior management and division manager detailing cases in which the TRA Office disagreed with how CDTFA team members handled the case. See the [Business Taxes Issues](#) chapter for additional information on disagreed with case handling.

<sup>2</sup> Involvement by the TRA Office resulted in a change to the outcome of a case. See the Business Taxes Issues chapter for additional information.

<sup>3</sup> The category of "Other" under "Location" includes cases that have no particular office of origin—for example, contacts from the public asking questions about how tax applies or requesting general information; or cases where the office was not disclosed.

## APPENDIX 2 - MOST COMMON ISSUES IN BUSINESS TAXES CASES



# TAXPAYERS' RIGHTS ADVOCATE OFFICE CONTACT INFORMATION

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