



TAXPAYERS' RIGHTS ADVOCATE'S

*2020-2021*

# ANNUAL REPORT

BUSINESS TAXES



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

# MESSAGE to DIRECTOR

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

Dear Mr. Maduros,

I am pleased to present the 2020-2021 Taxpayers' Rights Advocate's Annual Report. The report highlights the accomplishments of the Taxpayers' Rights Advocate's Office (TRA Office) and includes examples of the services we provide. I would like to thank the entire CDTFA team for their efforts over the last year.

During the last fiscal year, CDTFA and the State of California instituted programs and amended policies to assist the small business community of California impacted by the COVID-19 pandemic. CDTFA postponed collection actions, offered interest-free payment plans, and temporarily reduced certain audit activity. As a result, the nature of the case work in the TRA Office also changed; there were fewer dispute resolutions and more customer service and assistance cases.

While we are uncertain what the pandemic holds for the future, it is imperative that we recognize it is not yet "business as usual" for California, and we are committed to being flexible as we move forward. The TRA Office continues to focus on both educating taxpayers about their rights and responsibilities and ensuring CDTFA team members understand the important role they play in protecting taxpayers' rights.

We are committed to supporting the mission of CDTFA by resolving issues when they arise. The TRA Office remains dedicated to serving the people and the business community 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 to change 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 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 are adequately protected in the assessment and collection of sales and use taxes. All holders of seller's permits and consumer use tax accounts, which together include over one million taxpayers, are provided protection under this law.

Effective January 1993, the Special Taxes Bill of Rights expanded the Bill of Rights to include the special tax and fee programs administered by CDTFA, which currently affect approximately 238,000 taxpayers in more than 34 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 CDTFA;
- Monitors all tax and fee programs administered by 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 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 CDTFA's actions are lawful and consistent with approved policies.





The TRA Office assists taxpayers and 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 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 have filed an appeal with 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 CDTFA 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 resulted from taxpayer suggestions.

The TRA Office routinely brings the taxpayer's perspective to all areas of the Department. We take part in policy discussions, interested party meetings, and bureau chiefs' meetings; conduct focused discussions on policy issues with management; and participate 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 (TBOR)

The TRA Office is responsible for conducting annual 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 CDTFA's administration of tax and fee programs. After the meetings, the TRA Office works with the appropriate areas of CDTFA to address the issues and concerns conveyed by taxpayers.

### COLLABORATION WITH OTHER GOVERNMENT AGENCY TAXPAYER ADVOCATES

CDTFA's Advocate meets quarterly with Taxpayer Advocates from the Franchise Tax Board (FTB), the 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 the close working relationships among the advocate offices, allow 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 additional opportunities for outreach to community groups.

### IMPLEMENTATION OF THE BUSINESS TAXPAYERS' BILL OF RIGHTS

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 CDTFA team members carrying them out. The Advocate reports directly to CDTFA's Director and is independent of all CDTFA tax program areas. When complaints relating to 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 CDTFA in resolving issues. If the Advocate disagrees with actions taken by 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 decide 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

CDTFA notifies the public 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 Internet websites, and is presented by the TRA Office 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 CDTFA's website.
- **Publication 468**, *California Taxpayers' Bills of Rights Statutes*, contains all the Taxpayers' Bill of Rights statutes administered by CDTFA and is available on 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 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 at [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 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' telephone 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 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 designed to assist California business owners. They are sponsored by consortia of industry or business groups, 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.

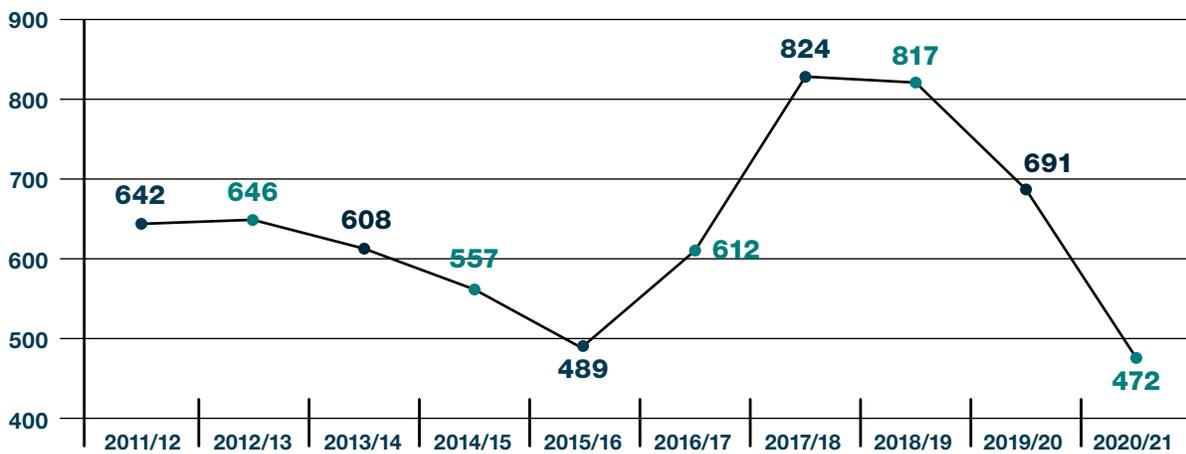
# FISCAL YEAR 2020-21

## BY THE NUMBERS

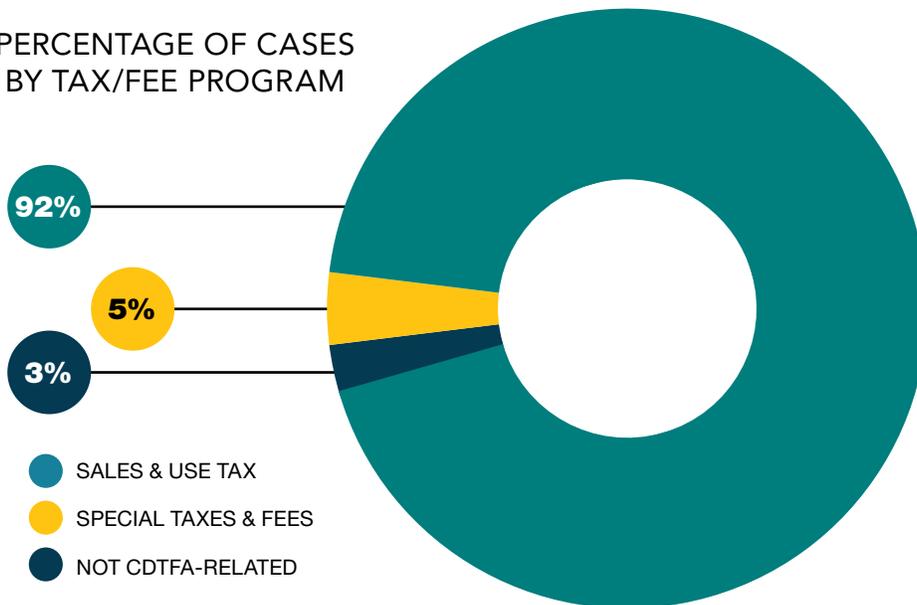
### CASES

The TRA Office recorded 472 new business taxes cases in fiscal year 2020-21. Of the 472 cases, 92 percent were related to 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



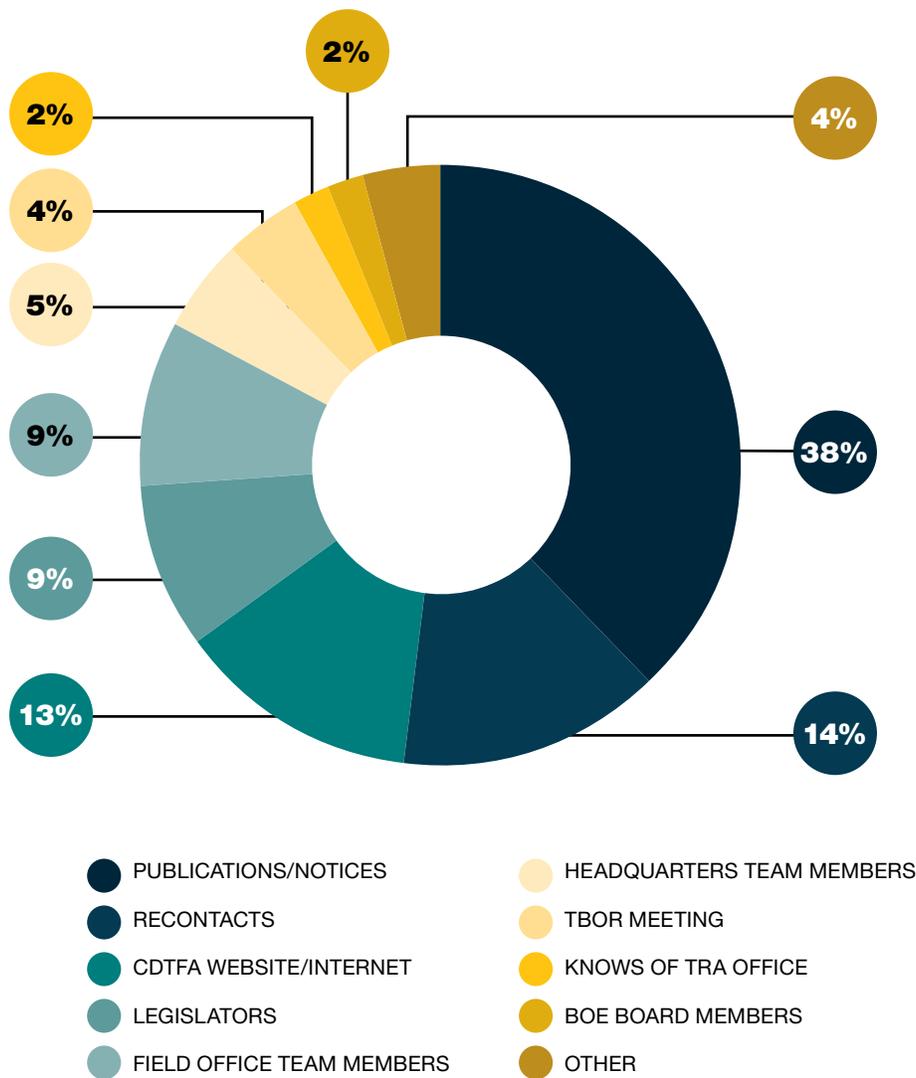
PERCENTAGE OF CASES BY TAX/FEE PROGRAM



## REFERRALS

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

HOW TAXPAYERS WERE REFERRED TO THE TRA OFFICE



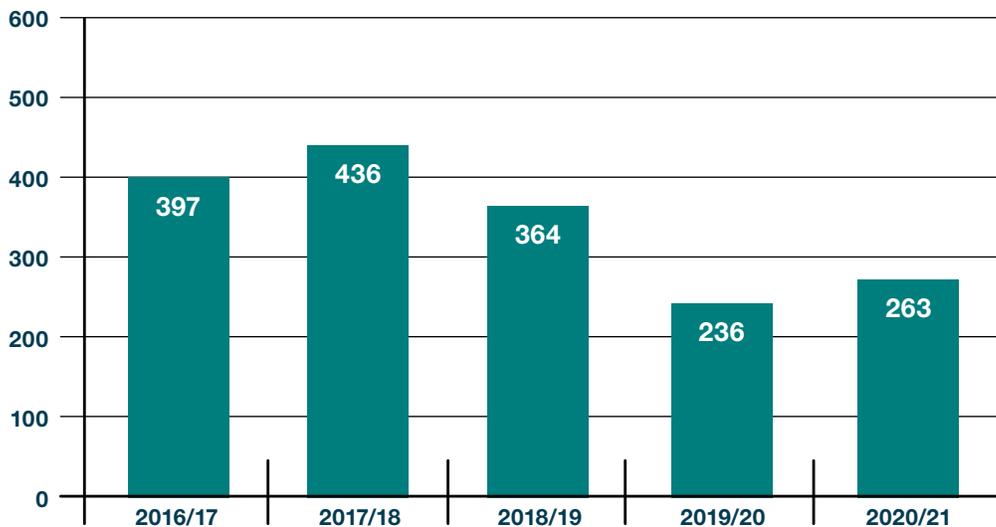
<sup>2</sup>The "other" category consists of various types of referrals, each comprising less than two percent of the total, including other agencies, customer service center, friends and colleagues, taxpayers' representatives, outreach events, and TRA Office information printed on permits.

### TELEPHONE CALLS

The TRA Office received an average of 263 calls per month in fiscal year 2020-21. Eight 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 many contacts from taxpayers and others who seek general information about a tax program or the application of tax law, or who have not yet attempted to resolve their various issues with CDTFA through normal channels.

The TRA Office assists all callers, including 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 CDTFA's 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 sales and use taxes and the various special taxes and fees administered by CDTFA. These tax and fee programs are collectively referred to in this publication as "business taxes." The primary goal of the TRA Office is to ensure that taxpayers contacting the office have their concerns promptly and fairly addressed if they have not been resolved through normal channels.

The Advocate and advocate office team members have extensive knowledge of CDTFA's programs, policies, and procedures. Therefore, the team can advise taxpayers of their rights and obligations, explain the tax law and CDTFA's policies, and seek out creative and appropriate solutions that are acceptable to taxpayers and 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 are examples of business taxes cases that illustrate the services the TRA Office provided to its customers this year.

### ABOUT THE BUSINESS TAXES CASE STATISTICS

During fiscal year 2020-21, the TRA Office recorded 472 new business taxes cases.

#### Outcome of Business Taxes Cases

[Appendix 1](#) provides 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 sought 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. 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 regarding either the types of complaints or 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.

Five percent of all cases this year expressed concerns related to customer service. The customer service statistics were based on taxpayers' 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 ascertains the nature of the issue and where the problem lies. In almost all instances, CDTFA handled the situation as required by legal, regulatory, and procedural mandates, but other issues or circumstances may still need to be addressed. As a result, the TRA Office may recommend a different approach to satisfy both CDTFA and the taxpayer.

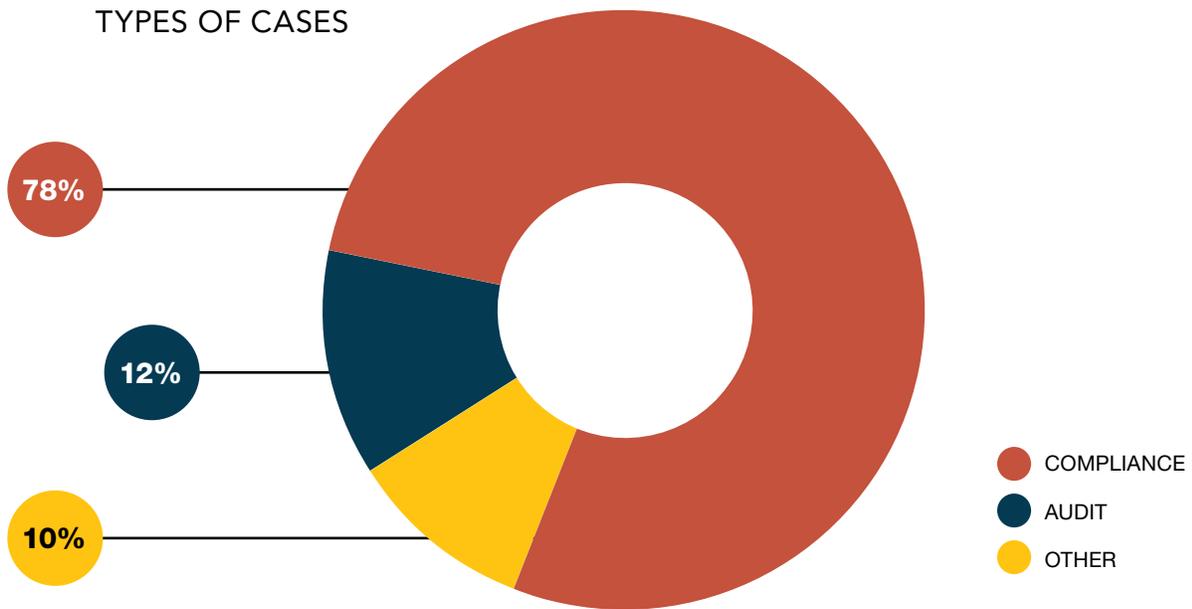
In instances where the TRA Office disagrees with CDTFA's handling of a case, the TRA Office works with CDTFA team members to resolve taxpayers' concerns and to address issues with how the cases have been handled. These instances comprise a small percentage of the business taxes cases—less than one percent in fiscal year 2020-21 (see Appendix 1). A case is recorded as “disagreed with case handling” only when the TRA Office finds that CDTFA:

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

The Advocate provides a quarterly report to the appropriate bureau chiefs containing the details of these cases, providing 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 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 are 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 CDTFA’s action 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 CDTFA’s cooperation.

**A taxpayer requests intervention by the TRA Office to confirm balance owed**

**Issue.** A taxpayer contacted the TRA Office because the taxpayer believed the liability on his account was incorrect and wanted to verify the correct amount before submitting an Offer in Compromise. His balance was over \$31,000.

**Resolution.** The TRA Office worked with the field office to ensure the taxpayer's balance was correct. This included working with the Collection Support Bureau to confirm which periods, if any, had been discharged in a bankruptcy the taxpayer filed 10 years ago. It was discovered that liabilities dating from the first quarter of 2002 through the second quarter of 2003 had been discharged in bankruptcy and, therefore, were not collectable. The taxpayer's only collectable liability was for the third quarter of 2003 and was not subject to discharge because the taxpayer failed to file a return for the period. Although this significantly lowered the taxpayer's liability, the taxpayer also believed the assessment for the third quarter 2003 was overstated. The TRA Office advised the taxpayer of the documents he needed to provide to establish that the assessment was overstated. Once those documents were provided, the field office adjusted the taxpayer's liability to \$5,677.

**Summary.** Under Revenue and Taxation Code section 7081, the Taxpayers' Bill of Rights provides that the purpose of any tax proceeding between CDTFA and a taxpayer is the determination of the taxpayer's correct amount of tax liability. In this case, the TRA Office took an active role to ensure the taxpayer's liability was adjusted to reflect what the taxpayer legally owed, which resulted in a reduction of the taxpayer's liability by over \$25,000.

### COVID relief funds captured by levy are refunded to taxpayer

**Background.** Many businesses were financially impacted by the Governor's stay-at-home order to reduce the spread and mitigate the impacts of COVID-19. To provide economic relief to businesses that experienced a loss of revenue, the federal government provided Economic Injury Disaster Loans (EIDL) for qualified small businesses. The EIDL provided the necessary working capital to help small businesses impacted by a disaster to survive until normal operations resumed. The funds were to be used for working capital and normal expenses, including the continuation of health care benefits, rent, utilities, and fixed debt payments. In addition, Governor Newsom issued Executive Order N-54-20, which stated any government financial assistance made available to businesses in response to the COVID-19 pandemic was exempt from any attachment, levy, execution, or garnishment.

**Issue.** In September 2020, a taxpayer's power of attorney (POA) contacted the TRA Office because CDTFA had levied his client's bank account and captured \$26,165.14. According to the taxpayer, he received \$25,000 in August as part of the EIDL. While the taxpayer's restaurant was closed due to COVID-19 and had no income, the taxpayer was utilizing the EIDL funds to keep the business afloat by paying normal operating expenses until the business could reopen.

CDTFA's collector initially rejected the taxpayer's claim that the funds were exempt because the levy captured the funds 45 days after the EIDL was deposited into the taxpayer's bank account and already had been used to pay "qualifying expenses."

**Resolution.** The TRA Office's review of the taxpayer's finances confirmed that the taxpayer received an EIDL loan of \$25,000. After reviewing the taxpayer's financial documents and Executive Order N-54-20, the TRA Office determined the funds should be refunded because CDTFA was not entitled to the \$25,000 EIDL funds per Executive Order N-54-20. Although CDTFA believed the taxpayer already used the \$25,000 to pay "qualifying expenses," the TRA Office found that the funds were to be used for continued expenses during the pandemic while the business was closed. In addition, the TRA Office reasoned that at the time the levy captured the funds in the bank account, the taxpayer's balance was \$31,652. Therefore, after adjusting for the EIDL, there was \$5,362 remaining in the taxpayer's bank account which was not exempt from the levy.



When the field office opposed returning the funds, the issue was brought to the attention of the Deputy Director, Field Operations Division. After reviewing the case, the Deputy Director agreed with the TRA Office and over \$20,000 was refunded to the taxpayer.

**Summary.** Flexibility is important when working with taxpayers to find solutions that are beneficial to taxpayers and the state. When reviewing a taxpayer's compliance history, CDTFA must consider whether the taxpayer has been adversely impacted by the COVID-19 pandemic. In this case, the TRA Office remained persistent in its efforts to protect the rights of the taxpayer until the COVID-19 relief funds were refunded to the taxpayer.

### Taxpayer challenges interpretation of law

**Issue.** A taxpayer contacted the TRA Office because they disagreed with audit findings regarding their sales of pumpkins. Generally, pumpkins sold for decoration are subject to tax, but pumpkins sold for human consumption are exempt from tax. The audit concluded that taxpayer's pumpkins were subject to tax. However, the taxpayer stated most of their pumpkins were sold for human consumption, and therefore were exempt from tax. The taxpayer also demonstrated that when the pumpkins were not intended for human consumption, they charged tax reimbursement to their customers and remitted the tax.

**Resolution.** All pumpkin sales were going to be assessed as taxable by the auditor. However, the TRA Office pointed out that pumpkins are food products and are not subject to sales tax when sold for human consumption. The taxpayer was applying sales tax correctly, charging sales tax on decorated pumpkins not intended for human consumption.

Sales and Use Tax Regulation 1602 *Food Products* provides in part:

*(a) In General. Tax does not apply to sales of food products for human consumption except as provided in Regulations 1503, 1574, and 1603.*

In addition, Sales and Use Tax Regulation 1698.5 *Audit Procedures*, subdivision (b)(1) provides:

*The purpose of an audit is to efficiently determine whether the amount of tax has been reported correctly based on relevant tax statutes, regulations, and case law.*

The TRA Office brought this to the attention of the Audit Principal, who agreed with the TRA Office's interpretation. The result of the audit was a No Opinion Warranted (NOW)<sup>3</sup> recommendation. Therefore, no further review of the taxpayer's records was conducted.

**Summary.** The TRA Office's knowledge of sales and use tax law can play a vital role in resolving taxpayer issues with CDTFA. In this case, the TRA Office questioned the auditor's interpretation of the law, which resulted in a NOW recommendation. As a result, the taxpayer avoided a lengthy audit, saving time and money for the taxpayer, and also for the state.

### Taxpayer already paid liability

**Issue.** The field office contacted the taxpayer for payment because he had a balance on his account, though the taxpayer believed he had paid years ago. A review of the taxpayer's account showed his bookkeeper inadvertently made the third quarter of 2003 payment to an unrelated taxpayer's account. This resulted in an overpayment to the unrelated taxpayer's account. In May of 2010, a refund was issued, and the check was cashed by the unrelated taxpayer. At the time, the error was noted on the unrelated taxpayer's account. Subsequently, the taxpayer, who now had an unpaid return, was billed in November of 2010. The account was subsequently written off.

Ten years later, in 2020, CDTFA contacted the taxpayer regarding the liability. When the field office suggested that the taxpayer pay the liability and then request a refund, the taxpayer contacted the TRA Office for assistance.

**Resolution.** It was unfair to request the taxpayer pay again when CDTFA knew there was an error made by the taxpayer's bookkeeper, and this error was not resolved by CDTFA at the time it was made. The TRA Office contacted the Petitions Section and the Return Analysis and Allocation Section and found a solution in accordance with CDTFA's policies, laws, and system capabilities. Ultimately, the taxpayer's balance was adjusted to eliminate the liability.

**Summary.** The TRA Office is committed to helping taxpayers when they cannot resolve issues through normal channels. In this case, the TRA Office worked with other units in CDTFA to facilitate a resolution to this taxpayer's unique situation.

<sup>3</sup>NOW recommendations result in zero liability.

## ACCOMPLISHMENTS—TRA OFFICE IMPACT

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

### 2020 Taxpayers' Bill of Rights meeting successfully shifts to teleconference

The TRA Office is dedicated to serving taxpayers by improving public outreach. Under the Taxpayers' Bill of Rights, CDTFA Taxpayers' Rights Advocate is required to hold an annual meeting. This annual event provides taxpayers and their representatives with the opportunity to present ideas, voice concerns, and offer suggestions. Presenters may also propose legislative changes and changes to CDTFA policies and procedures pertaining to the various CDTFA-administrated tax and fee programs. To comply with the safety orders related to the COVID-19 pandemic and ensure the health and safety of the public and CDTFA team members, the TRA Office held the meeting via a live Microsoft Teams webinar rather than in person.

This year's meeting was held on August 13, 2020. The TRA Office, with the assistance of CDTFA, took the following actions to inform the public, the California State Legislature, and interested parties of the meeting and its new format:

- Placed information on CDTFA's website.
- Mailed letters to state senators and assembly members.
- Sent emails to 953 TRA Listserv subscribers.
- Posted information on social media—Facebook®, Twitter, Instagram®, and LinkedIn®.
- Issued a press release to over 800 relevant outlets.
- Sent an invitation to all permit holders, which included instructions for accessing Microsoft Teams.

The webinar was a great success! More than 170 people attended the meeting and the number of presenters doubled compared to the prior year. As a result, the TRA Office is planning to incorporate an online format in future years to improve public access to these important meetings.

# 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 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.

Seven 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 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 CDTFA. TAAP is well-received by all seven law schools and the program's clients. The Advocate will continue to coordinate TAAP cases with both the Appeals Bureau and the Business Tax and Fee Division.

## CASE RESOLUTION

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During fiscal year 2020-21, 249 individuals and businesses were informed about the program, 63 new cases were accepted, and 66 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 Office of Tax Appeals (OTA); and
- Promote and achieve more efficient and cost-effective resolution of taxpayer appeals.

# APPENDIX



## APPENDIX 1—OUTCOME OF BUSINESS TAXES CASES

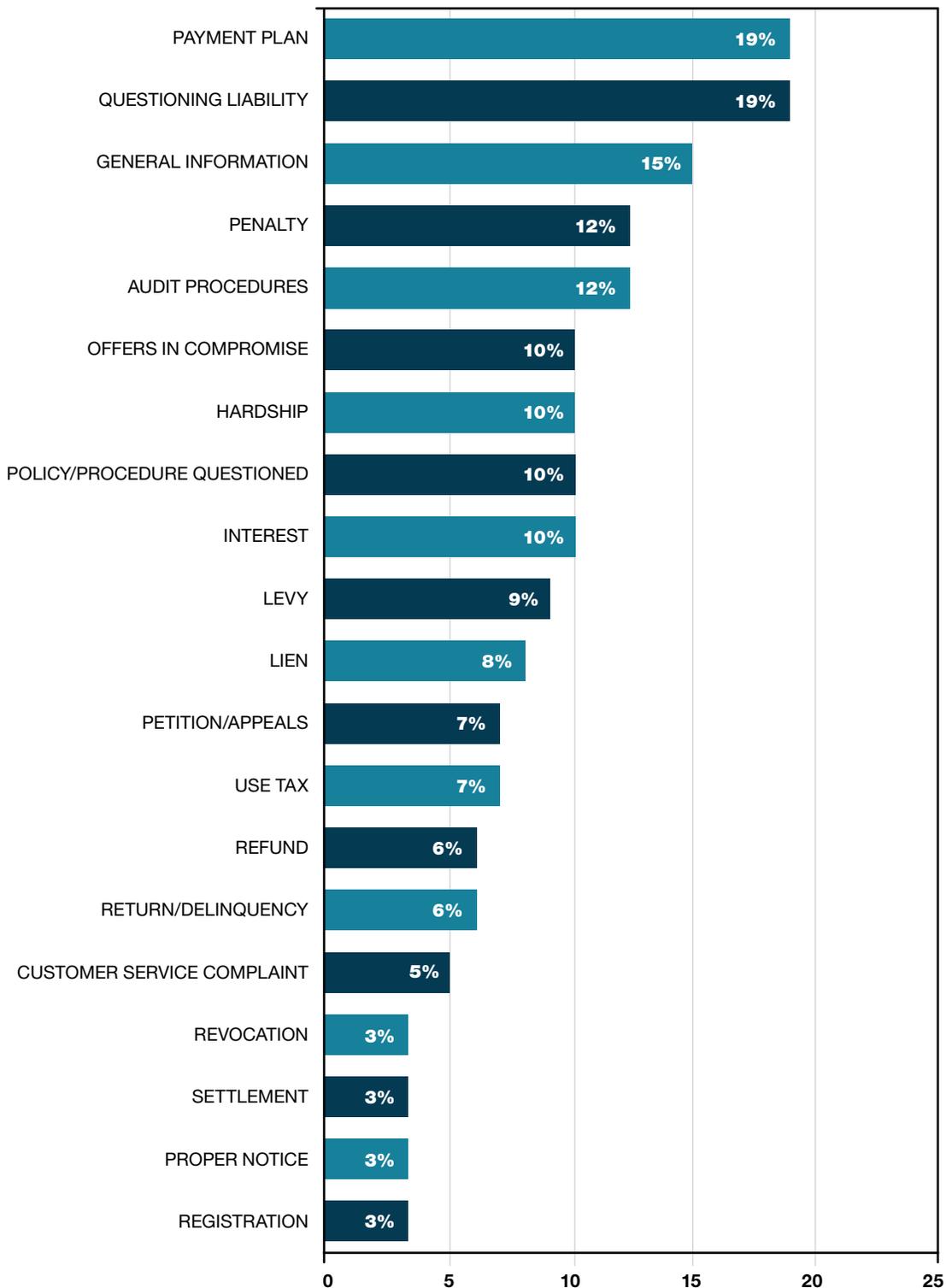
Location	Types of Cases			Total Cases	Customer Service Concerns	Disagreed with Case Handling <sup>1</sup>	Case Handling Changed <sup>2</sup>
	Audit	Compliance	Other				
Appeals & Data Analysis Branch	0	0	0	0	0	0	0
Appeals Bureau	0	2	0	2	0	0	0
Audit Determination and Refund Section	2	0	0	2	0	0	0
Bakersfield Office	0	4	0	4	0	0	0
Cerritos Office	4	10	1	15	0	0	3
Collections Support Bureau	0	3	0	3	0	0	0
Consumer Use Tax Section	0	9	2	11	1	0	0
Culver City Office	1	20	1	22	0	0	0
Customer Service Center	0	0	0	0	0	0	0
El Centro Office	0	0	0	0	0	0	0
Fairfield Office	2	5	0	7	0	0	1
Fresno Office	2	9	0	11	1	0	1
Glendale Office	4	19	0	23	0	0	3
Investigations (Cigarette/Tobacco)	0	1	0	1	0	0	0
Irvine Office	5	22	0	27	2	0	1
Motor Carrier Office	1	0	0	1	0	0	0
Oakland Office	2	26	0	28	3	1	4
Offer in Compromise Section	0	8	0	8	0	0	0
Other <sup>3</sup>	0	16	30	46	3	0	3
Other Government Agencies	0	12	3	15	0	0	0
Out-of-State Offices	6	14	0	20	1	0	0
Petitions Section	1	0	0	1	0	0	1
Program and Compliance Bureau	0	10	2	12	0	0	2
Rancho Cucamonga Office	1	3	0	4	0	0	2
Rancho Mirage Office	1	1	0	2	1	0	0
Redding Office	0	0	0	0	0	0	0
Return Analysis Unit	1	4	0	5	0	0	3
Riverside Office	2	15	0	17	2	0	1
Sacramento Office	6	39	1	46	1	0	4
Salinas Office	2	4	1	7	0	0	2
San Diego Office	1	25	1	27	0	0	2
San Francisco Office	3	17	1	21	2	0	1
San Jose Office	4	10	0	14	0	0	2
Santa Clarita Office	4	5	1	10	1	0	1
Santa Rosa Office	1	10	0	11	0	0	0
Settlement & Taxpayer Services Bureau	0	1	0	1	0	0	0
Statewide Compliance and Outreach Program	0	0	0	0	0	0	0
Tax Policy Bureau	1	1	0	2	1	0	0
Use Tax Administration Section	0	28	0	28	3	0	5
Ventura Office	0	5	1	6	0	0	0
West Covina Office	2	10	0	12	0	0	2
<b>Total</b>	<b>59</b>	<b>368</b>	<b>45</b>	<b>472</b>	<b>22</b>	<b>1</b>	<b>44</b>

<sup>1</sup> 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 CASE ISSUES





# TAXPAYERS' RIGHTS ADVOCATE OFFICE CONTACT INFORMATION

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## TAXPAYERS' RIGHTS ADVOCATE OFFICE

450 N Street, MIC:70  
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Copies of this publication may be ordered from the Taxpayers' Rights Advocate Office by calling 1-888-324-2798, by writing to the address above, or by downloading from the website shown above.



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