

*FINANCIAL INSTITUTIONS NOW REQUIRED TO LIQUIDATE A DELINQUENT
TAXPAYER'S FINANCIAL ASSETS UPON RECEIVING AN ORDER TO WITHHOLD*

PURPOSE OF BULLETIN To advise staff that pursuant to the passage of Assembly Bill 1767, financial institutions are required to liquidate the financial assets of a delinquent taxpayer and remit the net proceeds to the Franchise Tax Board after receiving an Order to Withhold. This bill amends Revenue & Taxation Code Section 18670 and allows the FTB to seize and sell securities without using the warrant process.

BACKGROUND Previously, R&TC Section 18670 did not authorize the financial institutions to liquidate a taxpayer's assets after receiving an Order to Withhold. FTB was required to use the warrant process and sell the securities at public auction.

EFFECTIVE DATE This provision becomes effective January 1, 2006 and applies only to Orders to Withhold issued on or after that date.

GENERAL INFORMATION Financial institutions are required to liquidate a taxpayer's financial assets within 61 to 90 days after the date the Order to Withhold is received. Financial assets include stocks, securities, bonds, mutual funds, commercial deposits, etc.

If the value of a taxpayer's financial assets exceeds the amount shown due on the Order, the taxpayer may elect to designate which assets are to be liquidated to satisfy the Order and request immediate liquidation of those assets. The taxpayer must make this election within 60 days of the date the financial institution received the Order.

Questions regarding individual accounts should be referred to the unit or individual that issued the Order, using the telephone number found on the notice.
