

Transcript for Do's and Don'ts of Filing BE Return Webinar

Slide 1

Good morning and welcome to today's webinar.

I am Kelly Bluth and presenting with me today is Kevin Coughlin. We also have with us Kim Vandermeeden who is our subject matter expert. Today we will be talking about the dos and don'ts of filing BE returns.

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Before we get started, I would like to take a moment to explain how the control panel on your screen works. In the upper right hand corner of your screen, you should see a tab. Just click on the arrow on the tab to expand out your control panel.

This slide shows an image of a control panel that is similar to the one on your screen. It shows the various parts of the control panel and their functions.

Notice that your control panel has a dial-in number and an access code on it. At if, any point during the presentation you lose our signal, or if you can't hear the audio, please call the number listed on your screen to hear this webinar over the phone.

At the bottom of your control panel, there's a place for you to type questions. Please feel free to type in your question at any time during the webinar. We do our best to answer those questions at the end of the presentation or respond back to you directly as soon as possible after the webinar.

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We cannot answer account specific questions.

For account specific questions, call:

- Tax Practitioner Hotline at 916.845.7057. Again, that number is 916.845.7057.
- The Public Number is 800.852.5711. Again, that number is 800.852.5711.

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When you call us about your client's account, our phone agent will ask you several questions to insure that we have the ability to talk to you on the taxpayer's behalf. To answer these questions you need one of the following:

- A copy of the notice you are calling about
- A copy of the tax return you are calling about, or
- A Power of Attorney on file with FTB

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For the tax practitioners attending today, due to limited FTB resources, this webinar will not qualify for Continuing Education Credits.

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The objectives of today's webinar are:

- Dissolving or Cancelling a Business Entity.
- Corporation Estimate Tax Payments & Penalty.
- Short Period Returns.
- Single Member LLCs.
- Reasonable Cause.
- Schedule R-7.
- Exempt Organizations and
- Bits & Pieces.

Now here is Kevin.

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As the 2012 filing season comes to a close for calendar year filers, some taxpayers are going to decide to close their business at the end of the year.

In this portion of the webinar, we are going to go over some pointers to successfully close a business for tax purposes.

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Business entities are required to file returns and pay taxes and LLC fees until they formally dissolve, withdraw, surrender, or cancel with the SOS.

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So the first thing you want to get is FTB Publication 1038, Guide to Dissolve, Surrender, or Cancel a California Business Entity. The publication lists the forms that the business will need to complete and file with the Secretary of State.

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The Secretary of State's website is **sos.ca.gov**.

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So timing is everything. When you're preparing the 2012 return and you think the business may be considering closing, talk to your client and assess their options.

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Business entities can avoid the minimum franchise or annual tax and LLC fee for the current tax year if they meet all the following requirements:

- ✓ File a timely final return, including extensions, for the preceding tax year.
- ✓ Do not conduct business **after** the preceding tax year and
- ✓ File the appropriate paperwork with SOS within 12 months of filing the entity's final return.

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Let's look at an example.

Stickfigure Inc. filed its 2012 calendar year return marked "FINAL" on Oct. 15, 2013, which is the extended due date.

- They did no business after December 31, 2012 and
- They filed the appropriate paperwork with SOS.

Secretary of State accepts the paperwork on November 19, 2013.

Since the corporation meets the requirements above, the corporation will not need to file a 2013 return or pay the \$800 minimum franchise tax.

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If a corporation's first tax year is also their final tax year, the tax will be computed on the taxable income for that year at the applicable tax rate.

The corporation will not be subject to the minimum franchise tax.

However, this does not apply to nonqualified foreign corporations.

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Now let's talk about a short-form cancellation for LLCs.

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A **domestic** LLC organized in California can file a short form cancellation if *all* of the following apply:

- The certificate of cancellation is being filed within 12 months of the filing of the articles of organization.
- The LLC has no debts or liabilities, except those described as tax liabilities.
- The LLC states that a timely final tax return has been or will be filed with FTB.

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- They have not conducted any business since organizing.
- All assets of the LLC have been distributed to the entitled persons.
- The cancellation is authorized by a majority of the managers or members, or the person or majority of persons that signed the articles of organization and
- All payments the LLC received for interests have been returned to the investors.

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An LLC that qualifies for the short form cancellation does not have to pay the \$800 annual tax for the first tax year.

- If the LLC makes a payment **on or after** the date it files its paperwork with the SOS we can refund the payment.
- However, if the LLC makes a payment **before** the date it files its paperwork with SOS, we will not refund that payment.

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Here is an example of a short-form cancellation.

Stickfigure LLC filed its LLC Articles of Organization with the SOS on May 1, 2013. In November, Stickfigure LLC determined it did not have enough capital to start the business. On December 14, 2013, it filed an LLC short form certificate of cancellation asserting that it met all of the above requirements. Since Stickfigure, LLC is on a calendar tax year they would need to file a return for 2013, but they would not have to pay the \$800 annual tax.

And now back to Kelly.

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Thank you Kevin!

In this portion of the webinar, we will be going over corp. estimated tax payments and penalties.

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Let's begin with some helpful pointers.

Your clients can make payments online using Web Pay for Businesses. After a one-time registration, corporations can make an immediate payment or schedule payments up to a year in advance.

You or your clients can check their estimated tax payments by going to MyFTB for Businesses.

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In general, we follow the underlying *theory* of federal corp. estimated tax law. We are going to be focusing on the major differences between state and federal law.

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Here are the major differences we will be going over:

- Minimum franchise tax & Qualified Subchapter S Subsidiary (QSub) tax.
- Estimated tax basis.
- Installment percentages.
- Mandatory EFT.
- Refund of estimated tax payments.

Slide 24

- The penalty amount.
- Exceptions to the penalty and the
- New law tax penalty waiver.

Slide 25

All corporations subject to the franchise tax must pay at least the minimum franchise tax on or before the due date of their first installment.

There is an Exception.

Corporations that are incorporated or qualified in California are not required to pay the minimum franchise tax for their first year of existence.

However, they are still required to make estimated tax payments based on their estimated income for their first year.

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S corporations that have a Qualified Subchapter S subsidiary or QSub must pay an \$800 QSub tax for each QSub doing business in the state. The QSub tax must be included in the parent's first estimated tax payment.

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The following items are included in the estimated tax basis:

- Franchise and Income tax.
- Alternative minimum tax.
- Built-in gains tax.
- Excess net passive income tax.
- Credit recapture amounts and
- Real estate investment trusts dividend income.

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The following items are not included in the California estimated tax basis:

- Look-back tax interest computed on FTB Form 3834.
- Interest on certain installment sales.

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Unlike federal, we require corporations to pay 100% of their current year's tax in estimated tax payments. I call this The Rule.

Slide 30

The chart shows the required percentages for each installment. Although the third installment is zero, the corporation can make a payment if it wants to lower the fourth quarter estimated payment amount. Also, they can make a third quarter installment payment to lower the amount of the estimated tax penalty.

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Corporations that meet the following requirements must make all of their payments by EFT. Once they meet one of the requirements, we will send them a letter; notifying the corporation that they are required to make all their payments by EFT. These requirements are:

- Making an estimated tax payment or extension payment in excess of \$20,000, or
- Have a total tax liability in excess of \$80,000.

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Corporations required to make EFT payments can use Web Pay and be considered in compliance with this requirement.

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Corporations that are subject to the EFT payment requirement can request a waiver for a onetime event such as a sale of a large asset.

They should complete FTB Form 3816 and send it to us as soon as they get our notification letter.

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Once a corporation meets the threshold, all subsequent payments regardless of amount, tax type, or tax year must be remitted electronically to avoid a 10% penalty.

For more information, you can go our website and search for EFT or you can call the EFT unit at 916.845.4025. Once again, that number is 916.845.4025.

Slide 35

IRS permits a corporation to request a quick refund of estimated tax under certain conditions. To request this refund taxpayers use IRS Form 4466, *Corporation Application for Quick Refund of Overpayment of Estimated Tax*.

Slide 36

We do not conform.

Taxpayers must file a tax return to receive a refund.

Slide 37

How the estimated tax penalty is calculated is perhaps the biggest difference between state and federal.

For federal, the estimated tax penalty is based on the lesser of prior year or current year tax.

For state tax purposes, the estimated tax penalty is based on 100% of current year's tax only.

Remember, this is also known as The Rule.

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Like federal, we do have exceptions, such as prior year and annualization. But this is where the similarity ends.

Federal requires only 25% of the annual payment for calculation of the exception. However, we compute the payment on a cumulative or total basis.

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Let's look at an example:

For Federal:

The current year's tax is \$150,000

The prior year's tax was \$140,000

The estimated tax required for the year is \$140,000.

The 1st Installment amount should be \$35,000.

The corporation paid \$34,500 in the 1st installment.

They underpaid their installment by \$500. For federal purposes, the estimated tax penalty for the first installment would be \$500.

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For the State:

The current year's tax is \$42,500

The prior year's tax was \$30,000

The estimate tax requirement is 100% of current year's tax which is \$42,500.

The 1st installment should be \$13,260.

The corporation paid \$8,000 in its first installment.

Using prior year's tax exception, how much is their underpayment amount?

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As you can see from Form 5806, Part IV, Prior Year Exception the corporation did not meet exception for the 1st installment.

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On what amount are we going to compute the estimated tax penalty?

- A. \$1,000
- B. \$5,260
- C. I paid 100% of current year.
- D. None of the above

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We are going to compute the estimated penalty on ...

How many of you said A?

If we were the same as federal, A would be the correct answer.

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The correct answer is B - \$5,260.

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The rule is a 100% of current year's tax. Prior year or annualizations are exceptions to the rule. If you don't not meet an exception, you are required to compute the penalty based on current year.

Slide 46

Unlike federal, corporations can request an estimated tax penalty waiver, if the underpayment was created or increased by any change in the law during and operative for the tax year of the underpayment.

The instructions on how to request a waiver can be found in our instructions to the Form 5806.

Slide 47

Election to Apply Overpayment to Next Year's Estimated tax

How many of you know that you are making a binding election when you have this year's overpayment applied to the following year?

A corporation that has an overpayment of tax for the current year can elect to have the overpayment applied to the next year's tax. The election to apply this year's overpayment to next's year's estimated tax is binding. Once the election has been made, the overpayment cannot be used against a deficiency occurring in the prior year.

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Let's go over a very common example:

When Stickfigure Inc filed its 2012 return, it had a refund of \$2,000, which it elected to have applied against its 2013 estimated tax. Later in the year, the corporation discovered that it had forgotten to include some interest income that increased its 2012 tax liability by \$500.

Since the election is irrevocable, the corporation must pay the \$500 plus interest and any applicable penalties.

And now back to you Kevin!

Slide 49

Thank you, Kelly. During this part of the webinar, I will be discussing short period returns. We will first go over corporation short period returns and then go over Partnerships and LLCs.

Slide 50

What is a Short-Period Tax Year?

A short period tax year is any tax period of less than 12 months.

Slide 51

General Rule for a short period return is that the original due date of a short period return is the 15th day of the third month after the close of the short period tax year. The seven-month paperless extension also applies to short period returns.

Slide 52

Whenever a corporation must file a short period return for federal purposes, the corporation must also file a short period return with the state.

The original due date of the state return is the same due date as the federal return. In addition, the corporation will be eligible for the state automatic seven-month extension to file the state return.

Most common reasons for a short period return is when a corporation goes from a C corp. to an S corp., an S corp. to a C corp. or when the corporation is brought or sold.

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What is the impact to your clients?

Well, each short period is considered a separate tax year and as such is subject to at least the minimum franchise tax for each year.

Also, when the corporation files its first short period return with FTB, using the federal due date, chances are good that we are going to assess a late filing penalty. However, when this happens, call the Practitioner Hotline and explain what happened and we will fix the account.

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Just like corporations, each short period return of an LLC or partnership, is considered a separate tax year and as such subject to \$800 annual tax and if applicable the LLC fee for each tax year.

However, unlike corporations, there is no exception for short period returns to the normal due date for returns.

Slide 55

Let's go over an example:

Stickfigure, LLC is equally owned by Kelly & David.

On June 30, 2012, David sold his interest to John.

This is considered a technical termination and Stickfigure must file two short period returns.

The first return will cover January 1 through June 30 and the LLC had gross receipts of \$6,000,000.

The second return will cover July 1 through December 31 and the LLC had gross receipts of \$6,500,000.

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Now let's look at Stickfigure's filing and tax requirements.

As you can see from the chart, Stickfigure is required to pay the \$800 annual tax for each short period. In addition, they are going to have to pay the maximum amount of the fee for each short-period.

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What is important to see are the due dates for payment of the annual tax and the fee, especially, the date for the second fee. If these amounts are not timely paid, they will be subject to penalties and interest. Finally, don't forget the per partner/member penalty for filing the return late.

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[Pause]

Slide 58

An **entity conversion** is when one business entity changes its form into another business entity type, such as when a limited partnership converts into an LLC. When this happens during the year, you might need to file short period returns.

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Let's go over an example:

- June 30 – Crazy Nine Patch, LP converts to an LLC.
- The new LLC has gross receipts of \$6,500,000 from July 1 to Dec. 31.

Slide 60

Now let's look at Crazy Nine Patch's filing and tax requirements.

As you can see from the chart, the filing requirements are pretty straight forward. Once again, make sure that both returns are timely filed to avoid penalties and interest.

Now it's time to turn the webinar back to Kelly.

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In this part of the webinar, we are going to over some of the difficulties we see associated with single member LLCs.

Slide 62

A single member LLC, that is not taxable as a corporation, is generally disregarded for tax purposes.

The parent of a disregarded single member LLC reports all income, loss, deductions, and credits of the single member on their return.

A disregarded single member LLC must file FTB Form 568. Single members LLCs do not file a return for federal.

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We are the same as the federal with all income, losses, deductions, and credits being reported on the parent's tax return.

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Never assume that we are the same as federal.

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However, we are different from federal in the following ways:

A disregarded single member LLC must:

- File FTB Form 568,
- Pay an annual tax of \$800.
- Pay an LLC fee, if applicable and
- Pay a nonconsenting nonresident member tax, if applicable.

Slide 66

If the single member LLC is owned by another LLC – do not include the gross receipts of the single member in the parent's gross receipts when computing the LLC fee.

Slide 67

We receive a fair amount of calls asking us how to file returns for single member LLCs that have an ownership change during the tax year. So we thought it would be helpful to go this information in the webinar.

Slide 68

LLCs that change from a single member LLC to a multiple member LLC must file short period returns.

- Each short period return is treated as a separate tax year.
- An annual tax and LLC fee is assessed for each short period return.

Slide 69

When a multiple member LLC changes to a single member, the LLC terminates as a partnership for tax purposes.

- Short period returns may be required.
- Each short period return is treated as a separate tax year.
- The annual tax and LLC fee is assessed for each short period return.

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Generally, when a single member is sold to another single owner, it does not trigger short period returns.

However, if the new owner has a different accounting period than the old owner, the single member may have to file short period return in order to match the accounting period of the new owner.

Tag you're it, Kevin.

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Thanks Kelly.

"What can you do about this penalty?"

This portion of the webinar will focus on reasonable cause for a penalty waiver.

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In order for a penalty to be canceled, reasonable cause must exist.

Reasonable cause means that the act occurred despite the exercise of ordinary business care and prudence.

Slide 73

The determination of reasonable cause is made on a case-by-case basis, taking into account all pertinent facts and circumstances.

Slide 74

Don't do this!

Send us letters just saying you are requesting a penalty waiver based on reasonable cause and not willful neglect.

No facts – No waiver.

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Do this instead:

To request a penalty waiver based on reasonable cause you need to:

- Send us a letter listing the **facts**
- And if needed, include your supporting documents that support your request.

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As more and more returns are e-filed, remember to make sure that you get confirmation that the return was properly transmitted and accepted. This is true whether you are transmitting one return or hundreds of returns at the same time.

Slide 77

Remember that reasonable cause is determined on a case by case basis. For more information on reasonable cause, you can go to our website and search for reasonable cause. But let me warn you, what you are going to find are examples of what does not qualify for reasonable cause.

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This slide shows the law summary for delinquent and demand and failure to furnish penalties.

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And here we have the law summary for the late payment penalty.

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Also available on our website is a penalty reference chart. Eighteen whole pages of reading pleasure!

Now back to Kelly.

Slide 81

Thank you Kevin!

In this portion of the webinar, we are going to go over the two most common errors we see on combined returns and Schedule R.

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A combined return is filed by a group of corporations that are unitary.

They are required to compute their income on a combined basis and if their members are doing business inside and outside of California, they must apportion their income using Schedule R. A unitary group can file one of two ways:

- They can file individual corporate returns. This is usually done when the corporations have different accounting periods. Or
- They can file a single return for all the corporations that have a California filing requirement. This is similar to the federal consolidated return.

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Never assume that we are the same as federal.

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Let me introduce you to the Stickfigure Family.

- Stickfigure Empire & Subs is the parent corporation. It is located in Kentucky and does not do business in California.
- Vastly Expensive Sewing Machine Company is a sub and is located in California.
- Expense Sewing Machine Company is another sub and is located in Oregon. It does not do business in California.
- Affordable Sewing Machine Company is also a sub and has locations in California and Washington.
- And finally, Machines on Wheels which manufactures sewing machine totes in North Carolina. It does not do business in California.

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This is how their tax preparer completed the entity portion of their federal return.

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And this is the \$800 mistake their tax preparer made.

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By listing the parent in the entity section of the Form 100 or Form 100W, you are telling us that the parent has a filing requirement and is subject to at least the minimum franchise tax.

In the instructions to Schedule R, we say:

The parent corporation of a unitary group should only be designated as the key corporation if it is qualified or incorporated in California, or if it is doing business in California. Combined returns are often filed with a parent corporation that is neither qualified or doing business in California designated as the key corporation. This can result in an erroneous assessment of the minimum franchise tax to the parent corporation.

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What is a key corporation?

The key corporation is a corporation that is taxable in California and, when applicable, be the parent corporation.

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If the parent corporation is not a California taxpayer, the key corporation should be the taxpayer with the largest property factor in California.

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So this is the way the entity section should look.

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Use the key corporation's name & California number on all:

- Correspondence
- POAs

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And especially all payments!

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When we process combined returns we use the Schedule R-7 to establish relationships between the parent and/or Key Corporation and its subs. By doing this we avoid sending your clients filing enforcement notices.

However, this becomes a difficult task for us, if you do not provide us with the California numbers.

But you are saying that I gave you the FEIN isn't that going to work?

The answer is maybe. The FEIN is only as good as the one you gave us. If there is an error with the FEIN, we have on record we may not find the corporation.

When this happens, we will correct it when your client calls us after they received the filing enforcement letter.

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The second biggest combined return call we receive is when the taxpayer or tax preparer leaves a subsidiary off the Schedule R-7.

If the sub is included in the combined report and you can tell us what page of the return it is on so we can verify the information, we can fix the problem.

However, if the sub is not included in the combined return, you will either have to amend the combined return or file a separate return for the subsidiary.

Also, note that can us between 6 to 12 months to process an amended return depending on its complexity.

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Filing an amended return will not stop the billing process.

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Do I have to call FTB to get the California Corporation number?

No, if the corporation:

- Incorporated in California
- Qualified to do business through the Secretary of State, or
- Received a notice from us

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You can check the Secretary of State's website for their corporation number and status, such as suspended, dissolved, or surrendered.

Any notice we send to the corporation will also have their corporation ID number on it.

Slide 96

Yes, you have to call us, if it is a nonqualified corporation or you don't have a notice from us.

OK, Kevin it is back to you.

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It has been my experience that most of the calls we receive through the 800 number about exempt organizations are from volunteers. On the hotline, we hear from tax practitioners who maybe do one or two exempt organization returns every couple of years.

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First, never assume that we are the same as federal.

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Although our exempt law is patterned after the federal, the organization must file an exempt application with us.

If they don't obtain state tax-exempt status, it remains subject to the franchise tax.

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To obtain state tax-exempt status, the organization needs to submit to us one of the following:

- Form 3500, *Exemption Application* or
- Form 3500A, *Submission of Exemption Request*, if you obtained federal exemption under IRC Section 501(c)(3).

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If the organization didn't realize that they need to file a separate exempt application with the state, we may grant them retroactive status.

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Our Exempt Unit has a wonderful set of publications that will help you through the exempt process. We have also included Pub 1038, which will help when you have to dissolve an exempt organization.

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When all else fails give the Exempt Unit a call. They will guide you through the exempt process and answer all of your questions.

Now back to Kelly.

Slide 104

Thank you, Kevin. Finally, we come to our last subject. Bits and pieces of advice.

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Never ever, send one check for multiple tax years or taxpayers. "But I attached a list!" you say. Well, yes, your check made it processing but your list didn't.

Ok, your check and list are processed and the list goes to a clerk to split the payment.

Here is what the clerk sees:

- Your name for the entity on your list doesn't match the:
 - Secretary of State's records or
 - Name you used on the return
 - You used the entities FEIN, instead of its California ID number. The only time that a FEIN is acceptable is when the entity is a partnership.

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Do this instead: Use webpay! It's easy and convenient.

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Or do this instead:

Mail all payments individually for the separate entities and account periods. Make sure all payments include the:

- Correct entity identification number
- Exact legal name and
- Account period for the payment

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Never ever, mail multiple returns in one envelope!

We use high speed optical scanners to process paper returns!

The multiple returns can be processed as one return and your client will not find out about the process error until they start getting the filing enforcement letters.

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Do this instead:

Mail all returns separately or e-file your return.

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Tell your clients never ever cash a check from us or IRS unless they are expecting it. If your client receive a check out of the blue from us it usually an indication that something is wrong. It is easier to fix these types of problems when they just return the check to us.

For example:

We had a corporation send us one check for 10 different corporations and LLCs. Also, for several different tax years. They did send a list. Except for two corporations, the names didn't match our records and company gave us only FEINs which also, didn't match our records. Our clerk applied the money the best they could. So, one of the entities received a \$15,000 refund check they were not expecting. However, they cashed the check and the parent didn't find out there was a problem until almost a year later when the entities began to receive notices. By that time, it was too late to fix the problem.

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Now it is time for questions. Please note, that we will be answering general questions. For account specific questions, please call us.

You can submit your questions through the "Ask Question" window on your Go To Meeting Dashboard.

Depending on the volume of questions we receive, we may present a series of standard questions and answers.

If we cannot answer all of your questions within our allotted time period, we will email you with the answer.

Now it is time for your questions and I am going to turn it over to Kim.

Thank you, Kelly. Here are the questions that have been submitted thus far.

The first question is: Can I voluntarily make my corporation payments by EFT?

The answer to your first question:

Yes. A taxpayer who does not meet the mandatory threshold amounts may choose to voluntarily submit EFT payments with prior department approval. To participate, contact the **e-Programs Customer Service Unit**. Their phone number is 916.845.4025. They are available between 8 a.m. and 5 p.m, Monday thru Friday. Again, the phone number is 916.845.4025. Their fax number is 916.845.5340. Again, the fax number is 916.845.5340.

The second question we received is How do I get a copy of the presentation?

And the answer is the presentation will be available shortly on our website **ftb.ca.gov**. You look under "News and Events" and the option is third on the navigation bar to your left.

Another question we received is: Is the LLC Fee deductible?

Answer is:

Yes, the LLC fee is deductible as an ordinary and necessary business expense.

Another Question:

My client's wants to dissolve his corporation, but the corporation is suspended. What does the corporation need to do at this point?

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Answer:

The SOS cannot accept the corporation's dissolution documents if FTB suspended or forfeited the corporation. You must complete all of the following requirements before you submit your dissolution documents to SOS:

- Pay all outstanding balances due.
- File any delinquent tax returns.
- File FTB 3557, *Application for Certificate of Revivor*

If you are not sure what items you need to file, you can call the suspended unit at 916.845.0494. Again, that number is 916.845.0494.

Another question:

I have clients that file their first corporation return before they registered with SOS and paid the minimum franchise tax. The next year they qualified, but were assessed the minimum franchise tax for that return too. Shouldn't one of those returns not be subject to the minimum franchise tax?

Answer

Yes. However, you need to call us and explain what happened and we refund the minimum franchise tax from the first year.

Question:

Are all partnerships subject to annual tax?

Answer

Only limited partnerships are subject to \$800 annual tax if they are

- Formed in California
- Doing business in California, or
- Registered with the Secretary of State

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Another Question:

If a corporation files a return, that is not marked final but they did no business following December 31st, can they amend the return, change it to final, and close the business following proper procedures?

Answer:

You would want to give us a call and you can call the Tax Practitioner hotline at 916.845.7057. Again, that number is 916.845.7057.

Question:

A Single Member LLC has elected to be taxed as an S Corp. How does the entity get a California corporation number to complete its 100S?

Answer:

You are going to file the Form 100S using the SOSL number in the box just below the FEIN on the Form 100S. Franchise Tax Board will assign a corporation ID number once that return is processed and you can call in and we will give you that number.

Question:

What is the difference between surrendering and cancelling?

Answer:

Surrendering is for a foreign corporations and cancelling is for a LLCs.

Question:

What is the name and form number to close a business?

Answer:

Publication 1038.

Question:

Will Franchise Tax Board accept the Federal POA form that is available through the IRS e-Services?

Answer:

Yes and you can read the instructions for POA and listen to our POA webinar.

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Question:

What happens when the estimate taxes fall below \$20,000 to \$80,000? Do taxes need to be paid by EFT?

Answer:

Once you are subject to EFT, all payments from then on need to be paid by EFT.

Question:

If a corporation pays its extension payment late, how far back from the extension due date is interest computed?

Answer:

It is computed back to the original due date.

Question:

A SMLLC sells to a SMLLC. Are there not two separate tax years for one for each owner?

Answer:

No, it is still one return.

This is Kelly again. I would like to add before we close we have got a lot of questions asking us is the \$800 LLC annual tax is deductible? The answer is no. It is a tax and you cannot deduct it.

So that brings us to the end of our webinar. If you would like to view this webinar or prior ones, please go to our website and click on "News & Events." Webinars is the third item listed on the navigation bar.

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We hope you found this webinar interesting and helpful.

On behalf of the Franchise Tax Board, thank you for attending today's webinar.