



STATE OF CALIFORNIA
 FRANCHISE TAX BOARD
 PO BOX 942867
 SACRAMENTO CA 94267-1111
 WWW.FTB.CA.GOV
 (800) 852-5711 or outside U.S. (916) 845-6500



PIT PA

Notice Date: December 27, 2004

Account Number: [REDACTED]

SSN: [REDACTED]

Income Tax Amnesty Application

To correct name or address, line out old and write in new information.

BRYAN [REDACTED]
 [REDACTED]
 SAN DIEGO CA [REDACTED]

According to our records, you have a pending *Notice of Proposed Assessment*, protest, appeal or settlement request with the Franchise Tax Board. You may be eligible to participate in California's tax amnesty program on any or all tax years beginning before January 1, 2003.

Why should you participate in amnesty?

If you participate in the amnesty program and pay your tax liabilities and interest, we will waive certain penalties and fees. If you owe no penalties or fees, please see the important note on the reverse side.

How do you participate?

To find out how you can participate, see the instructions on the next page, or visit our Website at www.ftb.ca.gov for the latest news.

Amnesty Eligible Account Summary Estimated Through March 31, 2005	Choose the box for each year you want included under amnesty (see instructions).			TAX YEAR	TAX RETURN ON FILE?	ACCOUNT INFORMATION	
	Full	Or	Partial			WITHOUT AMNESTY	WITH AMNESTY
If you want to include additional years not listed on the table, add them here. →	[]	Or	[]	2001	No	\$3,946.60	*
	Total					\$3,946.60	*

*Please contact us at (800) 852-2753 for additional information.

In some cases, you may not realize any savings under amnesty because amnesty only eliminates certain penalties and fees. However, if you have an existing or pending tax liability for a tax year beginning before January 1, 2003, and you do not take part in amnesty, we may impose substantial, new penalties after the amnesty period expires. The new penalties include a penalty equal to 50 percent of any interest you owe on any unpaid tax liability as of March 31, 2005.

By completing amnesty, I give up my right to protest, appeal, file a claim for refund or credit, or settle amounts for which I have selected amnesty and agree that my protest, appeal, or settlement request, for the years and amounts that I complete amnesty, will be dismissed. I am signing this document under penalty of perjury.

Signature: _____

Date: _____

Signature (spouse): _____

Date: _____

Daytime telephone number: () _____

California Tax Amnesty: Apply February 1 through March 31, 2005

How to Participate

STEP 1	<p>Select the years you want included under amnesty.</p> <p>For each year you want included in amnesty, check the relevant box to the left of each tax year indicating whether you are choosing full amnesty or partial amnesty. Refer to Question 6 for important information regarding partial amnesty participation.</p> <p>If you wish to participate in amnesty for years not listed on the notice related to underreported items, simply write in the years in the box next to the arrow. The amnesty program applies to taxable years beginning before January 1, 2003.</p>
STEP 2	<p>Sign and submit your application to us between February 1 and March 31, 2005.</p> <p>If your spouse is also applying for tax years in which you filed joint returns, you can apply together using this single application. Please keep a copy of both sides of your application for your records.</p> <p>IMPORTANT: If you're currently under protection of Title 11 of the United States Code for one or more of the tax years you select, you must obtain an order approving your participation in the amnesty program from the Federal Bankruptcy Court having jurisdiction over your bankruptcy case. If you received a discharge from a bankruptcy court for any of the tax years listed, please contact us so we can update our records.</p> <p>California has a tax information exchange agreement with the IRS. What you disclose under state tax amnesty will be available to them.</p>
STEP 3	<p>File required returns only if you are choosing partial amnesty or filing missing returns.</p> <p>You may apply for amnesty on any or all of the assessments listed and for any years you should have filed returns but didn't. If you choose to apply for partial amnesty, you must:</p> <ul style="list-style-type: none"> • Complete the appropriate amended tax return showing the computation of the portion of the tax on the <i>Notice of Proposed Assessment</i> or <i>Notice of Action</i> that you wish to include in amnesty. • File your amended return and any missing returns no later than May 31, 2005. <p>For important information regarding choosing partial amnesty, see Question 6.</p>
STEP 4	<p>Pay the tax and interest no later than May 31, 2005.</p> <p>Submit your combined tax and interest payment for all years for which you selected amnesty. You can pay by check made payable to the Franchise Tax Board, go to our Website at www.ftb.ca.gov to pay electronically. If you want to participate but can't pay in full by May 31, 2005, see Question 7. We'll apply all payments received during the amnesty period to amnesty tax years first unless you specify otherwise.</p> <p>The tax amounts shown on this notice may not reflect recent payments, adjustments, or all balances eligible for amnesty. You can call us at the telephone number on the front of this notice to get additional information or obtain your exact final balance.</p> <p>Send all amnesty applications, payments, and tax returns by the dates noted above to:</p> <p style="text-align: center;">FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-1111</p> <p>Go to our Website at www.ftb.ca.gov for information on electronic payment options.</p>

IMPORTANT: If you choose not to apply for amnesty, but wish to pay all outstanding liabilities to avoid the penalties applicable after amnesty expires, you must pay your tax obligation in full by March 31, 2005. See Question 8 for more information on these penalties.

If you do not owe any penalties or fees, you may want to consult a tax advisor to decide if participating in amnesty, instead of simply paying your tax obligation in full by March 31, 2005, makes more sense in your situation.

For contact information, see Question 11.

COMMON QUESTIONS RELATED TO CALIFORNIA TAX AMNESTY

1. How will tax amnesty participation affect me?

You can apply for income tax amnesty on any tax years beginning before January 1, 2003, for which you have an outstanding obligation, you have not filed a return, or you have underreported your tax liability. If you apply and meet the requirements, we'll cancel certain penalties and fees associated with the applicable years. In addition, we'll agree not to criminally prosecute you for those tax years.

To maintain amnesty, you must remain in compliance by filing and paying your taxes in 2005 and 2006. If you pay past due taxes through an amnesty installment agreement, you must also meet the requirements of that agreement. If you don't meet either of these requirements, we must revoke your amnesty, reinstate canceled penalties and fees, and assess new amnesty-related penalties.

On years for which we grant you amnesty, you give up your right to submit a claim for refund or credit for any amount paid during amnesty. You also agree to give up your protest and appeal rights (including protests or appeals in settlement) for any amounts selected for amnesty.

California has a tax information exchange agreement with the IRS. What you disclose under state tax amnesty will be available to them.

2. Who benefits under tax amnesty?

Amnesty benefits taxpayers who:

- Didn't file required franchise or income tax returns.
- Underreported income on previously filed franchise or income tax returns.
- Claimed excessive deductions.
- Didn't pay previously assessed taxes, interest, penalties, or fees.

3. Who qualifies for tax amnesty?

Tax amnesty is open to:

- Individuals
- Fiduciaries
- Estates and trusts
- Partnerships
- Limited liability companies
- Corporations
- Exempt organizations with unrelated business taxable income

4. What taxpayers and issues don't qualify for tax amnesty?

Tax amnesty is unavailable for:

- Taxpayers currently under criminal investigation or prosecution on tax-related matters.
- Abusive tax shelter items that were eligible for relief under California's Voluntary Compliance Initiative or the IRS's Offshore Voluntary Compliance Initiative. These initiatives applied to taxpayers who invested in abusive tax shelters. **Note:** These taxpayers are eligible for amnesty for non-abusive tax shelter items.

5. What if I have a current tax dispute?

You can apply for tax amnesty for unpaid amounts where you filed a formal protest or appeal (including protests or appeals in settlement), or you received a *Notice of Proposed Assessment* or *Notice of Action* and the time for you to protest or appeal has not expired. Please see the bulleted item below that applies to your situation.

◆ If you received a *Notice of Proposed Assessment* and have not responded

If the time for filing a protest has not expired and you apply for and complete amnesty for the years shown on the proposed assessment, you're telling us that you agree with the proposed assessment. We will finalize the assessment, process your amnesty application, and apply your payment to the amount due.

◆ If you have a pending protest

If you apply for and complete amnesty on a year for which you have a pending protest of a *Notice of Proposed Assessment*, you're requesting that we dismiss your protest. We will finalize the assessment, process your amnesty application, and apply your payment to the amount due.

◆ If you have a pending appeal

If you apply for and complete amnesty on a year for which you have a pending appeal with the California State Board of Equalization, your amnesty application is a request that the Board of Equalization dismiss your appeal. We will finalize the assessment, process your amnesty application, and apply your payment to the amount due.

◆ If you have an interest abatement or innocent spouse appeal

If you filed a formal appeal to the California State Board of Equalization under the special innocent spouse (individuals only) or interest abatement process, you can request amnesty by filing an application and paying in full the balance due. Your amnesty application and completion of amnesty is a request that the Board of Equalization dismiss your appeal. We will process your amnesty application and apply your payment to the amount due.

◆ If you received a *Notice of Action* on a proposed assessment and have not filed an appeal

If the time for filing an appeal with the California State Board of Equalization has not expired, and you apply for and complete amnesty for the tax year shown on the *Notice of Action*, you're telling us that you agree with the *Notice of Action*. We will finalize the assessment, process your amnesty application, and apply your payment to the amount due.

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6. Partial participation

Most taxpayers will choose full participation in amnesty so we can waive most penalties and fees and they can avoid the substantial, new penalties that may apply after March 31, 2005. However, it is possible to request amnesty only for a portion of a proposed assessment amount, while continuing to protest or appeal the remaining disputed portion. If you don't choose full amnesty participation, you'll be subject to amnesty penalties on any portion remaining after March 31, 2005. (See Question 8 for further information.)

If you want to apply for partial amnesty for a proposed assessment, indicate that by checking your selected years' **Partial** box for the years, and then follow the directions for submitting the form. By May 31, 2005, you will need to pay in full all amounts for which you request amnesty and any other balance due amounts for the years, and file an amended return showing the computation of the amnesty portion of the proposed assessment.

7. What if I choose to participate but can't pay my amnesty tax liabilities in full by May 31, 2005?

You may be eligible to enter into an amnesty installment agreement that extends your final payment due date to **June 30, 2006**. You can apply online at www.ftb.ca.gov. If you prefer to submit a paper installment agreement application, you can get an installment agreement booklet and application (FTB 3567 *BK Amnesty*) online or by phone. See Question 11 for contact information. Amounts owed under the amnesty installment agreement for non-amnesty years need not be paid by June 30, 2006.

8. What happens if I choose not to participate in the amnesty program?

Effective April 1, 2005, if you choose not to participate in amnesty for taxable years beginning before January 1, 2003, we may take the following actions:

- Impose a mandatory 50 percent interest-based amnesty penalty on any existing unpaid interest amount on amnesty-eligible taxable years. **Exception:** If you have an existing installment agreement as of February 1, 2005, we won't impose this penalty on any unpaid interest you still owe under the agreement after the amnesty period.
- Impose a mandatory 50 percent interest-based amnesty penalty on future liabilities assessed for amnesty-eligible taxable years as of March 31, 2005.
- Assess an increased accuracy-related penalty of 40 percent on new deficiency assessments.
- Pursue stepped-up enforcement efforts.

9. Is my amnesty choice binding?

Yes, your choice is binding. You can't change it once you submit your application. Once amnesty is completed you will lose any right to protest, appeal, file a claim for refund or credit, or settle amounts for which you have selected amnesty. For this purpose, completion of amnesty means satisfying the conditions of filing an application, filing any necessary returns, and paying any necessary amounts (or entering into an amnesty installment agreement). While amnesty can be revoked due to noncompliance with the requirement to pay any amount of tax (including penalties, fees, and other amounts) for 2005 or 2006 taxable years, which failure results in imposition of a collection cost recovery fee, revocation of amnesty will not reinstate a dismissed protest or appeal.

10. What if I receive more than one amnesty notification from the Franchise Tax Board?

If you receive multiple amnesty notifications from us, and want amnesty for any tax matters the notices address, you should respond according to the specific instructions provided on each notice.

11. Where can I get more information?

By Internet at www.ftb.ca.gov, you can:

- Fill out and print a California **Income Tax Amnesty Application** (FTB 2300 PIT).
- Get your most current amnesty balance approximately two weeks after you file your application.
- Print 1985 through 2002 California income tax forms.
- Print other instructions and publications.
- Get updated tax amnesty-related information.
- Use electronic payment options.

By telephone, at:

- (800) 338-0505, follow the prompts on this interactive voice response system to:
 - Order a California **Income Tax Amnesty Application** (FTB 2300 PIT).
 - Get your most current amnesty balance approximately two weeks after you file your application.
 - Get general tax amnesty information.
- (800) 852-5711, follow the prompts on this interactive voice response system to get tax forms for years 2002 and earlier. When calling from outside the United States, dial (916) 845-6500 (not toll-free). Please allow two weeks to receive your order (three weeks if you live outside California).

Assistance for persons with disabilities: We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments please call (800) 822-6268.

DOWNLOADED FROM:

***Sovereignty Education and Defense Ministry
(SEDM) Website***

<http://sedm.org>

