Income Tax Amnesty Application

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

Right now, California's 2005 tax amnesty program offers you a window of opportunity - pay your past-due income taxes and interest, and you won't have to pay most penalties and fees or face prosecution. If you choose to take advantage of this limited time program, you can correct your tax records and save money. We'll waive most existing penalties and fees applicable to taxable years beginning before January 1, 2003, and you'll avoid new penalties that will be effective March 31, 2005.

The money we collect is needed to support California's quality of life, funding programs like schools, law and police departments, streets and highways, and other basic programs we often take for granted. Bottom line? You'll benefit from tax amnesty and so will your community.

You must apply for amnesty between February 1 and March 31, 2005. You have until May 31, 2005, to file missing or amended returns and pay your tax and interest. To learn how you can participate, see the back of this application. We've included more information on the pages that follow, and you can get the latest amnesty news at our Website: www.lib.ca.gov.

<table>
<thead>
<tr>
<th>Amnesty Eligible Account Summary</th>
<th>TAX YEAR</th>
<th>TAX RETURN ON FILE</th>
<th>AMOUNT DUE BEFORE NEW PENALTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Through March 31, 2005</td>
<td>2002</td>
<td>No</td>
<td>13,875.57</td>
</tr>
<tr>
<td>Check the box for each year you want included under amnesty.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>If you want to include other years, roll listed on the table and add them here.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>13,875.57</td>
</tr>
</tbody>
</table>

*Please contact us at (800) 689-4776 for additional information*

I understand that by signing this application and completing amnesty, I give up my right to protest, appeal, or file a claim, for refund or credit of these amounts for which I have selected amnesty. I also understand my amnesty will be canceled if I do not file my income tax returns and pay any resulting income taxes for taxable years 2003 and 2004. I am signing this document under penalty of perjury.

Signature: ___________________________ Date: ____________
Signature (spouse): ___________________________ Date: ____________

Daytime telephone number: ___________________________
How to Participate

Select the years you want included under amnesty.

In the table on the front of this application, check the box to the left for each year you want included in amnesty. If you wish to participate in amnesty for years not listed on the notice, simply write in the years in the box next to the arrow. The amnesty program applies to taxable years beginning before January 1, 2003, if you believe any of the listed amounts are in error, please contact us immediately at the number on the top of the application.

Sign and submit your application to us by March 31, 2005.

If your spouse is also applying for tax years in which you both file joint returns, you can apply together using this single application. Please keep a copy of both sides of your application for your records.

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.

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

File any required returns by May 31, 2005.

You must file any required returns (including amended returns) by May 31, 2005. If you apply for amnesty and the application shows "No" under Tax Return on File, you must file the appropriate tax return. You must provide proof if you feel that no return is required for that year. You must also file amended returns on any amnesty tax years for which you understated or misstated tax liability.

Pay the tax and interest by May 31, 2005.

Submit your payment for all outstanding liabilities, including those that result from new or amended returns. You can pay electronically at our Website, www.ftb.ca.gov. If you pay by check, make it payable to the Franchise Tax Board, and be sure to include on it the word "Amnesty," your social security number, and the taxable years you selected for amnesty.

If you want to participate but can't pay in full by May 31, 2005, you may be eligible to pay in an installment agreement that extends your final due date to June 30, 2006. See Question 5.

The Amount Due Without Amnesty shown on this notice may not reflect recent payments, adjustments, or all balances eligible for amnesty. If you apply for amnesty, you can pay the amnesty/clearance shown on this statement and we'll send you a bill for the difference any changes may raise, or you can call us at the telephone number on the front of this notice to get your exact final balance.

Send all amnesty applications, payments, and tax returns to:

FRANCHISE TAX BOARD
PO BOX 942687
SACRAMENTO CA 94267-1111

Or, go to our Website at www.ftb.ca.gov for information on electronic payment options.

IMPORTANT: If you choose not to apply for amnesty, but wish to file past due returns and pay your tax obligation in full, we must receive your payment and tax return by March 31, 2005. After the amnesty period, substantial new penalties will apply to any balance remaining on your account. See Question 7.

You may not realize any savings under amnesty, because amnesty only eliminates certain penalties and fees. However, penalties effective after the amnesty period will increase your balance if you don't pay your total balance by March 31, 2005, or participate in the program. If you don't 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 9.
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 any 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 the debt due to 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, impose canceled penalties and fees, and assess new amnesty-related penalties and fees.

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 not 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:
- Did not file required franchise or income tax returns.
- Underreported income on previously filed franchise or income tax returns.
- Claimed excessive deductions.
- Did not pay previously assessed taxes, interest, penalties, or fines.

3. What qualifies for tax amnesty?

Tax amnesty is open to:
- Individuals
- Corporations
- Estates and trusts
- Partnerships
- Limited liability companies
- Nonprofit 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 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 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 9 for contact information.

Amounts owed under the amnesty installment agreement for non-amnesty years need not be paid by June 30, 2006.

6. What if I’m already in an installment agreement and I want to participate in tax amnesty?

If you are currently in an installment agreement with us, and would like to request an amnesty installment agreement, contact us. Once we approve your request, we’ll cancel your current agreement and establish a new amnesty installment agreement. We’ll add a $20 fee to your account balance for establishing the new agreement. See Question 9 for contact information.

To avoid default, you must remit all amounts due under amnesty on your new amnesty installment agreement by June 30, 2006. We’ll apply installment payments received during this time to amnesty tax years first unless you notify otherwise. If you cancel your existing installment agreement, and later default under amnesty, you may be subject to substantial new post-amnesty penalties. See Question 7 for penalty information.

Note: Your new amnesty installment agreement may also include amounts for non-amnesty years, and those amounts do not have to be paid by June 30, 2006, to avoid defaulting under amnesty.
7. 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.

8. Can I get a refund on penalties and fees I've already paid?

Only unpaid amounts are available for amnesty. You can't get a refund of penalty amounts that are already paid.

9. 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) 338-0501, 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 2005 and earlier. When calling from outside the United States, dial (916) 845-6500 (not toll-free). Please allow ten 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) 622-6258.

For privacy information, see form FTB 1131.