

CALEITC EFFORTS AND CORRESPONDING SB 1409 REPORT CONCEPTS

A. Develop a Simplified Filing Portal

- ✓ CalFile being modified to accept zero income tax returns

Pending:

- The recently passed federal bill - Inflation Reduction Act - requires the IRS to present to Congress in one year, a plan for simplified/free efile.

B. Pre-Populate State Tax Return

C. Simplify the Tax Filing Process

D. Expand education and outreach to potentially eligible CalEITC taxpayers

- ✓ FTB has been resourced to begin education and outreach in Summer of 2023 for both filers and nonfilers
- ✓ FTB, CDSS, DHCS will continue to engage in data sharing to promote outreach by CDSS or DHCS and FTB will continue to work with CDSS data to determine how and to what extent we can identify the tax unit compared to the household unit.

Pending:

- Proposal would require employers and public assistance programs to notify employees and participants twice a year of the federal and state anti-poverty credits and both VITA and CalFile.

E. Tax Identification Number

- ✓ Grantees continue to focus on establishing relationships with Acceptance Agents or training staff for this role with the goal of increasing ITIN assistance. For 21/22, the following was reported:

Number of ITIN Applicants Assisted	Number of IRS CAA Staff (Currently Certified)	Number of IRS CAA Staff (Certification in Process)	Number of ITIN Returns Submitted
4,235	301	378	2,591

Pending:

- IRS have begun a modernization effort of the process to request or renew an ITIN.
 - *Source: IRS website - Beginning August 15, 2022, the IRS will impose a moratorium on the Acceptance Agent Program. The moratorium will last*

until Summer 2023 and, when lifted, we will issue a notification of rescission. The moratorium will allow for significant modernization efforts resulting in a more efficient application process. The overall timeframe to process properly submitted applications will change from months to weeks.

F. Create tax forms in multiple languages

Pending:

- FTB continues to study tools for our website that will enhance the experience for taxpayers needing services in other than English.

G. Increase grant funding for community based organizations to engage in outreach and free tax preparation services

And

H. Provide ongoing funding for grant funding so outreach and return filing assistance efforts can be conducted year round

- ✓ Funding proposed and approved as ongoing beginning in 22/23 Budget @ \$10,000,000
- ✓ Funding approved at \$20,000,000 for 22/23 and 23/24

Pending:

- Legislature continues to discuss how to capture data to support an effectiveness study on grant funding.