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Tax Streamlining Wins Bipartisan Support

Westly Proposal Reduces Tax Paperwork

SACRAMENTO – Acting on a proposal by Controller Steve Westly, the Franchise Tax Board voted today to start a pilot program that would spare some taxpayers the aggravation of filling out income tax returns.

The pilot program, approved in a bipartisan vote, will make California the first state in the nation to give as many as 10,000 taxpayers the option of approving “pro forma” returns for the 2004 tax season. The pro forma returns will be based on wage and other data already submitted to tax officials by employers and financial institutions.

“Filling out a tax return is a pain in the neck,” Westly said. “This pilot program will give taxpayers a choice, and a chance to spare themselves the hassle and the headache that comes with tax paperwork.”

The pilot will target taxpayers with the most simple returns – about 70 percent of whom receive tax refunds – especially singles who earn wages from only one employer, take the standard deduction and have no dependents.

Eligible taxpayers will receive a letter and a completed paper return for their review or be directed to file their return electronically via a special website. All taxpayers would have a chance to modify the information on their pro forma return before filing.

The Board approved the pilot program on a vote of 2-0, with Westly and Director of Finance Donna Arduin voting in favor, and one abstention. The FTB will use funds from within its budget to pay for the pilot program, which will use existing technology to gather data for the returns, improve customer service and reduce paper.

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