

# **Compliance Policy and Procedures Manual**

## **Chapter 3**

# **Account Maintenance**

Business Tax and Fee Division  
*California Department of  
Tax and Fee Administration*

*This is an advisory publication providing direction to staff administering the Sales and Use Tax Law and Regulations. Although this material is revised periodically, the most current material may be contained in other resources including Operations Memoranda and Policy Memoranda. Please contact any California Department of Tax and Fee Administration office if there are concerns regarding any section of this publication.*

COMPLIANCE POLICY AND PROCEDURES MANUAL

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**ACCOUNT MAINTENANCE**

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**ACCOUNT MAINTENANCE****300.000****ACCOUNT MAINTENANCE DEFINED****300.010**

Account maintenance is the procedure, or combination of procedures, by which changes to established customer and account records are made. These changes reflect corrections and updates. Many changes to existing customer or account records can be done by the taxpayer online; however, some changes may require team members to complete the change in the system.

**ORIGINATING CHANGES****300.020**

Most changes are initiated from information received from the taxpayer or other sources. Generally, changes to taxpayers' records may be processed by the Customer Service Center or the office receiving the requested changes. For special tax and fee accounts, only team members of the Audit and Carrier Bureau or Program and Compliance Bureau should make changes to the account. Change requests to an account should be promptly processed.

**CHANGE OF ACCOUNT RECORD****300.030****CDTFA-1241-DE, Notice of Change in Reporting Basis**

The system will automatically send the CDTFA-1241-DE to taxpayers notifying them of their change in reporting basis when they meet certain criteria based on account activity. This form can also be manually sent to a taxpayer. Team members should be flexible if taxpayers request an alternative reporting basis, with the exception of the EFT and Quarterly — Prepayment reporting basis guidelines, which are set by statute. A taxpayer with a history of delinquencies or accounts receivable would not normally be placed on a less frequent reporting basis than indicated by the guidelines. However, team members should not automatically deny a request by a taxpayer on a monthly reporting basis, with a good payment record, to report on a quarterly basis.

**Tax Return and/or Account Adjustment Requests**

You may submit tax return and/or account adjustment requests for the following reasons:

- Move returns and/or payments between different accounts or within different periods of liability on the same account.
- Transfer returns with a change to either start date or close-out date.
- Split returns between accounts or within different periods of the same account.
- Reallocate tax for state, county, local or special taxing jurisdictions (for sales and use tax accounts).

For sales and use tax accounts, an adjustment request is made using a CDTFA-523, *Tax Return and/or Account Adjustment Notice*. CDTFA-523 requests should be sent to the Return Analysis Unit's shared mailbox BTFD-RAU Electronic Maintenance Requests.

For special tax and fee accounts, adjustment requests should be sent to the Return Processing Branch's shared mailbox BTFD-RPB Action Requests.

**ACCOUNT MAINTENANCE**

**CHANGES THAT REQUIRE THE CLOSEOUT  
OF THE EXISTING ACCOUNT**

**300.040**

Certain changes may not be made to an existing account and require the account be closed and a new account issued:

- Incorporation of an account or formation of limited liability company.
- Change of account type.
- Change of ownership type after taxpayer has filed the first return, such as from individual to partnership.

**PARTNERSHIP CHANGES****301.000****RUPA PROVISIONS****301.010**

The Revised Uniform Partnership Act of 1994 (RUPA) provides that partnerships are distinct and separate entities from their individual partners and allows for the continuation of a partnership with the addition or deletion of partners. (For information on the impact of RUPA on collection activity, see CPPM section 724.000.)

In accordance with RUPA provisions, team members should not close a partnership permit and issue a new one merely because of a change in partners (unless a written partnership agreement specifies dissolution of the partnership when a change in partners occurs). Since the permit will continue, for account maintenance and other purposes, it is imperative that partner-change information be properly documented.

**DOCUMENTING PARTNERSHIP CHANGES****301.020**

RUPA provides for the continuation of a partnership when a change in partners occurs. There is no requirement that the CDTFA be contacted and notified when a new partner is added or when a partner dissociates from the partnership.

Although RUPA does not require notification to creditors when a change in partners occurs, prompt notification to the CDTFA will protect former partners from being held liable for tax deficiencies incurred by the remaining partners after dissociation and help protect new partners from being held liable for debts incurred before they joined the partnership. Therefore, when team members learn that a change in partners has occurred, it is important that the following information be documented to help ensure that CDTFA records are accurate and up to date.

When notified by telephone that a partner has been added or dissociated, the team member receiving the information should obtain and document the following information:

- Name of the person providing the information.
- Phone number and address of person providing the information.
- Name of partnership and/or name of business (DBA).
- Account number, if known.
- Name(s) of managing partner or partners (at least one partner's name should be obtained).
- Name(s) of partner(s) added or dissociated.
- Effective date(s) of change.

In addition to the above, the following steps should be taken, when appropriate:

- The team member receiving the call must enter notes in the system on the date the information was received. *The caller should be asked to send in written confirmation of the information provided to the address of the office, section, or branch responsible for the account to the attention of the Administrator, section supervisor, or branch supervisor.* If written confirmation is not received within two weeks from the date of contact, a CDTFA-400-AP, *SUTD Confirmation Letter Adding Partner*, should be sent to the added partner, or a CDTFA-400-PD, *SUTD Confirmation Letter Partner Dropped*, should be sent to the dropped partner. A first-line supervisor or their designee should send the confirmation letter. A copy of this letter should also be sent to the business address in the name of the partnership or business name (DBA). A copy should also be sent to the Taxpayer Records Unit (MIC 36) using the Documentum procedures on the CDTFA's intranet. If more than one partner is being added or dissociated, multiple letters should be sent.

## ACCOUNT MAINTENANCE

### DOCUMENTING PARTNERSHIP CHANGES

(CONT.1) 301.020

- When notice of a change in partners is received in the Customer Service Center, or in any other office, the information should be updated in the system as soon as possible.
- If all pertinent information cannot be obtained during the initial phone contact, the team member receiving the call should at least obtain the caller's name, phone number and address, account number or name of the business, and at least one partner's name. A work item must be created in the system and assigned to the appropriate team member for follow up.
- If information is received in the mail, a work item must be created in the system and assigned to the appropriate team member.

### ADDING OR DISSOCIATING PARTNERS

301.030

When a partner is added to or dissociates from the partnership, generally the permit will remain active as long as business activity continues. The permit will be closed only if the partnership agreement specifies dissolution of the partnership when partners are added or dissociated, or a majority of the partners elect to dissolve the partnership. In that case, the permit will be closed and a new one issued to the new partnership or other entity.

When a partner dissociates from a partnership, the remaining partners must either elect to buy out the dissociating partner and continue the partnership, or dissolve the partnership. If the partnership continues, RUPA requires that the partnership buy out the dissociating partner's interest within 120 days of receiving a written demand for payment. If no agreement can be reached within that time, the partnership is required to pay the dissociating partner cash in the amount the partnership believes to be the buy-out price as established by RUPA section 16701(b).

If a partner dissociates from a partnership or is otherwise removed *and* this results in *only one partner remaining*, the original permit should be closed and a new permit issued for the business. The new permit should be for a sole proprietor or other non-partnership entity, since there cannot be a "partnership" consisting of only one person. By definition, a partnership is an association of *two or more* persons, formed to carry on a business for profit.

Instructions for closing an account, adding partners, or deleting partners from an account can be found in the system's Help Manager by searching "Close an Account," "Add a Link," or "Cease a Link," respectively.

## LEGAL NAME CHANGES

302.000

### BACKGROUND

302.010

Every customer entered into the CDTFA's system has a legal name. Certain events or circumstances may require a customer to change their legal name. When this occurs, that customer should notify the CDTFA of the change. Team members with security access shall make the change and enter notes in the system.

### STANDARD OF PROOF AND PROCEDURES

302.020

When the CDTFA receives a request from an individual to change their name, team members must determine how the name is being changed and obtain proof. The documents needed to verify name changes due to marriage, divorce, court order, or naturalization are listed below:

- Copy of the marriage certificate or
- Copy of the court order granting the name change, and
- Proof of identification with the individual's former name and new name, one of which should be picture identification with the new name. Picture identification may be in the form of a driver license, student identification card, or some other form of official identification.

In all cases, it should be established that the individual's new name and former name belong to the same person. Copies of the certificates, court orders, or proof of identity presented should not be kept. However, if the proof of identity appears questionable and the unit supervisor cannot resolve the issue of its acceptance, team members should:

- Make a copy of the documents,
- Inform the taxpayer their request for a name change may be delayed, and
- Forward the documents to the Compliance Policy Unit, MIC: 40, or to the Program and Compliance Bureau, MIC: 88.

The registration specialist will determine if the changes should be made and notify the originating office whether the name change can be made. If the change cannot be made, the registration specialist will provide the reason(s) why and suggest possible alternative solutions in order to effect the change.



**CHANGE OF TAXPAYERS' RECORDS**

**305.000**

**TYPES OF CHANGES TO TAXPAYERS' RECORDS**

**305.010**

Some changes to a taxpayer's customer or account records can be completed online by the taxpayer after logging in with their username and password. Team members with security level access to change registration records can perform the following information changes in the system:

- Primary, Books and Records, and Mailing address changes
- Site Maintenance (address, DBA)
- Customer Attributes and Profile information (entity type)
- Online Services Profile information
- Contact information (phone, email, personal references, etc.)
- Add or invalidate Activity codes
- Add or invalidate IDs (ABC, FEIN, etc.)
- Add, cease, or invalidate Links (POA, etc.)
- Account Attributes changes (part-time seller, filing frequency, etc.)
- Generate or invalidate returns

Instructions for changing the above information can be found in the system's Help Manager.

Only some team members have the security level to change ownership information, such as adding or removing a corporate officer. To request these kinds of changes, see CPPM section 305.015.

**ACCOUNT RECORDS CHANGE REQUESTS RECEIVED  
FROM CDTFA TEAM MEMBERS**

**305.015**

**Verifying Taxpayer Contact Information**

When team members are in contact with a taxpayer, whether in person, on the phone, or via email, an updated phone number, email address, and business address should be requested. Team members should also inquire about any ownership or business location changes, if appropriate. Notes must be added in the system regarding any account changes made. For special tax and fee accounts, only team members of the Audit and Carrier Bureau or Program and Compliance Bureau should make changes to the account.

Team members who do not have the rights to perform the necessary updates should create a Request Account Maintenance work item in the system and send an email or system bookmark to their supervisor or their designee for sales and use tax accounts. For special tax and fee accounts, an email should be sent to the Registration Section at [BTFDPCBRegMaintClose@cdtfa.ca.gov](mailto:BTFDPCBRegMaintClose@cdtfa.ca.gov).

**ACCOUNT RECORDS CHANGE REQUESTS RECEIVED  
FROM CDTFA TEAM MEMBERS**

**(CONT.) 305.015**

**Requirements for Updating Corporate Officer or LLC Member Information**

When the CDTFA receives information regarding any changes in the status of an officer or member, documentation must be obtained prior to making any update in the system. When the person requesting an update is a CDTFA team member (i.e., auditor, collector), proper forms must be attached to the work item in the system, along with supporting documentation for the requested changes as provided below.

- CDTFA-245-COR-1, *Corporate Officer Registration Update*, completed by the taxpayer and signed by all corporate officers.
- CDTFA-1296, *Account Update Information*, completed by the auditor.
- CDTFA-1296-RAM, *Registration and Account Maintenance Update*, completed by the collector.

Additional documents used to verify an officer or member change include, but are not limited to, the following:

- Validated copies of Secretary of State (SOS) forms filed with the SOS.
- A copy of the corporate minutes stating a change of officers.
- A signed letter from the corporation, preferably on corporate letterhead, authorizing the requestor to make such changes and documenting the officer or member change.
- SOS information obtained from the SOS online business search.

**ACCOUNT MAINTENANCE**

**MOVE OF BUSINESS LOCATION 310.000**

**MOVE FROM ONE OFFICE OF ACCOUNT TO ANOTHER 310.010**

When an established account moves its business location, or moves the location of books and records, to a place within the administrative boundaries of another field office, the system automatically changes the office of account after the new address is entered. In the case of an account with multiple locations in different areas, the office of account is determined based on the address where the books and records are maintained. Anytime the books and records address is updated on an account, the office of account will automatically be reevaluated and updated accordingly.

Before processing a change of business address, the account should be reviewed to see if the account is active and if any sales are being reported. If no sales have been reported for a year or more, the account should be closed, and the taxpayer notified either by phone or mail.

If the account has liquid security, the security documents must be sent to the new office of account.

**CHANGE IN FILING FREQUENCY****315.000****OVERVIEW OF CHANGE IN FILING FREQUENCY****315.010**

Filing frequency is the interval of time for which a taxpayer is required to file a tax or fee return. The taxpayer cannot change their filing frequency but may request a change from the CDTFA.

In general, changes to the filing frequency can be made at any time and should be documented. For example, team members may place an account that has historically been a collection or compliance problem on a different filing frequency, so the field offices can assist the taxpayer in staying in compliance with the CDTFA. In addition, changes in the tax volume of an account will sometimes require a filing frequency change. For example, accounts reporting in excess of \$17,000 taxable sales per month are required to report on a Quarterly Prepayment filing frequency. (RTC section 6471).

Changes cannot be made for quarterly prepay sales and use tax accounts, other than the prepayment exception stated in RTC section 6471.4.

6471.4. Prepayment exception. Any person required to make prepayment pursuant to Article 1.5 (commencing with Section 6480) may not be required to make additional prepayment pursuant to this article, provided that more than 75 percent of the gross receipts of that person are from the retail sale of motor vehicle fuel, diesel fuel, aircraft jet fuel, or any combination of those fuels.

Two different methods are used by the CDTFA to change a filing frequency.

1. Mass change, by which the system analyzes tax volume for all accounts and makes changes based upon the existing filing frequency and tax volume. Accounts may be excluded from mass change reviews by adding a Stop Filing Cycle Analysis indicator on the account.
2. Online modification (see CPPM 315.040).

**FACTORS TO CONSIDER WHEN CHANGING FILING FREQUENCY****315.020**

The factors to be considered before processing a request to change the filing frequency are:

- Filing frequency was assigned incorrectly.
- Filing frequency can be modified to file more frequently at the taxpayer's request (e.g., change from yearly to quarterly) unless reported sales indicate a change in filing frequency is inappropriate.
- The law requires the account to be on a quarterly prepayment filing basis.

Team members must be mindful of the date the filing basis is changed in the system and how that may affect return status. Team members may need to perform period maintenance to modify period start and end dates, or to invalidate or generate periods. In addition, only team members with the appropriate security level can remove an account from prepayment basis.

**NOTICE OF CHANGE IN FILING FREQUENCY**

**315.040**

If a team member changes the filing frequency for an account, they should mail to the taxpayer a CDTFA-777-ST, *Notice of Change in Reporting Basis*. If the system automatically changes the filing frequency, a CDTFA-1241-DE, *Notice of Change in Reporting Basis*, is automatically mailed to the taxpayer as official notification of the change.

All filing frequency changes initiated by the system become effective the first day of the quarter.

**SYSTEM GENERATED CHANGE IN FILING FREQUENCY**

**315.060**

The system will conduct a filing cycle analysis to find all accounts that meet criteria to change the filing frequency for the next tax year. The analysis is based on account activity and average gross sales, excluding estimates. If the taxpayer's account meets the criteria, the account will be given an indicator that generates the CDTFA-1241-DE, *Notice of Change in Reporting Basis* to notify the taxpayer of the upcoming change. The taxpayer has until the end of the year to respond to the letter to be excluded from the process. If there is no response, the filing frequency will be changed as of the first filing period of the new tax year.

**DELETION OF PREPAYMENT STATUS EFFECTIVE JANUARY 1**

**315.070**

When an account that qualifies for quarterly prepayment filing frequency is changed to a monthly or quarterly filing frequency effective January 1, a subsequent automatic review may change the basis back to quarterly prepayment. To avoid having an account returned to prepayment basis, authorized team members add the Stop Filing Cycle Analysis indicator. This step requires supervisory approval.

**CHANGES TO ACCOUNTS ON A SPECIAL FILING FREQUENCY**

**315.090**

Only the Return Analysis Unit (RAU) can make changes to sales and use tax accounts with a special filing frequency. For complete instructions on requesting a special filing frequency, see CPPM 235.070. A request for a special filing frequency must be submitted by the taxpayer on a CDTFA-715, *Special Reporting Periods for Sales and Use Tax*.

The underlying filing frequency must remain the same. For example, a taxpayer on a quarterly prepayment filing frequency may request a quarterly prepayment special filing frequency, but not a quarterly, calendar yearly or fiscal yearly special filing frequency.

Once the RAU receives a request, they will handle all necessary correspondence with the taxpayer and make the change to a special filing frequency if the request is approved.

## **REPLACEMENT OR REISSUANCE OF PERMITS AND LICENSES**

**320.000**

### **GENERAL GUIDANCE FOR REPLACEMENT OR REISSUANCE OF PERMITS AND LICENSES**

**320.010**

Taxpayers can print a new permit or license for some tax and fee programs on the CDTFA website using the Online Services portal. When a taxpayer requests a new permit or license from team members, good judgment must be exercised in determining whether a new permit or license should be issued. A new permit or license (CDTFA-442) should be issued when:

1. A taxpayer requests a new permit or license because of an error in their present permit or license, such as in the spelling of a word or in the number of the street address.
2. Certain changes to account records such as owner's name by marriage or court order, business address change, business name (DBA) change.
3. Permit or license is lost, destroyed or mutilated.

If a minor correction on the account record is made, such as a misspelled street name or owner name, a new permit or license need not be issued. In addition, new permits or licenses will not be routinely replaced or reissued due to annexation/incorporation of an area where the business is located.

**BUSINESS DESCRIPTION CODES** **325.000**

**ACTIVITY CODE** **325.020**

Activity codes are extremely important to the CDTFA's compliance, audit and administrative programs. The importance of accurate coding cannot be overemphasized. The activity code is assigned during registration, but it can be changed by team members with the security level to modify registration data.

**ACCOUNT ATTRIBUTES** **325.030**

Attributes are used to indicate additional characteristics of a given account (e.g., part-time seller, temporary seller, fuel retailer, Internet seller).

**TAX AREA CODE** **325.040**

**Sales and Use Taxes**

Tax area codes are used by the CDTFA to distribute local taxes to the appropriate jurisdictions and as a basis for developing statistical information. The first five digits of the tax area codes are also found in the Bradley-Burns Uniform Local Sales and Use Tax Law Guide.

The full tax area code is composed of twelve digits. For example, tax area code 34060 023 0000 is broken down in the following manner:

- The first group of five digits (34060) consists of a two-digit county code (34, which stands for Sacramento County) followed by a three-digit code (060, which stands for the City of Sacramento) denoting city or unincorporated area of each county.
- The second group is a three-digit code (023, which stands for Sacramento Transportation Authority) identifying any "add-on" special taxing jurisdictions in which the account may be located.
- The third group is a four-digit (0000) code representing "In Lieu" areas such as redevelopment agencies.

Groups two and three will consist of zeros for locations not within special taxing jurisdictions or redevelopment areas.

**Assigning Tax Area Codes**

The system automatically assigns the tax area code during registration or when adding a site. When the taxpayer's business moves to a different location, team members must cease the existing site and add the new site. If the system cannot determine the tax area code, an error message displays indicating you must add a Request Site Maintenance work item in the system (see the system's Help Manager instructions to "Add a Site"). Site address changes should only occur if there is an error in how the site address was added (for example, an address change from "450 North St." to "450 N St."). If the new address is outside of the existing tax area code, an error message displays indicating you must create a Request Site Maintenance work item in the system (see the system's Help Manager instructions to "Change a Site Address").

**TAX AREA CODE****City and County Codes**

Under provisions of the Bradley-Burns Uniform Local Sales and Use Tax Law, the CDTFA contracts with local taxing jurisdictions (cities, counties) to collect the local portion of the sales and use tax and remit these revenues to the local entities.

Every city and county has been assigned a five-digit code for local tax allocation purposes. The first two digits from 01 to 58 identify the individual county in California. Code 59 identifies all counties collectively for statewide allocation. Code 59 followed by “999” signifies local tax is proportionately allocated to all cities and counties.

The last three digits in the five-digit code indicate the specific taxing jurisdiction to receive the local tax. If the local tax is to go exclusively to the county indicated by the first two digits, the final three digits will be 998. If tax is to be apportioned among the county and all local tax jurisdictions within the county (countywide pool allocation), the taxpayer will choose Schedule B when filing their sales and use tax return online.

If the final three digits of an area code are between 001 and 997, the local taxing jurisdiction is an incorporated city.

**Add-On Codes**

The “add-on” portion of the tax area code identifies those tax districts for which an additional (or added on) transactions (sales) and use tax is assessed, such as BART and SCTA. These positions of the tax area code consist of zeros for selling locations not in “add-on” districts.

**In-Lieu Codes**

The “In-Lieu” portion (or) the “in-lieu” portion of the tax area code identifies local redevelopment agencies that receive their share of local tax directly from the CDTFA rather than through the county or city. These positions of the tax area code consist of zeros for locations not within “in-lieu” redevelopment areas. Section 7202.6 of the Bradley-Burns Uniform Local sales and Use Tax Law, which authorizes the creation of new redevelopment projects (in-lieus), was repealed effective January 1, 1994; however, new redevelopment projects may be created under Property Tax Law.



## ACCOUNT MAINTENANCE

### COMMENCE DATE

**325.050**

The commence date is the original starting date of the account and may be changed in the system. The commence date is not related to the change in filing frequency and should not be changed unless the business activity start date changes.

### BUSINESS ENTITY TYPE

**325.060**

Generally, when the business entity type changes, such as from a partnership to a sole proprietorship, a new account number must be issued. Exceptions to this are business conversions and certain acquisitions (see CPPM section 726.033).

**TAX RETURN/OR ACCOUNT ADJUSTMENT  
NOTICE — CDTFA-523****335.000****OVERVIEW****335.010**

The CDTFA-523 is a multipurpose form that can accomplish many functions on a single piece of paper. Some of the functions performed using a CDTFA-523 are available on-line.

Although the form appears very complex at first sight, it is not a difficult form to use. You will generally use only one or two sections of the form at any time, and by treating each section individually you will find the form straightforward in purpose and approach.

This chapter will lead you through situations for which a CDTFA-523 may be used. When you use the form, treat each section as though no other section of the form exists.

If you are unable to accomplish the function, ask your supervisor for assistance.

**TAX RETURN AND/OR ACCOUNT ADJUSTMENT NOTICE USES****335.020**

The situations below may result from one or a combination of circumstances and are not meant to be all inclusive, but will illustrate the common types of situations requiring preparation of the form.

- a. Transfer a return and/or payment erroneously reported under one account, to another account.
- b. Transfer a difference from one account to another.
- c. Transfer a return and/or payment filed for one period to the correct period under the same account.
- d. Split a return between accounts.
- e. Split a return between periods on the same account.
- f. Transfer prepayment periods from one account to another and/or one period to another.

**RETURNS FOR PERIODS PRIOR TO STARTING DATE  
OR FOR PARTIAL PERIODS****335.030**

When a return is received in headquarters covering a period or partial period which is prior to the starting date of the account and the return clearly identifies the account number and location under which it will be processed, the Return Analysis and Allocation Section — Registration Unit will change the starting date on-line so that it conforms to the return.

If there is a predecessor account involved, the Return Analysis and Allocation Section will correct the return in those instances where it is obvious that this is the proper course of action. If there is any information which would prevent this unit from making a clear and simple decision, then a CDTFA-167, *Questionable Return or Payment Posting*, and a copy of the return will be sent to the office of control for investigation and action.

## INFORMATION FOR PREPARATION OF THE CDTFA-523

335.040

If only Section 1 is to be completed, the office of control should complete this process on-line.

Depending on each case, the "C.O." box may be checked.

If Sections 1 and 2 are to be completed, both sections must contain the business and area codes including complete account number, TAT indicator.

Following are instructions for various situations:

- a. ONE ACCOUNT INVOLVED Complete Section 1 when only one account is involved.
- b. TWO ACCOUNTS INVOLVED: Section 1 is used to enter information on the account from which a transfer or adjustment is made. Section 2 is used to enter information on the account to which a transfer or adjustment is made. The adjustment grid in Section 6 is completed in the same order as Sections 1 and 2. The period and/or account number from which a transfer is made should be entered on the 'From' line(s). The period and/or account number to which a transfer is made should be entered on the 'To' line(s). If the transfer involves only one revenue period, the total dollar amount of the return should be entered on the 'Amount' line after the dollar sign (\$). The batch number and cash date should be entered on the 'Batch' line.
- c. ONE-ACCOUNT — ADJUSTMENT OF TAX FROM ONE PERIOD TO ANOTHER: The 'Period' and 'Amount' lines should be completed as described above. No entry is required on the 'Account Number' line as the information is contained in Section 1.
- d. NUMBER OF COPIES OF THE CDTFA-523 REQUIRED: Two copies of the CDTFA-523 will be prepared for transfers involving two accounts. When two or more accounts are involved, the originals sent to Headquarters should be stapled to present a "package" of the transaction. The forms will be sent as soon as possible to expedite the required change.
- e. NEED FOR SEPARATE SCHEDULE: Most situations requiring the preparation of a CDTFA-523 will involve only two periods or two accounts for an adjustment. If more than two periods or accounts are affected a separate schedule will be prepared, showing all periods and/or accounts. Insert "See Reverse Side" in Section 8 and attach the schedule(s) to the CDTFA-523 when transmitted to headquarters.
- f. TIME LIMITATIONS FOR REDISTRIBUTING LOCAL TAX: Local tax redistributions are governed by section 7209 of the Bradley-Burns Local Sales and Use Tax Law (see CPPM 905.000, 906.000 and Regulation 1807, *Process for Reviewing Local Tax Reallocation inquiries*). Such redistribution shall not be made earlier than two quarterly periods prior to the quarterly period in which the CDTFA obtains knowledge of the improper distribution. When a CDTFA-523, *Tax Return and/or Account Adjustment Notice*, is prepared to reallocate sales and use tax between local taxing jurisdictions, the date of first knowledge, establishing the commencement date of the reallocation, and the facts establishing the probability of improper distributions, must be noted in Section 8 of the form. If there is no earlier date of knowledge, the date used will be the date the CDTFA-523 was prepared. (This date shall be considered "operationally documented by the CDTFA" - see Regulation 1807(a)(3) and CPPM 905.030.)
- g. ADJUSTMENT OF FUEL TAXES: When adjustment of fuel taxes is made on a CDTFA-523 the bottom line in Section 6, titled "total tax" will be used, since there is no state or local tax involved. When balances are transferred between use fuel tax accounts, headquarters will prepare a CDTFA-1269 to effect the actual transfer in response to the office of control's request on a CDTFA-523.

**INFORMATION FOR PREPARATION OF THE CDTFA-523**

**(CONT.) 335.040**

- h. **PREPARATION OF A CDTFA-523 BY OTHER OFFICE:** When a CDTFA-523 is prepared in an office that is not the office of control, the original and all copies must be sent to the office of control. When two or more offices are involved, the set of prepared forms must be broken down for distribution to the respective offices.
- i. **A CDTFA-523 PREPARED IN CONJUNCTION WITH FBO/AUDIT:** Delinquencies will be automatically cleared once the revenue FO (Financial Obligation) has been filled (e.g. audit has been billed). The only exception requiring a CDTFA-523 is for older periods, which will not necessarily clear delinquencies automatically.
- j. **ADJUSTMENT OF PREPAYMENTS:** On closeout accounts where a quarterly return has not been filed and prepayments exist, a CDTFA-523 can be used to inform Return Analysis to accept the prepayments as the total revenue due for the period. However, the office of control may wish to consider preparing an estimated return in lieu of preparing a CDTFA-523.
- k. **SPLIT REVENUE BETWEEN TWO ACCOUNTS:** The adjustment grid in Section 6 is completed in the same order as Sections 1 and 2. The left-hand grid will contain the correct allocation of tax, including any interest and penalty, for the account in Section 1. The center grid will contain the account number and the total amount paid, including interest and penalty, where the revenue is filed and the right-hand grid will contain the correct allocation of tax, including any interest and penalty, for the account shown in Section 2.
- l. **SPLIT REVENUE INVOLVING ONE ACCOUNT:** The left-hand grid in Section 6 will contain the correct allocation of tax for the 'From' and 'To' dates entered above. The center grid will contain the account number and total amount paid where the revenue is filed and the right-hand grid will contain the correct allocation of tax for the 'From' and 'To' dates entered above.

**TRANSFER OF A RETURN FROM ONE ACCOUNT TO ANOTHER**

**335.050**

The need for adjustment of tax paid under one account to another can arise for a number of reasons.

A change in the starting or close-out date of accounts can establish delinquencies or a return may be received with an incorrect account number which would result in a delinquency for that reporting period under the correct account number. If the tax was reported and paid under one of the accounts, the delinquency can immediately be cleared on-line.

**ACCOUNT MAINTENANCE**

**TRANSFER OF A RETURN FROM ONE ACCOUNT TO ANOTHER**

**(CONT.) 335.050**

**Instructions**

Complete Sections 1 and 2. Complete Section 3; enter period to be transferred, and transferor and transferee account numbers, dollar amount, cash date and batch number in the batch field.

The illustration shows the entries required when a return was filed or inadvertently processed under an incorrect account number.

ACCOUNT TRANSFER OR ADJUSTMENT FROM				ACCOUNT TRANSFER OR ADJUSTMENT TO			
Area Code 289980000000		Account Number SR JHF 99-707031		Area Code 289980000000		Account Number SR JHF 99-896068	
Name <i>Sally Foster</i>				Name <i>Bud Thompson</i>			
Reporting Basis <input type="checkbox"/> M <input type="checkbox"/> Q <input checked="" type="checkbox"/> Y <input type="checkbox"/> FY <input type="checkbox"/> P				Reporting Basis <input type="checkbox"/> M <input checked="" type="checkbox"/> Q <input type="checkbox"/> Y <input type="checkbox"/> FY <input type="checkbox"/> P			
<input checked="" type="checkbox"/> Close Out <input type="checkbox"/> Did Not Operate		Bus. Code 19		<input type="checkbox"/> Close Out <input type="checkbox"/> Did Not Operate		Bus. Code	
Change STARTING DATE from ..... to .....				Change STARTING DATE from ..... to .....			
Change CLOSING DATE from ..... to .....				Change CLOSING DATE from ..... to .....			
TRANSFER <input type="checkbox"/> EFT Payment(s)		Period *		From <i>Yr 96</i>		To <i>4Q96</i>	
<input checked="" type="checkbox"/> Return(s)		Account Number		From <i>SR JHF 99-707031</i>		To <i>SR JHF 99-896068</i>	
		Amount		\$ <i>800.40</i>		Batch <i>4063 2/13/00</i>	
4 Transfer Balance \$ .....				Account Number    From ..... To .....			

**DIFFERENCE UNDER ONE ACCOUNT TRANSFERRED TO ANOTHER ACCOUNT**

**335.060**

**Instructions:**

Complete Sections 1 and 2, check return is Section 3. Complete Section 4, enter the difference to be transferred and transferor and transferee account numbers. In Section 8 (Remarks or Explanation), enter the appropriate comments.

ACCOUNT TRANSFER OR ADJUSTMENT FROM				ACCOUNT TRANSFER OR ADJUSTMENT TO			
Area Code 300009970000		Account Number SR EAA 24-143971		Area Code 300200370000		Account Number SR EA 99-796922	
Name <i>Forever Yours</i>				Name <i>Bud Thompson</i>			
Reporting Basis <input type="checkbox"/> M <input checked="" type="checkbox"/> Q <input type="checkbox"/> Y <input type="checkbox"/> FY <input type="checkbox"/> P				Reporting Basis <input type="checkbox"/> M <input checked="" type="checkbox"/> Q <input type="checkbox"/> Y <input type="checkbox"/> FY <input type="checkbox"/> P			
<input checked="" type="checkbox"/> Close Out <input type="checkbox"/> Did Not Operate		Bus. Code 61		<input type="checkbox"/> Close Out <input type="checkbox"/> Did Not Operate		Bus. Code 61	
Change STARTING DATE from ..... to .....				Change STARTING DATE from ..... to .....			
Change CLOSING DATE from ..... to .....				Change CLOSING DATE from ..... to .....			
TRANSFER <input type="checkbox"/> EFT Payment(s)		Period *		From .....		To .....	
<input checked="" type="checkbox"/> Return(s)		Account Number		From .....		To .....	
		Amount		\$ .....		Batch .....	
4 Transfer Balance \$ <i>1,531.66 (DIF)</i>				Account Number    From <i>SR EAA 24-143971</i> To <i>SR EA 99-796922</i>			

5

**ONE ACCOUNT — RETURN FOR ONE PERIOD  
TRANSFERRED TO ANOTHER PERIOD**

**335.070**

**Instructions:**

Complete Section 1. Complete Section 3 indicating original period of return, the amount, and the period the return actually represented. Enter the dollar amount and batch date and number of return being transferred. In Section 8, (Remarks or Explanation), enter appropriate comments.

**SPLIT A RETURN BETWEEN ACCOUNTS**

**335.080**

ACCOUNT TRANSFER OR ADJUSTMENT FROM				ACCOUNT TRANSFER OR ADJUSTMENT TO			
Area Code 360810310000		Account Number SRY ET 99-796932		Area Code		Account Number	
Sub No. Master				Sub No. Master			
Name Susan Kay Finch				Name			
Reporting Basis <input type="checkbox"/> M <input checked="" type="checkbox"/> Q <input type="checkbox"/> Y <input type="checkbox"/> FY <input type="checkbox"/> P				Reporting Basis <input type="checkbox"/> M <input type="checkbox"/> Q <input type="checkbox"/> Y <input type="checkbox"/> FY <input type="checkbox"/> P			
<input type="checkbox"/> Close Out <input type="checkbox"/> Did Not Operate		Bus. Code 28	Acct. Anal. Code	<input type="checkbox"/> Close Out <input type="checkbox"/> Did Not Operate		Bus. Code	Acct. Anal. Code
Change STARTING DATE from ..... to .....				Change STARTING DATE from ..... to .....			
Change CLOSING DATE from ..... to .....				Change CLOSING DATE from ..... to .....			
TRANSFER <input type="checkbox"/> EFT Payment(s)		Period*	From	4Q96		To	3Q96
3 <input checked="" type="checkbox"/> Return(s)		Account Number	From			To	
		Amount	\$	1,796.00		Batch	3505 2/13/00
4 Transfer Balance \$		Account Number	From			To	

To illustrate the following example, presume account SR KH 28-116003 filed a return for the third quarter 1996 which included amount due under account SR KH 28-869100 for the fractional period 8-12-96 to 9-30-96. Account SR KH 28-869100 is related to account SR KH 28-116003 and carries a starting date of 8-12-96. The taxpayer's accountant made an error and included tax for both locations on the third quarter 1996 return under account SR KH 28-116003. The total amount of \$1,300 was reported and paid under account SR KH 28-116003. Investigation reveals \$975 to be adjusted to SR KH 28-116003 and \$325 adjusted to SR KH 28-869100. A delinquency has been established under the new account because of the erroneously reported amount.



**COMPLIANCE POLICY AND PROCEDURES MANUAL**

**SPLIT A RETURN BETWEEN ACCOUNTS**

**(CONT. 2) 335.080**

CORRECT ALLOCATION		Total Reported Erroneously Under	CORRECT ALLOCATION	
Acct. No.	Account Number		Acct. No.	Account Number
SR KH 28-116003			SR KH 28-869100	
From: 7/1/96 To: 8/11/96			From: 8/12/96 To: 9/30/96	
State-County Tax \$ 629.00	\$ 838.00		State-County Tax \$ 209.00	
Local Tax \$ 126.00	\$ 168.00		Local Tax \$ 42.00	
BART 001 \$	\$		BART 001 \$	
BART-A 020 \$	\$		BART-A 020 \$	
ACTA 010 \$	\$		ACTA 010 \$	
BART-CC 021 \$	\$		BART-CC 021 \$	
CCTA 024 \$	\$		CCTA 024 \$	
DNCD 047 \$	\$		DNCD 047 \$	
FCTA 012 \$	\$		FCTA 012 \$	
IMTA 029 \$	\$		IMTA 029 \$	
CXHD 045 \$	\$		CXHD 045 \$	
INRC 014 \$	\$		INRC 014 \$	
CLPS 058 \$	\$		CLPS 058 \$	
LACT 005 \$	\$		LACT 005 \$	
LATC 035 \$	\$		LATC 035 \$	
MCTA 034 \$	\$		MCTA 034 \$	
OCTA 037 \$	\$		OCTA 037 \$	
RCTC 026 \$	\$		RCTC 026 \$	
STAT 023 \$ 63.00	\$ 84.00		STAT 023 \$ 21.00	
SBCG 015 \$	\$		SBCG 015 \$	
SBTU 053 \$	\$		SBTU 053 \$	
SBER 031 \$	\$		SBER 031 \$	
SDTC 013 \$	\$		SDTC 013 \$	
BART-SF 022 \$	\$		BART-SF 022 \$	
SFTA 027 \$	\$		SFTA 027 \$	
SFPF 051 \$	\$		SFPF 051 \$	
SJTA 038 \$	\$		SJTA 038 \$	
SMCT 002 \$	\$		SMCT 002 \$	
SMTA 018 \$	\$		SMTA 018 \$	
SBAB 030 \$	\$		SBAB 030 \$	
SCCT 003 \$	\$		SCCT 003 \$	
SCGF \$	\$		SCGF 063 \$	
SCMT 004 \$	\$		SCMT 004 \$	
SZPL 061 \$	\$		SZPL 061 \$	
SCOS 039 \$	\$		SCOS 039 \$	
STCL 059 \$	\$		STCL 059 \$	
TCTU 060 \$	\$		TCTU 060 \$	
SLRF 055 \$ 63.00	\$ 84.00		SLRF 055 \$ 21.00	
LPSF 056 \$ 63.00	\$ 84.00		LPSF 056 \$ 21.00	
ASUT 057 \$ 31.00	\$ 42.00		ASUT 057 \$ 11.00	

**Example on Splitting Consolidated Accounts**

Sections 1 and 2 show two different SR Y accounts. It is important to note that each sub-location registered under an account should reflect an allocation of local tax. If there are variances such as a lack of local tax allocation to any location and/or an allocation of local tax for non-registered locations, further investigation is warranted. Possible action(s) needed in such cases would be to obtain proper local tax breakdown from the taxpayer and/or the issuance of a subpermit for the non-registered location.



**ACCOUNT MAINTENANCE**

**ONE ACCOUNT TAX FOR ONE PERIOD  
INCLUDED IN A RETURN FOR ANOTHER PERIOD**

**335.090**

To explain and illustrate the following example, assume that under account SRFB 25-767891 a return was filed and paid for the second quarter 1996 in the amount of \$1,240, representing \$800 state tax, \$160 local tax, \$80 SDTC tax and \$200 for state tax add-ons, 055, 056, and 057. The starting date of the account was 3-1-96, but no return for the first quarter 1996 was filed. The account is delinquent for the first quarter 1996. An investigation revealed the tax for the first quarter has been included in the return for the second quarter. The amount to be adjusted to the first quarter is \$310 representing \$200 state tax, \$40 local tax, \$20 SDTC tax, and \$50 for state tax add-ons 055, 056, and 057.

**Instructions:**

Complete Section 1; Complete Section 6; Enter the fractional reporting period which was included in another return, the period of the return which included the fractional period, and the account number under which the return was filed. Show the correct adjustment in Section 7.

In Section 8 (Remarks or Explanation), enter appropriate comments.

**ONE ACCOUNT TAX FOR ONE PERIOD**

ACCOUNT TRANSFER OR ADJUSTMENT FROM				ACCOUNT TRANSFER OR ADJUSTMENT TO					
Area Code <b>370600130000</b>		Account Number <b>SR FHB 25-767891</b>		Area Code		Account Number			
Sub No. Master				Sub No. Master					
Name <i>Nelson Williams</i>				Name					
Reporting Basis <input type="checkbox"/> M <input checked="" type="checkbox"/> Q <input type="checkbox"/> Y <input type="checkbox"/> FY <input type="checkbox"/> P				Reporting Basis <input type="checkbox"/> M <input type="checkbox"/> Q <input type="checkbox"/> Y <input type="checkbox"/> FY <input type="checkbox"/> P					
<input type="checkbox"/> Close Out <input type="checkbox"/> Did Not Operate		Bus. Code <b>24</b>		<input type="checkbox"/> Close Out <input type="checkbox"/> Did Not Operate		Bus. Code			
		Acct. Anal. Code				Acct. Anal. Code			
Change STARTING DATE from .....to.....				Change STARTING DATE from .....to.....					
Change CLOSING DATE from .....to.....				Change CLOSING DATE from .....to.....					
TRANSFER <input type="checkbox"/> EFT Payment(s) Period* From ..... To .....									
<input type="checkbox"/> Return(s) Account Number From ..... To .....									
Amount \$..... Batch .....									
4 Transfer Balance \$ ..... Account Number From ..... To .....									
5 Clear Delinquencies <input type="checkbox"/> Audit <input type="checkbox"/> FBO <input type="checkbox"/> Payment Dated ..... Period* .....									
PARTIAL PERIOD <input type="checkbox"/> EFT Payment(s) As Filed Period* <b>2Q96</b> Account Number <b>SR FHB 25-767891</b>		<input checked="" type="checkbox"/> Return(s) Included Period* <b>3/1/96</b> Account Number <b>SR FHB 25-767891</b>							
Adjustment shown below. When more than one return or EFT payment is to be adjusted between accounts, prepare and attach separate schedule.									
Delinq. established		CORRECT ALLOCATION		AS FILED		CORRECT ALLOCATION		Delinq. cleared	
Transfer from		Acct. No.		Account Number		Acct. No.		Transfer to	
a. Delinquent periods *		From: <b>3/1/96</b> To: <b>3/31/96</b>		<b>SR FHB 25-767891</b>		From: <b>4/1/96</b> To: <b>6/30/96</b>		b. Delinquent periods *	
		Total Tax \$ <b>310.00</b>		<b>1,240.00</b>		Total Tax \$ <b>930.00</b>			
SEE REVERSE FOR DETAILS									
FOR HEADQUARTERS USE ONLY									
REMARKS OR EXPLANATION _____									

**COMPLIANCE POLICY AND PROCEDURES MANUAL**

**INCLUDED IN A RETURN FOR ANOTHER PERIOD**

**(CONT.) 335.090**

CORRECT ALLOCATION		Total Reported Erroneously Under	CORRECT ALLOCATION	
Acct. No.	Account Number		Acct. No.	Account Number
From: <i>SR FHB 25-767891</i>			From: <i>4/1/96</i>	To: <i>6/30/96</i>
To: <i>3/31/96</i>				
State-County Tax \$	200.00	\$ 800.00	State-County Tax \$	600.00
Local Tax \$	40.00	\$ 160.00	Local Tax \$	120.00
BART 001 \$		\$	BART 001 \$	
BART-A 020 \$		\$	BART-A 020 \$	
ACTA 010 \$		\$	ACTA 010 \$	
BART-CC 021 \$		\$	BART-CC 021 \$	
CCTA 024 \$		\$	CCTA 024 \$	
DNCD 047 \$		\$	DNCD 047 \$	
FCTA 012 \$		\$	FCTA 012 \$	
IMTA 029 \$		\$	IMTA 029 \$	
CXHD 045 \$		\$	CXHD 045 \$	
INRC 014 \$		\$	INRC 014 \$	
CLPS 058 \$		\$	CLPS 058 \$	
LACT 005 \$		\$	LACT 005 \$	
LATC 035 \$		\$	LATC 035 \$	
MCTA 034 \$		\$	MCTA 034 \$	
OCTA 037 \$		\$	OCTA 037 \$	
RCTC 026 \$		\$	RCTC 026 \$	
STAT 023 \$		\$	STAT 023 \$	
SBCG 015 \$		\$	SBCG 015 \$	
SBTU 053 \$		\$	SBTU 053 \$	
SBER 031 \$		\$	SBER 031 \$	
SDTC 013 \$	20.00	\$ 80.00	SDTC 013 \$	60.00
BART-SF 022 \$		\$	BART-SF 022 \$	
SFTA 027 \$		\$	SFTA 027 \$	
SFPF 051 \$		\$	SFPF 051 \$	
SJTA 038 \$		\$	SJTA 038 \$	
SMCT 002 \$		\$	SMCT 002 \$	
SMTA 018 \$		\$	SMTA 018 \$	
SBAB 030 \$		\$	SBAB 030 \$	
SCCT 003 \$		\$	SCCT 003 \$	
SCGF \$		\$	SCGF 063 \$	
SCMT 004 \$		\$	SCMT 004 \$	
SZPL 061 \$		\$	SZPL 061 \$	
SCOS 039 \$		\$	SCOS 039 \$	
STCL 059 \$		\$	STCL 059 \$	
TCTU 060 \$		\$	TCTU 060 \$	
SLRF 055 \$	20.00	\$ 80.00	SLRF 055 \$	60.00
LPSF 056 \$	20.00	\$ 80.00	LPSF 056 \$	60.00
ASUT 057 \$	10.00	\$ 40.00	ASUT 057 \$	30.00

**ACCOUNT MAINTENANCE**

**ADJUSTMENT OF PREPAYMENTS  
UNSUPPORTED BY QUARTERLY RETURNS**

**335.100**

Prepayment periods which are unsupported by a quarterly return, must be treated differently on the CDTFA-523 than a return from a non-prepayment account. The word "prepayment" must be entered in the particular section of the CDTFA-523 being completed, next to the left-hand margin. Completion of the sections remains the same as with other accounts with this exception.

**Instructions:**

Complete Section 1 or Sections 1 and 2, depending on the circumstances. In Section 8 (Remarks or Explanation), enter appropriate comments.

ACCOUNT TRANSFER OR ADJUSTMENT FROM				ACCOUNT TRANSFER OR ADJUSTMENT TO			
Area Code <b>560200000000</b>		Account Number <b>SR AR 13-769396</b>		Area Code <b>560200000000</b>		Account Number <b>SR AR 15-773193</b>	
Name <i>Two-4 Tea, Inc.</i>				Name			
Reporting Basis <input type="checkbox"/> M <input checked="" type="checkbox"/> Q <input type="checkbox"/> Y <input type="checkbox"/> FY <input type="checkbox"/> P				Reporting Basis <input type="checkbox"/> M <input type="checkbox"/> Q <input type="checkbox"/> Y <input type="checkbox"/> FY <input type="checkbox"/> P			
<input type="checkbox"/> Close Out <input type="checkbox"/> Did Not Operate		Bus. Code <b>24</b>	Acct. Anal. Code	<input type="checkbox"/> Close Out <input type="checkbox"/> Did Not Operate		Bus. Code	Acct. Anal. Code
Change STARTING DATE from .....to.....				Change STARTING DATE from .....to.....			
Change CLOSING DATE from .....to.....				Change CLOSING DATE from .....to.....			
3 TRANSFER <input type="checkbox"/> EFT Payment(s) <input type="checkbox"/> Return(s)				3 TRANSFER <input type="checkbox"/> EFT Payment(s) <input type="checkbox"/> Return(s)			
Period * <b>2Q96</b>		From ..... To .....		Period * <b>2Q96</b>		From ..... To .....	
Account Number <b>SR AR 13-769396</b>		From ..... To ..... <b>SR AR 15-773193</b>		Account Number <b>SR AR 13-769396</b>		From ..... To ..... <b>SR AR 15-773193</b>	
Amount <b>4,310.00</b>		\$. ..... Batch ..... <b>4641</b>		Amount <b>4,310.00</b>		\$. ..... Batch ..... <b>4641</b>	
4 Transfer Balance \$ .....				4 Transfer Balance \$ .....			
Account Number		From ..... To .....		Account Number		From ..... To .....	

The following example is to be used for transferring a quarterly return with its corresponding prepayments and a later prepayment not supported by a quarterly return to a prepayment account:

ACCOUNT TRANSFER OR ADJUSTMENT FROM				ACCOUNT TRANSFER OR ADJUSTMENT TO			
Area Code <b>100600120000</b>		Account Number <b>SR DH 22-773311</b>		Area Code <b>100600120000</b>		Account Number <b>SR DH 41-639419</b>	
Name <i>Walter Little</i>				Name <i>Lily Big</i>			
Reporting Basis <input type="checkbox"/> M <input checked="" type="checkbox"/> Q <input type="checkbox"/> Y <input type="checkbox"/> FY <input type="checkbox"/> P				Reporting Basis <input type="checkbox"/> M <input type="checkbox"/> Q <input type="checkbox"/> Y <input type="checkbox"/> FY <input checked="" type="checkbox"/> P			
<input type="checkbox"/> Close Out <input type="checkbox"/> Did Not Operate		Bus. Code <b>24</b>	Acct. Anal. Code	<input type="checkbox"/> Close Out <input type="checkbox"/> Did Not Operate		Bus. Code	Acct. Anal. Code
Change STARTING DATE from .....to.....				Change STARTING DATE from .....to.....			
Change CLOSING DATE from .....to.....				Change CLOSING DATE from .....to.....			
3 TRANSFER <input type="checkbox"/> EFT Payment(s) <input type="checkbox"/> Return(s)				3 TRANSFER <input type="checkbox"/> EFT Payment(s) <input type="checkbox"/> Return(s)			
Period * <b>1Q96</b>		From ..... To ..... <b>4Q96</b>		Period * <b>1Q96</b>		From ..... To ..... <b>4Q96</b>	
Account Number <b>SR DH 22-773311</b>		From ..... To ..... <b>SR DH 41-639419</b>		Account Number <b>SR DH 22-773311</b>		From ..... To ..... <b>SR DH 41-639419</b>	
Amount		\$. ..... Batch .....		Amount		\$. ..... Batch .....	
4 Transfer Balance \$ .....				4 Transfer Balance \$ .....			
Account Number		From ..... To .....		Account Number		From ..... To .....	

**ANNEXATION PROCEDURE****345.000**

Government Code Section 54900, *Statement of Creation of Change of Boundary*, requires that the Board of Equalization's Property Taxes Department be notified of boundary changes involving property tax assessment rolls. Accordingly, when an area has been annexed to a local jurisdiction, the county's Local Agency Formation Commission (LAFCO) provides the Board's Property Taxes Department with the following: Form BOE-400-TA, Statement of Boundary Changes, a legal description of the annexed area, two maps identifying the boundaries, and if the area is developed, a complete listing of street addresses. The Property Taxes Department forwards copies of these annexation documents to the Local Revenue Branch.

The Local Revenue Branch is responsible for assisting local jurisdictions in the administration of local sales and use tax for annexed areas. The information listed above is used to identify the sales and use tax accounts located within the annexation area and to initiate changes to the CDTFB's registration records to include those accounts within the annexing jurisdiction.

Upon completion of the changes to registration, a listing of all accounts that were changed, as well as copies of the maps and street listings, are forwarded to the appropriate field office for distribution to staff responsible for registration of accounts. A listing of the accounts within the annexed area is also sent to both the local jurisdiction and the county along with a response form that can be used if errors are found.

**INCORPORATION PROCEDURES****346.000**

As stated in the previous section, Government Code Section 54900 requires that the Board of Equalization's Property Taxes Department be notified of boundary changes involving property tax assessment rolls. Participation in the Bradley Burns Local Sales and Use Tax program however, is voluntary, and there is no requirement that the Local Revenue Branch be notified upon incorporation of a new city.

To maintain current information regarding pending incorporation measures, the Local Revenue Branch contacts each county's Local Agency Formation Commission (LAFCO) in the months preceding the General elections to inquire regarding incorporation measures on the ballot. Upon learning of such a ballot measure, a Local Revenue Branch representative will contact the city after the election to determine whether or not the measure passed, and if so, whether the city has established the date on which the incorporation will take effect.

The date of incorporation is generally determined by the measure that is approved by the voters, and the city may not take any official action until after it has been legally incorporated. After incorporation, there are four actions that must be completed by the city before the city can participate in the Bradley Burns Local Sales and Use Tax program. These four actions are:

1. The city must provide two accurate maps that clearly identify city boundaries.
2. The city must provide a listing of street addresses and parcel numbers for all locations within the city.
3. The city must adopt an ordinance imposing the Local Sales and Use Tax to be administered by the CDTFA.
4. The city must enter into an agreement with the CDTFA for state administration of local sales and use tax.

The ordinance and agreement are legal requirements for participation in the program while the maps and street listings are used to identify the sales and use tax accounts located within the city's boundaries and to initiate changes to the CDTFA's registration records to include these accounts within the newly incorporated city.

When the ordinance and contract have been completed and approved, copies are sent to the city, the State Department of General Services, the CDTFA's Legal Division, and the Acquisitions Branch. The final copy is maintained in the local jurisdiction's legal file in the Local Revenue Branch. When changes have been made to the registration system, a listing of all accounts that were changed, as well as copies of the maps and street listings, are forwarded to the appropriate field office for distribution to personnel responsible for registration of accounts