



FIONA MA, CPA

District 2 | California State Board of Equalization

Message from the Board Member:

Happy New Year from the Ma Squad! I can't believe how quickly my first year has gone by. It has been an exciting one for me and my team, as we dove into our new responsibilities here at SBOE. I am very proud of the work we have done to make SBOE a friendlier, fairer, and more effective agency. We have held a dozen outreach events to help small businesses and non-profits learn how to comply with some very complicated tax laws, even while we reformed the outreach process in my District to save hundreds of thousands of dollars in postage, staff hours and facility rental fees.

We were very active in the legislative process as well, and I am pleased to say that my first year as Chair of the BOE Legislative Committee was very productive. We worked with a team of Senators and Assemblymembers to craft a set of laws to regulate medicinal cannabis, ending nearly two decades of a Wild West Economy in this billion dollar industry. We released a report highlighting the dangers of E-Cigarettes and worked to raise awareness of the total lack of regulation and taxation on these products which are flagrantly marketed to children. We engaged in a vigorous discussion on fuel taxes, and urged the Legislature to develop a more reliable, consistent and easy-to-understand way to build and repair roads, bridges and highways.

I am very proud of our accomplishments, and I am equally excited about what's in store for 2016—especially the new California Earned Income Tax Credit (EITC). This refundable tax credit is open to low-income working families, and can help them claim more than \$6,000 when combined with the Federal EITC. I have a full write up on the EITC, including who qualifies and how to claim it on your taxes on page 5.

From all of us at the Board of Equalization, I wish you a New Year full of opportunity, peace and friendship.

As always, if I can be of service, please feel free to call me and members of my team at (415) 557-3000 or email me at fiona.ma@boe.ca.gov. We look forward to hearing from you.

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Tax Tip: 1099 MISC Reporting Requirements

If you are a business owner who hires or contracts with outside individuals to provide services, it is critical that you correctly determine whether these individuals are employees or independent contractors. This determination will dictate whether you must withhold taxes on payments made to these individuals. In determining whether a worker is an employee or independent contractor, the IRS advises business owners to look at factors such as behavior (Do you control or have the right to control what the worker does and how the worker does his or her job?), finances (Are the business aspects, such as how the worker is paid, controlled by the payer?), and relationship (Are there contracts or employee benefits, such as a pension plan or vacation pay?). If you are unsure as to whether someone providing services is an employee or independent contractor, you may file Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding, with the IRS. The IRS will review the facts and officially determine the worker's status.

You do not generally have to withhold taxes on payments to independent contractors; however, you are required to file a Form 1099-MISC, Miscellaneous Income, with the IRS to report payments of \$600 or more made to each independent contractor during the year, including payments to attorneys. You must also file the form to the IRS by February 28th if filing by paper, or by March 31st if filing electronically via IRS's Filing Information Returns Electronically (FIRE). You are also required to furnish a copy of the 1099-MISC to each independent contractor by January 31st.

The penalty imposed by the IRS and/or FTB for failing to file a 1099-MISC varies from \$30 to \$100 per form, depending on how long past the deadline the form is issued. If a business intentionally disregards the requirement to provide a correct 1099-MISC, the minimum penalty imposed by the IRS is at least \$250 per form and the penalty imposed by FTB is the greater of \$100 or 10 percent of the total amount of the items that should have been reported. The FTB also has the ability to deny deductions for amounts not timely reported on 1099's.

For more information, please refer to the following materials:

- 2015 Instructions for Form 1099-Misc: <https://www.irs.gov/pub/irs-pdf/i1099msc.pdf>
- 2015 General Instructions for Certain Informational Returns: <https://www.irs.gov/pub/irs-pdf/i1099gi.pdf>
- Independent Contractor (Self-Employed) or Employee: <https://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Independent-Contractor-Defined>

January is Cervical Cancer Prevention Month!

Do you qualify for free services? You may if you:

- are 21 years old or older
- have low income (Every Woman Counts Income Criteria)
- have no or limited insurance
- are not getting these services through Medi-Cal or another government-sponsored program
- live in California

If you don't qualify, the EWC representative for your area may know of other low-cost screening programs that might be available to you. The Regional Contractors are also your link to support groups, advocacy groups and the latest information on what's happening in your community.

Visit the Department of Healthcare website for more information:

Call 1-800-511-2300. Available 24/7.

<http://www.dhcs.ca.gov/services/Cancer/ewc/Pages/default.aspx>

Languages available: English, Spanish, Mandarin, Cantonese, Korean, Cambodian, Hmong, Russian, Tagalog, and Vietnamese.

Sunset of Bond Measure Affects Partial Tax Exemptions

In March 2004, California voters approved Proposition 57 (bond measure), which allowed the state to purchase bonds to reduce the state budget deficit. Proposition 57, along with other provisions, changed the state and local components of the statewide tax rate. However, the total statewide tax rate remained unchanged and the way you completed your tax returns—including local tax schedules—generally did not change. You only saw a change if you had sales or purchases that qualified for a partial exemption from sales and use tax.

The following regulations provide information about the affected exemptions from the state's portion of the sales and use tax rate:

- [1532](#), Teleproduction or Other Postproduction Service Equipment (5.50% to 5.25%)
- [1533.1](#), Farm Equipment and Machinery (5.50% to 5.25%)
- [1533.2](#), Diesel Fuel Used in Farming Activities or Food Processing (7.25%to 7.00%)
- [1534](#), Timber Harvesting Equipment and Machinery (5.50%to 5.25%)
- [1535](#), Racehorse Breeding Stock (5.50%to 5.25%)

Bonds associated with Proposition 57 have now been repaid in full. Therefore, beginning January 1, 2016, most partial tax exemptions will decrease by 0.25%, which will again affect reporting on your tax returns. Most of the exemptions that are decreasing will change from 5.50% to 5.25%. The partial exemption provided by [Regulation 1533.2](#), Diesel Fuel Used in Farming Activities or Food Processing, will decrease from 7.25% to 7.00%.

To read the regulations listed above, please visit our website at www.boe.ca.gov/sutax/staxregs.htm, or call our Customer Service Center for a copy of the regulations at 1-800-400-7115 (TTY:711).

Human Trafficking Awareness

NATIONAL
HUMAN TRAFFICKING
PREVENTION MONTH

January 2016

The Super Bowl is one of the most celebrated events in America with 111.5 million people viewing the game in 2014. Super Bowl 50 will arrive in Santa Clara's Levi's Stadium next February 2016, bringing tourists, revenue, and attention. What people may not know is that the Super Bowl is also known as "the single largest human trafficking incident in the United States" as stated to USA Today in 2011 by Texas Attorney General Greg Abbott as his state was gearing up to host the event.

In 2007, the U.S. Senate designated January 11th as National Human Trafficking Awareness Day. Although it is a U.S. initiative, the United Nations has begun to highlight this topic and working towards global awareness. Human trafficking also includes early or forced marriage, commercial sexual exploitation, forced labor, labor obtained through debt bondage, involuntary servitude, slavery, and slavery by descent.

The organization No Traffick Ahead is a coalition of more than 50 Bay Area organizations working to end human trafficking. Through engagement of hotels, restaurants, and the community at large, No Traffick Ahead helps take a stand against human trafficking by training employees, displaying anti-trafficking posters, and conducting risk analysis for human trafficking.

To report suspicious activity, call the National Human Trafficking Hotline 1-888-3737-888 or text BeFree (233733) For more information, visit The Polaris Project- a national anti-human trafficking resource center at <https://polarisproject.org/>

Your Food Depends on a Strong Stable Harvest Labor Force

When you push your basket through the grocery store next time, try to envision the trip that anything in the produce department has made. From seed to shelf, many skilled hands have touched that \$0.65 a pound onion before the produce manager neatly arranged them to catch your eye. The 23 counties that comprise our District are rich with produce and agriculture products. These products are grown, harvested, ready to ship, and eaten on a timely fresh schedule. The common denominator in all of agriculture is labor, and lots of it.

A recent study (from the [Western Farm Press](#)) showed that more than 800,000 farm workers are employed yearly in California. Many farms and production facilities say that it is not enough. Every year it is becoming more difficult to fill the positions. Some forward thinking companies are investing in housing and community centers to attract the skilled workforce needed in their operation. With all the advancement in machinery and automation there is just so much of harvest and postharvest work that is a delicate and skilled task where the human hand is the best tool.

About 60% of the workforce work for one employer and a large percentage of the remaining workforce shifts from one harvest to another, working for two employers in a year's time.

Next time you load your cart, think about all the hands that it took to get that product to market. It takes skilled hands to plant, weed, water, nurture, harvest, pack, and ship the beautiful produce that we depend on.

2015 State Employees Food Drive



It's that time of year again for the State Employees Food Drive. In California, one in seven people struggles with hunger. The generosity of state employees makes it possible to provide much needed food assistance to those in need throughout our local communities. Last year, state employees donated a total of 623,488 pounds of food, of which over 25% was contributed by BOE employees! In fact, the BOE collected more food than any other state agency in California! The BOE's goal this year is to donate 172,000 pounds of food.

The 2015 Food Drive runs from November 9th to January 15th. In addition to collecting canned food, the BOE's District 2 Offices had some fun activities that helped raise donations. The offices held bake sales, themed breakfasts and lunches, silent auctions, and raffles, among other activities. The BOE's

Headquarters also participated in several events and activities, including the annual Turkey Drop (BOE donated 387 turkeys last year – the most of any state agency!), the Run to Feed the Hungry, silent auction bake sale, and basket raffle event.

Please join the BOE in our endeavors to help the less fortunate by donating to your local food bank. To find a food bank near you, please visit Feeding America's website at <http://www.feedingamerica.org/find-your-local-foodbank/>.





Keep More of What you Earned with EITC

California now offers its own Earned Income Tax Credit (CA EITC) starting with calendar year 2015 tax returns. This credit is offered in addition to the existing federal EITC.

The CA EITC is “refundable,” meaning that you will receive a refund if the amount of the credit is greater than the tax you owe. This credit is available to California households with adjusted gross incomes of less than \$6,580 if there are no qualifying children, less than \$9,880 if there is one qualifying child, or less than \$13,870 if there are two or more qualifying children. See additional information under “Qualifications” below.

There are important differences between the California EITC and its federal counterpart. The CA EITC requires earned income reported on a W-2 form, such as wages, salaries, and tips, which must be subject to California withholding. Unlike the federal EITC, income from self-employment cannot be used to qualify for the California credit.

Qualifications

- You must file a state tax return, even if you do not owe any tax or are not otherwise required to file.
- You must have earned income from W-2 wages, salaries, tips, or other employee compensation subject to California withholding. (For the CA EITC, earned income does not include income from self-employment.)
- You, your spouse, and any qualifying children must each have a social security number issued by the Social Security Administration that is valid for employment.
- You must file using the single, married/registered domestic partner (RDP) filing jointly, or head of household filing status. The “married/RDP filing separately” status may not be used.

You must either:

- Meet the rules for those without a qualifying child ; or
- Have an individual that meets all of the qualifying child rules for you or your spouse if you file a joint return.
- Your principal residence must be in California for more than half the tax year.
- Both your adjusted gross income and earned income (defined above) must be no more than:
 - \$6,580 if there are no qualifying children.
 - \$9,880 if there is one qualifying child.
 - \$13,870 if there are two or more qualifying children.
- Your investment income, such as interest, dividends, royalties, and capital gains cannot exceed \$3,400 for the entire tax year.

***California does not offer a state EITC for tax years prior to 2015.*

Federal Earned Income Tax Credit

The federal EITC is a refundable federal credit that can reduce the federal tax you owe or result in a refund to you. To find out if you are eligible to claim the federal EITC on your federal tax return, you can:

Go to the Internal Revenue Service (IRS) website <https://www.irs.gov/Credits-&-Deductions/Individuals/Earned-Income-Tax-Credit/Do-I-Qualify-for-Earned-Income-Tax-Credit-EITC> to find out if you qualify for the federal EITC. Or call the IRS at 800.829.4477 and enter topic 601 when instructed.

Visit <http://caleitc4me.org/earn-it/> to check how much EITC credit you can earn.

SBOE D2 Partners With United Ways VITA Sites This Tax Season

For a list of United Way Volunteer Income Tax Assistance programs serving District 2, please see below. United Way also provides free online tax preparation for both federal and state income tax returns at MyFreeTaxes.org. The MyFreeTaxes program provides households with income up to \$57,000 special free access to tax filing software from H&R Block.

United Ways District 2 VITA sites this tax season:

United Way of the Bay Area

(800) 358-8832

<http://earnitkeepitsaveit.org/>

United Way Monterey County

(831) 372-8026

<http://www.unitedwaymcca.org/>

Northern Santa Barbara County United Way

(805) 922-0329

<http://www.liveunitedsbc.org/>

United Way of San Luis Obispo

(805) 541-1234

<http://www.unitedwayslo.org/>

United Way of Santa Cruz County

(831) 479-5466

<http://www.unitedwaysc.org/>

United Way Silicon Valley

(408) 345-4300

<http://www.uwsv.org/>

United Way of the Wine Country

(707) 528-4485 (Sonoma County)

(707) 528-4485 (Lake County)

(707) 367-2915 (Mendocino County)

(707) 443-8637 (Humboldt/Del Norte Counties)

<http://www.unitedwaywinecountry.org/eitc>



United Ways of California

United Ways of California improves health, education and financial stability results for low income children and families by enhancing and coordinating the community impact work and advocacy of over 30 California United Ways. Individually and together, California's United Ways build a stronger California by mobilizing our communities' public, private and non-profit sectors through community engagement, public policy advocacy, research and results-based funding.

www.unitedwaysca.org



Apply for Cal Grant Today

A Cal Grant is money for college you don't have to pay back as well as tax credit that can be claimed. To qualify, you must meet the eligibility and financial requirements as well as any minimum GPA requirements. Cal Grants can be used at any University of California, California State University or California Community College, as well as qualifying independent and career colleges or technical schools in California.

There are three kinds of Cal Grants — A, B and C — but you don't have to figure out which one to apply for. Your eligibility will be based on your FAFSA responses, your verified Cal Grant GPA, the type of California colleges you list on your Free Application for Federal Student Aid (FAFSA) and whether you're a recent high school graduate.

If you qualify, you'll receive an e-mail or letter notification to complete the online Cal Grant C Supplement in Web Grants for Students by the deadline. Even though a GPA is not required to apply for a Cal Grant C, you're still encouraged to submit yours because it can only help your chances of receiving an award.

Apply in 2 easy steps at <http://www.csac.ca.gov/doc.asp?id=48>

To learn more about the qualifications, go to <http://www.csac.ca.gov/>

To learn more about the tax credits, go to <http://treasurer.ca.gov/cefa/catc/index.asp>

Millions in Tax Refunds and Credits Are Waiting to be Claimed!



Find out if you are among the 49,000 Californians who are eligible to claim a total of \$28 million in personal income tax refunds that the US Postal Service returned to the Franchise Tax Board (FTB) in 2015. Most of the returned checks involve taxpayers who moved but failed to update their addresses.

Taxpayers can learn whether they have a refund waiting, and can automatically be issued a refund once they have updated their mailing address, by using the FTB's Check Your Refund Status online tool, available in both English and Spanish, or by calling FTB at 800-852-5711.

Additional refunds may be claimed with the 2016 Volunteer Income Tax Assistance (VITA) program, which will offer free tax preparation to households with incomes of \$54,000 or less. Trained and certified volunteers from the BOE and FTB will provide tax preparation and filing assistance to individuals and families in District 2. The volunteers will also assist taxpayers with claiming eligible refunds, and federal and state tax credits. Qualified taxpayers may be entitled to claim the federal Earned Income Tax Credit (EITC) of up to \$6,242 and the state EITC of up to \$2,653.

Several VITA events are scheduled throughout District 2 during February and March of 2016. Free tax preparation assistance will also be available at Board of Equalization district offices and other locations.

Visit <http://irs.treasury.gov/freetaxprep/> to find your nearest location.

Opportunity for Small Business Loans



Are you the owner of a minority business enterprise and are looking for assistance accessing new markets and capital? The U.S. Department of Commerce's Minority Business Development Agency (MBDA) is the only federal agency established solely to create jobs through the growth and global competitiveness of minority-owned businesses in the United States. MBDA coordinates and leverages public and private sector resources to provide access to capital, contracts and markets.

MBDA administers a cooperative grant program that funds a nationwide network of MBDA Business Centers. ASIAN, Inc., a community and economic development non-profit that has served Northern California for over four decades, operates three MBDA Business Centers -- in San Francisco, San Jose, and Fresno. These Centers provide a range of business consultation and technical services to minority-owned firms with revenues of \$1 million or more and/or in high-growth industries that are seeking to grow regionally, nationally, and globally. Services include private equity and venture capital sourcing, surety bonding assistance, identification of procurement and competitive bid opportunities, merger and acquisition support, ready-to-export preparation and loan packaging.

Contact the MBDA Business Center in San Francisco to get connected to the Center nearest you -- visit www.mbda.gov/businesscenters/sanfrancisco, e-mail San Francisco MBDA Business Center Director Lamar Heystek at lheystek@sanfranciscombdacenter.com, or call (415) 704-7415 for more information.

U.S. Small Business Administration Region IX Prime Contractor of the Year Awardee: Anderson Burton

Joni Anderson is a successful entrepreneur, the CEO of Anderson Burton Construction Inc., a family operated general contractor based in California. Joni and her son Fletcher Burton oversee more than 100 employees working on construction projects in New York, California, Texas, Nevada, Arizona, and Hawaii and Alaska. In recognition of the scope, scale, and quality of the Federal work Anderson Burton has done, in 2015, they were selected as the Prime Contractor of the Year for SBA



Region IX. Joni said she was stunned by this honor, thrilled to share it with her son, and honored to receive this recognition. Joni also recognizes the value of the assistance she's received from SBA: her 8a certification, Woman Owned Small Business certification, and the SBA financing that kept her company during a difficult time.

Working together, Joni and Fletcher are planning for the future, and starting to prepare for the end of their 8a certification in the next two years. Joni says that they are taking what they've learned in the program, marketing like crazy, trying to diversify, going after not only Federal, but also State, local, utility, and other industries.

Joni is also considering a mentor protégé agreement in the future in order to pass on some of the valuable information she's learned. Anderson Burton's success today is built on a solid foundation of family, overcoming obstacles, and many years of hard work. And it's the recipe for continued success in the years to come.

25 Years of Service at the BOE

Congratulations to the following District 2 BOE employees on their 25 years of service:

Oakland Office

- Alan Liang, Business Taxes Specialist II
- Manny Mamaradlo, Associate Tax Auditor
- Mila Wade, Tax Technician III
- Abbie Posis, Business Taxes Specialist I
- Ray Sanguinetti, Assistant Chief of Field Operations

San Jose Office

- Victoria Agustin, Business Taxes Compliance Specialist
- Karen Zielke, Business Taxes Specialist I
- Ronika Christian, Staff Information Systems Analyst
- Juanita Cabada-Morales, Business Taxes Representative
- Veronica Santillanes, District Administrator

Santa Rosa Office

- Michael Richards, Business Taxes Specialist I

San Francisco Office

- David Perez, Business Taxes Specialist II



BOE Member Ma with District Administrator Veronica Santillanes at the D2 Holiday Party

Happy Birthday to the following BOE D2 Staff:

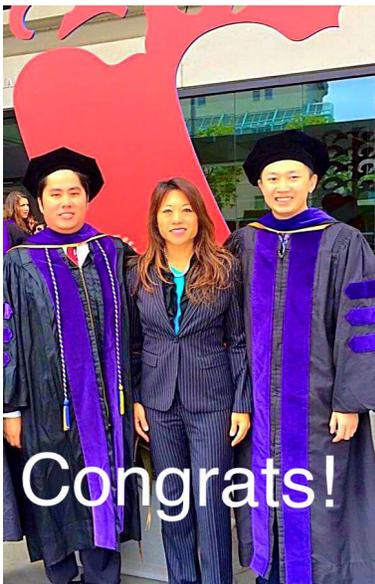


Jan. 2	Manuel	Mamaradlo
Jan. 2	Jain	Thapa
Jan. 3	Cynthia	Bolfan
Jan. 5	Juanita	Shih
Jan. 9	Ashia	Ismail
Jan. 9	Bernadette	Silva
Jan. 12	Trevor	McCormick
Jan. 12	Marie	Rodriquez
Jan. 17	Tim	Morland
Jan. 29	Veronica	Santillanes
Jan. 30	Scott	Yokel
Jan. 30	Stephen	Demarco

Board Member Ma & Staff on the Road



Member Ma at VITA training with volunteers in Oakland



Congratulations to Ma Squad Jorgio and Eric for passing the Bar. Our world will be a better place with these two fine young men seeking justice



Member Ma and District 2 Staff at the Annual Professional Development Day



Oakland Office's Ugly Sweater Contest Participants



Board Member Ma Supporting Small Business Saturday after the Annual Dickens Fair held at Cow Palace



Board Member Ma Spending Thanksgiving at the Firehouse

Free Small Business and Nonprofit Tax Seminars:

Free Seminar for Nonprofit, Faith Based & Exempt Organizations

Thursday, January 21, 2016

9:00am to 2:30pm

San Francisco State Building
Milton Marks Conference Center
455 Golden Gate Avenue
San Francisco, CA 94102

Register at: www.boe.ca.gov/ma/events or call 1-888-847-9652

Lake County Small Business & Resources Seminar

Tuesday, February 9, 2016

9:00am to 2:30pm

Calpine Geothermal Visitor Center
15500 Central Park Road
Middletown, CA 95461

Register at: www.boe.ca.gov/ma/events or call 1-888-847-9652

*Walk-ins are welcome. Registration is not mandatory to attend.
This will be a non-government agency televised event.*

Other Events:

Go-Biz Summit - "Grow California Business"

Tuesday, January 19, 2016

8:00am - 3:00pm

San Francisco State Building
Milton Marks Conference Center
455 Golden Gate Avenue
San Francisco, CA 94102

Register at: <https://www.eventbrite.com/e/go-biz-summit-grow-california-business-tickets-19729682010>

Free event hosted by the Governor's Office of Business and Economic Development (GO-Biz)

Thank You for Your Support

If you have a tax or fee problem, or have difficulty understanding the complexity of tax laws in California, my office can help provide you with assistance and resources. Email me directly at fiona.ma@boe.ca.gov or call my offices in Sacramento at (916) 445- 4081 or in San Francisco at (415) 557- 3000.

In addition, if you want to view some of the Board decisions or watch us live at the monthly Board hearings, please access www.boe.ca.gov and choose the webcast option under Board Hearings.

Representing the interests of taxpayers in a district of more than nine million Californians in 23 counties, I will ensure that the agency treats all taxpayers with respect and dignity. As your SBOE representative, I will continue to ensure that taxpayers are being heard in Sacramento. It is truly an honor to serve you.

Board Member Ma on Social Media



[@FionaMa](https://twitter.com/FionaMa)



www.facebook.com/CA.FionaMa



www.linkedin.com/in/fionamacpa



www.boe.ca.gov/MA

Fuel Consumption Facts

According to SBOE'S [state taxable gasoline gallons report](#) (including Aviation Gasoline), Californians consumed 1.2 billion gallons less of gasoline at 2.6 billion gallons in the third quarter of 2015 compared to third quarter of last year, a 30% decrease from 3.7 billion gallons.

Nationally, the average price of gasoline in the third quarter was \$2.69 per gallon according to the [Energy Information Administration](#). An \$0.88 decrease from last year.

To get up to date local, state, and national gas prices you can visit <http://fuelgaugereport.aaa.com/states/california/>