



STATE BOARD OF EQUALIZATION

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September 20, 2016

Mr. Michael Zaldivar
Zaldivar Sattar & Associates
19782 MacArthur Blvd. Suite 320
Irvine, CA 92612

Dear Mr. Zaldivar:

Thank you for your participation in the Board of Equalization's (BOE's) April 26, 2016 Business Taxpayers' Bill of Rights Hearings held in Culver City. I appreciate you taking the time to voice your concerns regarding the Statewide Compliance and Outreach Program (SCOP). You asked what training is being provided for SCOP team members and also how is SCOP instructed to interact with taxpayers. You also offered to work with the BOE in improving SCOP, and you made requests for assistance on behalf of three specific clients.

Training

The BOE Field Operations Department conducts training classes for SCOP team members in which they are instructed on prescreening accounts, communications, canvassing techniques, taxpayer interaction, and compliance functions. All SCOP team members are instructed to introduce themselves, present their badge, and inform the owner as to the purpose of their visit. SCOP team members are trained to observe business practices and compare what they have observed to the business owner's reported sales. They are asked to provide educational information to the business owner in regard to their business and inform them of any educational opportunities that may be occurring in their area. SCOP team members must document all conversations, observations, and findings and ensure they conduct the meeting in a way that minimizes disruption to business activities.

I have recommended that staff be issued regular reminders on relevant policies. I have also suggested that a training video be made available so that SCOP team members can access the training material on an as-needed basis.

Program Improvements

My office has investigated SCOP and based on our findings we have recommended changes be made to the amended returns process. Your concerns about the SCOP program have been included in my discussions with the Deputy Director, Field Operations Department.

The Field Operations Department is currently working on revisions to Chapter 10 of the Compliance Policy and Procedures Manual (CPPM), *Statewide Compliance and Outreach Program*. Proposed manual revisions are posted online for a 60-day public comment period. If you visit www.boe.ca.gov/sutax/pmr.htm, you can sign up to receive updates concerning future revisions to manuals.

Revisions of SCOP publications and letters are currently being considered and I have suggested they be further modified to be more transparent and provide taxpayers with a clear explanation of what to expect during a SCOP visit, as well as potential compliance activities that may follow.

Please do not hesitate to let me know if you have specific suggestions for revisions to SCOP written material.

Specific Clients

We have reviewed the SCOP activities concerning the taxpayers you mentioned during the hearings and discussed our findings with the district office. As you discussed with Mr. Buford on August 11, 2016, the district has agreed that no further action is warranted for one account. Another account will be referred for audit and SCOP will cease their activities. The third taxpayer has exercised their appeal rights and their interaction with SCOP is being addressed in our proposed changes to the amended returns process.

There were comments made at the April 26 Hearings about having follow-up discussions in the BOE's Customer Service and Administrative Efficiency (CSAE) Committee regarding the concerns about SCOP expressed by you and another presenter. As summarized above, the TRA Office is working extensively with the Field Operations Department on addressing those concerns. Various improvements to SCOP training, guidance to staff, and written communications are now under consideration. Once these efforts are complete, this matter may be properly considered for the CSAE Committee agenda.

Thank you again for sharing your ideas and concerns as part of the annual hearing process. If you have any further questions about this matter, please do not hesitate to contact me at 1-916-324-2798. You may also contact Mr. Irving Buford IV of my staff at 1-916-445-8321.

Sincerely,

Todd C. Gilman, Chief
Taxpayers' Rights and
Equal Employment Opportunity Division

TCG: ib

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cc: Honorable Fiona Ma, CPA, Chairwoman
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Ms. Lauren Simpson, Technical Advisor to the Advocate (MIC 70)
Mr. Irving J. Buford IV, Taxpayers' Rights Advocate Office (MIC 70)