

## **California budget tax changes**

**July 2, 2012**

The 2012–13 budget was signed by the Governor last night. There are few tax-related provisions in the budget, which relies heavily on tax increases California taxpayers will vote on in November. However, if voters don't approve those increases, we will see additional budget cuts (and possibly tax increases) in January.

The budget does contain the following tax-related provisions:

- It allows the FTB to issue a wage garnishment against a delinquent income tax debtor without recording a tax lien; and
- It extends the Financial Institution Record Match (FIRM) program, which requires banks to share account information, to the BOE and the EDD. Banks are currently only required to share information with the FTB.

The budget does not contain:

- A penalty for fraudulent refund claims, which had been proposed;
- Sales tax on services;
- NOL suspension for the 2012 taxable year; or
- Conformity.