



CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

450 N STREET, SACRAMENTO, CA
PO BOX 942879, SACRAMENTO, CA 94279-0092
1-916-324-2373 • FAX 1-916-322-4530
www.cdtfa.ca.gov

EDMUND G. BROWN JR.
Governor

MARYBEL BATJER
Secretary, Government Operations Agency

NICOLAS MADUROS
Director

September 15, 2017

VIA INTERNET

Dear Interested Party:

The Compliance Policy and Procedures Manual (CPPM) is a guide for staff of the California Department of Tax and Fee Administration (CDTFA) in administering tax and fee programs. It is available to the public and can be accessed from the CDTFA web page at <http://www.boe.ca.gov/sutax/staxmanuals.htm>.

The Business Tax and Fee Division is proposing to revise CPPM Chapter 2, *Registration*, to incorporate current policies and procedures.

The revision material is provided on the following pages for the convenience of interested parties who may wish to submit comments or suggestions. Please feel free to publish this information on your website or otherwise distribute it to your association/members.

If you have any comments or suggestions related to the proposed CPPM revisions, you may contact the CDTFA at CPPM.RevisionSuggestions@boe.ca.gov. Your comments or suggestions must be received by the CDTFA no later than **November 15, 2017**, in order to be considered by staff. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Trista Gonzalez".

Trista Gonzalez, Chief
Tax Policy Bureau
Business Tax and Fee Division

**CONTROL OF UNISSUED PERMITS AND LICENSESREGISTRATION
PROCEDURES IN CASE OF SYSTEM FAILURE**

275.035

Procedure to Be Used Only In Case Of Website and Registration System Failure

The following procedures and work tools have been developed by the eServices Unit to ensure the ~~BOE's Sales and Use Tax~~ registration programs under the California Department of Tax and Fee Administration (CDTFA) can continue ~~its primary business to~~ function ~~of registering applicants, issuing permits, and providing the necessary documents~~ when the ~~registration~~ system is not available.¹

The eServices unit has created two work tools: (1) A folder called "~~SUTD Manual Registration~~ BTFD-Disaster Emergency Information," which is located on the "Common ~~Cboe\Sutd~~²(L:)" drive and, (2) A USB flash drive (also called a thumb drive) containing ~~Manual Registration~~applications, permits, publications, and return files. Both of these tools contain the necessary documents, in a limited capacity, to continue CDTFA functions if the Emergency Preparedness Plan is implemented.~~complete the registration process~~. Hereinafter, the "BTFD-Disaster Emergency Information"~~SUTD Manual Registration~~" folder on the L: drive will be referred to as "Folder," and the USB flash drive will be referred to as "Thumb Drive."

Both the Folder and Thumb Drive contain the latest version of forms, returns, schedules, publications, and other registration documents in fillable form, in either Microsoft Word or Adobe pdf formats. Tax/feepayers should be advised to obtain relevant regulations and publications not contained in the Folder and Thumb Drive from the BOE-CDTFA website, ~~when it becomes available. The Folder and Thumb Drive also contain two sub folders: "Procedures" which contains instructions, and "SUTD Permits" which contains the seller's permit and certificate of registration templates.~~

The contents of the Folder and Thumb Drive are **not** to be duplicated in any media such as CDs, portable hard drives, or be retained in the user's hard drive once the system becomes available. This is to prevent releasing outdated versions of the Folder or Thumb Drive contents.

The contents of the Folder and Thumb Drive will be periodically revised. Field Offices Staff will be notified of revisions to the Folder and will be provided with a revised Thumb Drive.

Maintenance of the Folder and Thumb Drive

The Folder and Thumb Drive will be maintained by the eServices Unit. Staff who would like to add, delete, or otherwise make changes to the Folder's or Thumb Drive's content should contact the Registration Specialist in the eServices Unit, MIC: 40.

Accessing and Using the Folder

~~Only authorized users have rights to access the Folder on the L: drive. Authorized users are to access and utilize the contents in the Folder only when the system is unavailable.~~

~~Authorized users (e.g., Tax Technicians) who primarily perform registration~~ Only authorized staff primarily responsible for registration have rights to access all the

¹ Registration procedures for the alcoholic beverage and insurance tax programs administered by the Board of Equalization are supported by the Program Administration Branch in the CDTFA.

contents in the Folder when the system is unavailable. ~~Folder, including the sub-folders entitled “Procedures” and “SUTD Permits” and all documents (e.g., applications, returns, schedules, publications, and forms) in the Folder. Other authorized users (e.g., Supervisors, BTRs, and Specialists) only have access to the sub folder called “Procedures” and all documents (e.g., applications, returns, schedules, publications, and forms) in that Folder. They do not have access to the sub folder called “SUTD Permits.” Access to this sub folder (SUTD Permits) is limited to authorized users who primarily perform registration because it contains the seller’s permit and certificate of registration templates.~~

Each ~~District Principal Compliance Supervisor~~ Compliance Principal or their designee will be responsible ~~for~~ to maintaining the list of authorized users. ~~Any r~~ Requests for personnel changes (i.e., to adding or deleting authorized users) must be sent via ~~an e-mail to the field office’s District~~ LAN Coordinator by the ~~District Principal Compliance Supervisor~~ Compliance Principal or their designee. ~~The District~~ LAN Coordinator will then provide the appropriate access to the Folder and sub-folders.

Using the Thumb Drive

Each ~~field office District~~ Administrator ~~or Branch~~ and designated Office Supervisor with registration staff will be provided with one Thumb Drive. ~~The District Administrator, Branch Office Supervisor or their designee and~~ will be responsible for securing the Thumb Drive in a lockable storage area when not in use.

Authorized users are to install and use the contents of the Thumb Drive when ~~both the system and the LAN (access to the Folder on the L drive) are~~ is unavailable and the Business Resumption Plan has been activated. Contents of the Thumb Drive should not be installed on any authorized user’s personal computer (PC) for any other purpose.

~~Because the Thumb Drive contains the seller’s permit and the certificate of registration templates, the contents on the Thumb Drive should be installed on each authorized user’s (e.g., Tax Technicians) PC, whose primary function is registration. The contents may also be installed on other user’s (e.g., Supervisors, BTRs, and Specialists) PC at the discretion of the District Administrator, Branch Office Supervisor or their designee.~~ When an authorized user has completed the installation of the contents to their PC, he/she is to provide the Thumb Drive to another authorized user for installation and so on. *Note: The contents that are installed on each authorized user’s PC are stored on their desktop temporarily until the system becomes available.*

Block of Manual Account Numbers

~~Field offices~~ Staff will use the two-digit prefix account numbers (referred to as “block of manual account numbers”) when the system is unavailable. The two-digit prefix denotes the ~~district office~~ of control (e.g., prefix 21 - denotes the Oakland ~~District Office~~, 19 - denotes the San Francisco ~~District Office~~, etc.). These manual account numbers must be used in sequential order.

~~District offices with branch and/or satellite o~~ ffices performing registration should continue to issue a block of manual account numbers ~~to each branch and/or satellite office in the manner the District of Control~~ as they sees fit. It is the ~~district office’s~~ responsibility of the office of control to keep track of the issued and unissued manual account numbers for their office ~~and branch(s) and/or satellite offices.~~ locations. *Note:*

CPPM Chapter 2, Registration

On occasion, the Registration Specialist in the eServices Unit CPU may request the District office of Ccontrol to provide the last manual account number issued.

When the District office of Ccontrol is close to reaching the end of their block of manual account numbers (e.g., 21-999950), a compliance supervisor designated by the District Administrator will contact the supervisor of the Local Revenue Allocation Unit for a new block of manual sales and use tax account numbers.

The Program Administration Branch maintains a block of numbers for other tax and fee programs that may require immediate issuance of an account. Designated staff in the Registration and Licensing Section (RLS) and Motor Carrier Office (MCO) will have access to the blocks of numbers for the programs in their respective areas. These manual account numbers must be used in sequential order.

Processing Applications

Staff~~Field offices~~ will handle and process applications as usual, verifying completeness of the application, validating proof of identification, and verifying that all other registration requirements have been met. *Note: Since the system is unavailable, staff will not be able to create a TIN, or search if a TIN exists in CTS. ~~In addition, staff may not be able to determine if the applicant will be required to post a security deposit. In these cases, staff will create a new or use an existing TIN and determine if a security deposit is required when the system becomes available.~~*

When the application completion is verified, staff will use the ~~Folder's or~~ Thumb Drive's contents and manually issue the permit, welcome letter, returns (including schedules) and other registration material that are normally provided to an applicant at the time of registration. *Note: Staff should refer to CPPM 275.050 for the proper format to be used when typing a permit.*

If an field office receives an application for an account under another ~~District of~~office's Ccontrol, the ~~field~~ office that receives the application will process the application as usual. Staff can refer to CPPM section 295.020 for further details. When the application is verified complete, staff will issue a manual account number from their block and use the correct ~~district office~~ identifier. For example, the Sacramento District Office (KH) receives an application for a business located in whose office of control is the San Jose ~~District Office (GH)~~, KH the Sacramento Office staff will use one of their block of manual account numbers and use GH for the ~~district office~~ identifier (e.g., SR GH 28-99####).

With~~While~~ the system ~~being~~is unavailable, staff cannot record all the information given to the applicant in IRIS comments as required. Therefore, staff must document on the back of each application, in the shaded area indicated "For ~~Board~~CDTFA Use Only," the Tax Information Package (TIP) 1 and any other forms, regulations, publications, and returns that were provided to the applicant. The documented information on the application will then be entered in comments at the account level once the system becomes available.

Returns and Schedules

~~Every taxpayer with a Sales and Use Tax account, regardless of filing basis, may use the utility return (BOE 401 A2). It is Most returns are available through eBOE, the BOE website, the Folder or If the system is unavailable, returns and schedules can be obtained using the Folder or Thumb Drive, and staff should provide them to the tax/feepayer as necessary. ~~If a taxpayer requests (via the telephone or in person) a~~~~

~~return~~ If the return is not past due or due in the immediate future, and the tax/feepayer is eligible to file electronically, staff should direct the tax/feepayer to file their return through the BOECDTFA website. ~~If the taxpayer is not eligible to file electronically or does not have access to the Internet, staff should print the return and provide it to the taxpayer. In addition, the BOE 401 EZ and prepayment form BOE 1150 are also available in the Folder and on the Thumb Drive.~~

Staff should always ensure that the proper information (e.g., due date, reporting period, account number, taxpayer name and address) is typed on the return(s) as if the return(s) was generated from the system, and the accompanying schedules have been included before providing the tax/fee return package to the tax/feepayer.

Permit Verification

During the period the system is not available, it may be necessary to provide applicants, suppliers, and other interested parties, a written notice that the permit, license, or account being presented is valid, because new manually issued permits, licenses, or accounts ~~permits~~ will not be captured or available on the Permit, License, or Account Sales and Use Tax Permit Verification system on the CDTFABOE website. To accommodate this situation, BOECDTFA-400-SNS, Special Notice to Suppliers, was developed. This form is included in the Folder and Thumb Drive. When a permit is issued manually, the BOECDTFA-400-SNS should be provided to the taxpayer to be presented or shown to ~~whomever~~ whoever requires verification of the permit's validity. RLS staff will send a letter indicating the permit, license, or account is valid for those accounts that allow verification (e.g., cigarette and tobacco products, eWaste, and underground storage tank.)

When the System Becomes Available

All accounts that were manually issued must be entered into the system as soon as the system becomes available. Staff must search if a TIN exists or generate a new TIN for the tax/feepayer, as well as any related entity (partner, president, member, etc.), and relate the TINs with one another, if applicable, in the system. ~~In addition, staff will be able to determine if a security deposit is required from the applicant.~~

After inputting the applicant's information, it is possible to generate tax/fee returns, security requirements for cigarette and tobacco products, and other necessary forms from the system. Staff may bypass this process if the information has already been provided to the applicant when the system was unavailable. ~~If a BOE 598, Notice of Security Requirements, was provided to the applicant when the system was unavailable, staff must either enter a "Y" in the "Security Deposit Form 598" field under the Confirmation Screen (TAR CR) or enter the security requirements under SEC RQ. This will establish the security requirement in the system for the applicant.~~

The information that was documented on the back of the each application, in the shaded area indicated "Board CDTFA Use Only," must be recorded in comments (F11). This information (e.g., forms, regulations, and publications) was provided to the applicant at the time a manual permit or certificate of registration was issued. ~~In addition, if a BOE 598 was generated at the time staff was inputting the applicant's information, then comments regarding the BOE 598 must also be entered in the registration system.~~

When the system becomes available, the ~~District~~ Compliance Principal (or designee) should ensure all authorized users who installed the contents from the Thumb Drive

CPPM Chapter 2, Registration

to their desktop have deleted the contents, using the “uninstall” utility, from the drive where it was stored. When the contents are deleted from the authorized user’s PC, he/she is to provide the Thumb Drive to another authorized user for uninstallation of the contents. The ~~District~~-LAN Coordinators may assist authorized users with the uninstallation process. **Retaining and using the contents of the Thumb Drive or Folder may result in providing the tax/feepayer with outdated forms containing inaccurate data or requirements.**