



BESTSELLING AUTHOR

DEALING WITH FRANCHISE TAX BOARD (CALICLAW) COLLECTIONS & BANK LEVIES Strategies for Tax Professionals

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OVERVIEW AND OBJECTIVES

This presentation covers the **Franchise Tax Board collections process**, focusing on bank levies and practical strategies tax professionals can use to **protect clients and resolve tax debts effectively**.

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LEARNING OBJECTIVES

1

Understand FTB's collection process from notices to enforcement

2

Identify key collection tools including bank levies and liens

3

Learn taxpayer rights during the 10-day bank levy hold period

4

Master response timelines and documentation requirements

5

Apply effective resolution strategies (payment plans, OIC, hardship)

6

Implement asset protection and levy release techniques

WHAT IS THE FTB COLLECTIONS PROCESS?

TYPICAL COLLECTION ESCALATION:

- 1** Balance due established (return filed or FTB assessment)
- 2** Demand notices, reminder notices sent
- 3** Notice of State Tax Lien filed if unresolved
- 4** Bank levies, wage garnishments, asset actions begin

Early response is critical

Prevents escalation, expands options, reduces harm to client finances.

KEY TIMELINES & CONCEPTS:

- Notices often give **30-day response windows**
- Bank levy creates **10 business day hold** before funds transfer (Once this happens can take up 90 days before FTB get funds)
- Wage garnishments continue until released
- Statute of limitations: generally **20 years** for collection

Essential requirements

for resolution: tax compliance (all returns filed), financial disclosure, viable payment proposal.

TYPES OF FTB COLLECTION ACTIONS



LIENS

Public records that secure the state's interest against property. They do impact credit ratings, asset transfers, and refinancing options.



BANK LEVIES

Freeze and seize funds in bank accounts on receipt of the order. Can be repeated until the debt is resolved or payment arrangements made.



WAGE GARNISHMENTS

Earnings Withholding Orders for Taxes (EWOT) take a portion of wages until the debt is satisfied or arrangements made. Once WG happens cannot be removed until payment is paid in full.



TRIGGERS

Unpaid assessed balances, ignored notices, missing filings, and skip-traced financial information can all trigger escalated collection actions.

UNDERSTANDING BANK LEVIES



FTB Issues Order
to Withhold



10-Business-Day
Holding Period



Funds Remitted
to FTB

MECHANICS

- FTB issues an Order to Withhold to the bank
- Bank immediately freezes funds available on receipt date
- 10-business-day holding period before remittance
- Future levies may repeat until debt is resolved

IMPACT ON CLIENTS

- Cash-flow shock - accounts frozen without warning
- Payroll/vendor payment disruptions
- Potential overdraft fees from pending transactions
- Requires rapid practitioner intervention
- Multiple account impact if client has several accounts

TAXPAYER RIGHTS & PROTECTIONS

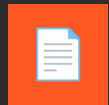
- Hardship-based release requests available
- Certain protected funds may have safeguards

PRACTITIONER ACTION ITEMS

- **Act within the 10-day window** - time is critical
- Get into IA agreement fastest way to get fund released
- Document financial hardship thoroughly. May not get approved before funds are taken

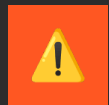
NOTICES AND RESPONDING TO FTB

COMMON FTB COLLECTION NOTICES:



Demand/Final Payment Notices

First collection action with payment due dates



Notice of State Tax Lien

Filed with county recorder; impacts credit and assets



Intent to Levy / Order to Withhold

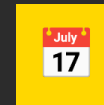
Bank levy notices freezing accounts



Earnings Withholding Order

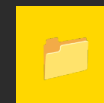
Wage garnishment notices to employers

RESPONSE BEST PRACTICES:



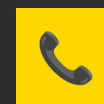
Calendar all deadlines

the day notices arrive; respond early with complete information. Many people may not get notices if they did not change address with FTB.



Organize client documents

identification, tax returns, transcripts, financials



Confirm receipt with FTB

request temporary collection holds while submitting proposals



Document all communications

in writing; follow up verbal agreements with confirmation

OPTIONS TO STOP OR MANAGE COLLECTIONS

INSTALLMENT AGREEMENTS

Realistic payment plans based on actual budget analysis. Direct debit enrollment reduces default risk and may allow for lien withdrawal.

HARDSHIP STATUS

Currently Not Collectible status provides temporary relief when necessary expenses exceed income. Regular financial reviews required.

OFFER IN COMPROMISE

Settlement option for qualifying cases with documented limited ability to pay. Requires full compliance and financial disclosure.

NEGOTIATION TIPS

Lead with compliance, support with financials, request temporary holds during negotiations, and document all communications with FTB.

All strategies require full tax compliance and comprehensive financial documentation

ROLE OF TAX PROFESSIONALS

— REPRESENTATION

File Power of Attorney (FTB POA) before calling; centralize all communications with the FTB through your office to protect client interests. However, if you have a notice the FTB will communicate with you without POA filing (Implied Consent)

— ADVISOR/ADVOCATE

Assess compliance, build comprehensive financial documentation, and select the appropriate resolution path based on client circumstances and legal options.

— COMMUNICATION

Maintain professional, concise, solution-oriented dialogue with FTB collection officers. Always confirm agreements and deadlines in writing to establish documentation trail.

— CLIENT EDUCATION

Set clear expectations about process timeline and client responsibilities. Establish preventive measures to avoid future collection issues through compliance planning.

Professional representation protects clients and creates leverage for successful resolution

PRACTICAL TIPS FOR HANDLING BANK LEVIES

IMMEDIATE STEPS

- Call FTB collections immediately, request a temporary hold
- Submit complete financial information and payment proposal (FTB 3561- Financial Statement)
- Contact CART Team department for process timing 916-845-7051
- Avoid duplicate debits by coordinating with both FTB and bank

REQUESTING RELEASES/REDUCTIONS

- Demonstrate financial hardship with documented evidence
- Emphasize payroll or critical vendor payment urgency
- Highlight active resolution attempts and compliance
- Get agreements in writing and follow up consistently

PRACTICAL TIPS FOR HANDLING BANK LEVIES

PROTECTING CLIENT ASSETS

- Segregate payroll and essential business funds when possible
- Reduce balances in at-risk accounts during collection periods
- Consider dedicated accounts for exempt funds
- Develop contingency plans for critical financial operations

MONITORING AND FOLLOW-UP

- Track client accounts and notices systematically
- Confirm levy release with both FTB and financial institution. Call client within 48hrs to confirm levy release. FTB will Fax employer directly. Get fax number for FTB
- Document all communications with FTB collection officers
- Implement alerts for future FTB correspondence

Time is critical: Act within the 10-business-day window to maximize options for levy release

SUMMARY & Q&A

Key takeaways from today's presentation:



Move fast on notices; aim to resolve before liens/levies



Bank levy = 10-business-day window to act; hardship and plans can stop/remit



Strong financials + compliance = leverage for negotiation

Questions are welcome. Please feel free to reach out for further assistance with any FTB collection matters.

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