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AB-2247 Personal income taxes: dependent exemption credit: identifying information. (2019-2020)

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Assembly Bill No. 2247

CHAPTER 99

An act to amend Section 17054 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 18, 2020. Filed with Secretary of State September 18, 2020.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2247, Burke. Personal income taxes: dependent exemption credit: identifying information.

The Personal Income Tax law authorizes an exemption credit for each dependent of a taxpayer for each taxable year beginning on or after January 1, 1999, which may be reduced if a taxpayer's federal adjusted gross income exceeds a threshold amount. Existing law, for taxable years beginning on or after January 1, 2015, requires the federal tax identification number of the dependent to be included on the tax return claiming the exemption credit. Existing law allows a taxpayer who has been disallowed the credit due to the omission of a correct identification number to claim the credit or refund of adjusted amounts within a specified time period.

This bill, for taxable years beginning on and after January 1, 2018, would allow a taxpayer to provide alternative identifying information, in the form and manner prescribed by the Franchise Tax Board, of a dependent who is included on a tax return claiming the exemption credit if that dependent is ineligible for the federal tax identification number.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 17054 of the Revenue and Taxation Code is amended to read:

17054. In the case of individuals, the following credits for personal exemption may be deducted from the tax imposed under Section 17041 or 17048, less any increases imposed under paragraph (1) of subdivision (d) or paragraph (1) of subdivision (e), or both, of Section 17560.

- (a) In the case of a single individual, a head of household, or a spouse making a separate return, a credit of fifty-two dollars (\$52).
- (b) In the case of a surviving spouse (as defined in Section 17046), or spouses making a joint return, a credit of one hundred four dollars (\$104). If one spouse was a resident for the entire taxable year and the other spouse was a nonresident for all or any portion of the taxable year, the personal exemption shall be divided equally.
- (c) In addition to any other credit provided in this section, in the case of an individual who is 65 years of age or over by the end of the taxable year, a credit of fifty-two dollars (\$52).

(d) (1) A credit of two hundred twenty-seven dollars (\$227) for each dependent (as defined in Section 17056) for whom an exemption is allowable under Section 151(c) of the Internal Revenue Code, relating to additional exemption for dependents. The credit allowed under this subdivision for taxable years beginning on or after January 1, 1999, shall not be adjusted pursuant to subdivision (i) for any taxable year beginning before January 1, 2000.

(2) (A) (i) For taxable years beginning on or after January 1, 2015, and before January 1, 2018, a credit shall not be allowed under paragraph (1) with respect to any individual unless the identification number, as defined in Section 6109 of the Internal Revenue Code, of that individual is included on the return claiming the credit.

(ii) For taxable years beginning on or after January 1, 2018, a credit shall not be allowed under paragraph (1) with respect to any individual unless either of the following occurs:

(I) The identifying number, as defined in Section 6109 of the Internal Revenue Code, of that individual is included on the return claiming the credit.

(II) In the event an individual who is included on the return claiming the credit is ineligible for an identification number required in subclause (I), the taxpayer shall provide information to identify the individual in the form and the manner as prescribed by the Franchise Tax Board.

(B) A disallowance of a credit due to the omission of a correct identification number required under this paragraph, may be assessed by the Franchise Tax Board in the same manner as is provided by Section 19051 in the case of a mathematical error appearing on the return. A claimant shall have the right to claim a credit or refund of adjusted amounts within the period provided in Section 19306, 19307, 19308, or 19311, whichever period expires later.

(3) (A) For taxable years beginning on or after January 1, 2009, the credit allowed under paragraph (1) for each dependent shall be equal to the credit allowed under subdivision (a). This subparagraph shall cease to be operative for taxable years beginning on or after January 1, 2011, unless the Director of Finance makes the notification pursuant to Section 99040 of the Government Code, in which case this subparagraph shall cease to be operative for taxable years beginning on or after January 1, 2013.

(B) For taxable years that subparagraph (A) ceases to be operative, the credit allowed under paragraph (1) for each dependent shall be equal to the amount that would be allowed if subparagraph (A) had never been operative.

(e) A credit for personal exemption of fifty-two dollars (\$52) for the taxpayer if the taxpayer is blind at the end of the taxpayer's taxable year.

(f) A credit for personal exemption of fifty-two dollars (\$52) for the spouse of the taxpayer if a separate return is made by the taxpayer, and if the spouse is blind and, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(g) For the purposes of this section, an individual is blind only if either (1) the individual's central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or (2) the individual's visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

(h) In the case of an individual with respect to whom a credit under this section is allowable to another taxpayer for a taxable year beginning in the calendar year in which the individual's taxable year begins, the credit amount applicable to that individual for that individual's taxable year is zero.

(i) For each taxable year beginning on or after January 1, 1989, the Franchise Tax Board shall compute the credits prescribed in this section. That computation shall be made as follows:

(1) The Department of Industrial Relations shall transmit annually to the Franchise Tax Board the percentage change in the California Consumer Price Index for all items from June of the prior calendar year to June of the current calendar year, no later than August 1 of the current calendar year.

(2) The Franchise Tax Board shall add 100 percent to the percentage change figure which is furnished to them pursuant to paragraph (1), and divide the result by 100.

(3) The Franchise Tax Board shall multiply the immediately preceding taxable year credits by the inflation adjustment factor determined in paragraph (2), and round off the resulting products to the nearest one dollar (\$1).

(4) In computing the credits pursuant to this subdivision, the credit provided in subdivision (b) shall be twice the credit provided in subdivision (a).