



TaxNewsFlash

United States



No. 2022-248
August 26, 2022

California: Erroneously issued refunds of 2022 pass-through entity tax must be returned by taxpayers ASAP to secure elections

The California Franchise Tax Board (FTB) notified taxpayers that approximately 3,000 pass-through entity (PTE) elective tax payments made with 2022 Form FTB 3893, *Pass-Through Entity Tax (PTET) Payment Voucher*, were incorrectly applied to tax year 2021 rather than 2022. Consequently, the FTB erroneously issued refunds to those taxpayers.

The FTB issued a [tax news release](#) advising taxpayers who received an erroneous refund to resubmit the 2022 PTE elective tax payment **as soon as possible**. Once received, the 2022 election will be secured with same effective date as the original 2022 PTE elective tax payment.

If a taxpayer does not resubmit the 2022 PTE elective tax payment, the FTB implied that the payment will not be considered timely, and the election will not be valid. However, to date, the FTB has not provided a deadline for resubmitting the payment.

Next steps for taxpayers

If a PTE received an erroneous refund and **has not cashed the check**, then it must mail Form FTB 3893 and the check with the explanation “PTE Elective Tax Erroneous Refund” written on the payment to:

Franchise Tax Board
P.O. Box 2288
Rancho Cordova, CA 95741-2288

If a PTE received an erroneous refund and **has cashed the check**, then it must resubmit the 2022 PTE elective tax payment as soon as possible. Payments may be made online using Web Pay at ftb.ca.gov/Pay. If the PTE is not subject to the mandatory electronic payment requirement, then it may mail a check along with Form FTB 3893 to the address listed above. Be sure to write the entity ID, tax year 2022, and explanation “PTE Elective Tax Erroneous Refund” on the payment.

KPMG observation

Tax professionals are not certain at this time whether formal notices will be issued to affected taxpayers or whether the FTB will clarify the deadline for resubmitting the 2022 PTE elective tax payment.

For more information, contact a KPMG State and Local Tax professional:

Oksana Jaffe | ojaffe@kpmg.com
Abner Chong | ajchong@kpmg.com

kpmg.com/socialmedia



The information contained in TaxNewsFlash is not intended to be “written advice concerning one or more Federal tax matters” subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader’s knowledge on the matters addressed therein, and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG’s Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)