State of California

Board of Equalization
Business Tax and Fee Department

Memorandum

To : Mr. David Gau
Executive Director (MIC 73)

Date: April 6, 2016

From : Susanne Buehler, Deputy Director
Business Tax and Fee Department (MIC 43) Susanne Buehler

Subject : **Board Meeting April 26-28, 2016**
Item N: Administrative Agenda
Proposed Revisions to Compliance Policy and Procedures Manual (CPPM)
Chapters 2, 3, 4, 5, and 7

I am requesting approval to forward the attached revisions to the Board Proceedings Division to be placed as consent items on the Administrative Agenda at the April 2016 meeting. The following sections are being revised to incorporate current policies and procedures:

- Chapter 2, Section 205.060, *Types of Application Forms*
- Chapter 3, Section 300.025, *Special Operations Branch Lead Reports*
- Chapter 4, various sections pertaining to security requirements for cigarette distributors
- Chapter 5, Section 515.000, *Fuel Tax Swap*
- Chapter 7, Section 703.030, *When to Proceed on BOE-Assessed Liabilities*
- Chapter 7, Section 705.070, *Counterfeit Bills Identified*

These revisions have been reviewed and approved by Business Tax and Fee Department management, provided to Board Members, and posted on the Board's website at http://www.boe.ca.gov/sutax/pmr.htm to solicit comments from interested parties. No comments were received from Board Members or other interested parties.

If you have any questions, please let me know or contact Ms. Lynn Whitaker at (916) 324-8483.

SB:rs

Attachment

STATE BOARD OF EQUALIZATION

BOARD APPROVED

At the April 26, 2016 Board Meeting

Joann Richmond

Joann Richmond, Chief
Board Proceedings Division

Approved

David Gau

Mr. David Gau
Executive Director

cc: (all with attachment)
TPD Chief (MIC 92)
Mr. Wayne Mashihara (MIC 47)
Mr. Richard Parrott (MIC 57)
Mr. Kevin Hanks (MIC 49)
Mr. John Thiella (MIC 73)
Mr. Marc Alviso (MIC 101)
Mr. Chris Lee (MIC 101)
Ms. Leila Hellmuth (MIC 43)

TYPES OF APPLICATION FORMS **(Cont. 2) 205.060**

4. **BOE-404-A**, *Qualified Purchaser Use Tax Registration,* is used to register "qualified purchasers" (QP). Effective October 23, 2009, RTC section 6225 requires QP to register, report, and pay use tax directly to the BOE under the following criteria:

   a. The person receives at least $100,000 in gross receipts from business operations per calendar year.
   b. The person is not required to hold a seller's permit or certificate of registration for use tax under RTC section 6226.
   c. The person is not a holder of a use tax direct payment permit as described in RTC section 7051.3.
   d. The person is not otherwise registered with the BOE to report use tax.
   e. Qualified purchasers are required to file annual use tax returns with a due date of April 15th of the following year.

   Online registration does not automatically identify QP accounts. If district staff becomes aware that a taxpayer has voluntarily registered because they meet the registration requirements of a QP, district staff should add ACC 34 and Lead Source ABX to the account.

   If a district office receives inquiries regarding registration, staff should direct taxpayers to register electronically via the BOE website. However, if the district receives a BOE- 404-A, or a BOE-400-CSU, *California Consumer Use Tax Account Application*, staff should determine whether the applicant qualifies as a QP and search the system to confirm whether the applicant is currently registered with BOE, or was previously registered. If the applicant is already registered with a sales or use tax permit, the applicant is not considered to be a QP under RTC section 6225. If previously registered, staff should determine whether the taxpayer is still required to be registered for some reason other than as a QP. If not, then the account should be established using ACC 34, and lead source code and lead source subtype ABX. If a NAICS code cannot be determined, a default code of 811999 will be used (see CPPM section 230.020 for information regarding NAICS codes). Applicants who are not QP under RTC section 6225 may still obtain a Consumer Use Tax Account.

   TAT "SU" accounts that are established on an annual reporting basis will be established with an April 15th due date. For these types of accounts, interest will begin to accrue on any unpaid tax beginning on April 16th and will calculate through the 15th of each subsequent month thereafter until the tax is paid.

   District staff may close a~~A~~ccounts with an ACC 34 ~~will be allowed to close their account~~ if their gross receipts drop below the $100,000 threshold for two consecutive years. After closing the account, taxpayers should be advised to report future use tax purchases on their business or personal income tax return. If the taxpayer meets the threshold requirements in a future year, they must re-register if they make purchases subject to use tax. Otherwise, district

TYPES OF APPLICATION FORMS **(Cont. 3) 205.060**

staff should not close out the account unless the QP's business operations have ceased, there is a change in ownership, or the QP has obtained a seller's permit. After three consecutive years of filing returns showing zero use tax due, the account will be automatically closed.

District staff should work delinquent QP accounts in the same manner they would work any other delinquent account; that is, in accordance with existing compliance policy and procedure.

~~Accounts manually registered in the district field office will remain under that district's control. All other accounts with the lead source and sub-type ABX will remain with Use Tax Administration Section (UTAS) for one year, and then transfer to the district of control unless the account incurs an accounts receivable, or the taxpayer is in bankruptcy status.~~When a QP purchases items from outside California subject to a special tax and/or fee (for example televisions, computers, tires, cigarettes, etc.), the supervisor or designee should send an email notification to the "PSTD – Referrals from SUTD" mailbox. The Special Taxes ~~PSTD~~ staff will investigate the notification and refer such leads to the appropriate division for further investigation.

SPECIAL OPERATIONS BRANCH LEAD REPORTS 300.025

The Special Operations Branch provides potential leads received from the Department of Alcoholic Beverage Control, Employment Development Department, and Franchise Tax Board to the appropriate district offices for handling. The leads identify possible account maintenance issues or recent activities on closed-out accounts and are documented on a BOE-220, *Interagency Offset Program Account Maintenance Referral.* Each district must assign the leads to staff to perform the required account maintenance or investigate the following:

- Entity changes,
- Business closed out in error,
- Sub-Location(s) (new or closed out),
- Possible agency offsets, and
- Potential asset leads on written off accounts.

MANDATORY SECURITY REQUIREMENTS FOR CIGARETTE AND TOBACCO PRODUCTS DISTRIBUTORS 405.080

Revenue and Taxation Code section 30141 requires every cigarette and/or tobacco products distributor to furnish mandatory security in the amount and form as prescribed by the Board of Equalization (BOE). Pursuant to RTC 30142 (a), the minimum amount of mandatory security for any cigarette and tobacco product distributor is one thousand dollars ($1,000). Mandatory security shall be released in a timely manner if the distributor's account(s) is in good standing with the BOE upon completion of the close-out review.

SECURITY REQUIREMENTS FOR DEFERRED PAYMENTS OF CIGARETTE TAX STAMPS 405.085

Pursuant to RTC section 30142 (b), a licensed cigarette distributor may furnish security for the purpose of deferring payments for cigarette tax stamps or meter register settings. Additionally, RTC 30168 (a)(1), (a)(2), and (a)(3) provides distributors several options for deferred payments and security requirements (see below). A distributor may request deferred payments for their purchases of cigarettes tax stamps by completing form BOE-356 *Cigarette Distributor's Application for Deferred Payment Option*. Upon receipt of the request, the Special Taxes and Fees (STF) Registration and Licensing Section will determine the cigarette distributor's security requirement and deferred purchase credit limit.

Monthly Deferred Payment - If a licensed cigarette distributor elects to make payments for stamps or meter register settings on a monthly basis, the BOE shall require security equal to not less than 70 percent of the amount and no more than twice the amount, as fixed by the BOE, of the distributor's purchases of stamps and meter register settings for which payment may be deferred. The distributor will be required to remit the payment on or before the 25th day of the month following the month in which the stamps were purchased.

Twice Monthly Deferred Payment - If a licensed cigarette distributor elects to make payments for stamps or meter register settings on a twice-monthly basis, the BOE shall require security equal to not less than 50 percent of the amount and no more than twice the amount, as fixed by the BOE, of the distributor's purchases of stamps and meter register settings for which payment may be deferred. The distributor shall make two remittances during the month following the month in which the stamps and meter register settings were purchased. The first monthly remittance shall be made on or before the 5th day of the month and shall be equal to either one-half of the total amount of those purchases of stamps and meter register settings that were made during the preceding month or the total amount of those purchases of stamps and meter register settings that were made between the first day and the 15th day of the preceding month, whichever is greater. The second monthly remittance shall be made on or before the 25th day of the month for the remainder of those purchases of stamps and meter register settings that were made in the preceding month.

SECURITY REQUIREMENTS FOR DEFERRED PAYMENTS OF CIGARETTE TAX STAMPS (CONT. 1) 405.085

Weekly Deferred Payment with Security - If a licensed cigarette distributor elects to make payments for stamps or meter register settings on a weekly basis, the BOE shall require security equal to not less than 25 percent of the amount and no more than twice the amount, as fixed by the BOE, of the distributor's purchases of stamps and meter register settings for which payment may be deferred.

The distributor will be required to:

1. Remit the payment on or before Wednesday following the week in which the stamps and meter register settings were purchased.
2. Provide to the BOE and update, as necessary, an email address for the purpose of receiving payment information, including, but not limited to, amounts owing for stamps and meter register settings purchased.

Weekly Deferred Payments with No Additional Security - Pursuant to Revenue and Taxation Code section 30142 (d), a licensed cigarette distributor may elect to defer payments for stamps or meter register settings purchases without posting additional security if the distributor's average monthly purchase of stamps for the previous 12 months does not exceed seventy-two thousand (72,000) stamps or meter register settings, and the distributor meets all of the following requirements:

1. Has been licensed under this part for a minimum of five years;
2. Has not been delinquent in the filing of any reports or returns required under this part for the preceding three consecutive years;
3. Has not been delinquent in the payment of any tax under the Cigarette and Tobacco Products Tax Law, or for any other tax or fee administered or collected by the BOE, for the preceding three consecutive years;
4. Provides to the BOE and updates, as necessary, an email address for the purpose of receiving payment information, including, but not limited to, amounts owing for stamps and meter register settings purchased;
5. Any other criteria the BOE may require.

The distributor will be required to remit payment for stamps purchased on the deferred-payment basis without additional security on or before Wednesday following the week in which the stamps were purchased.

TYPES OF SECURITY 410.000

TAXPAYER'S CHOICE OF SECURITY 410.005

When security is required, the applicant is given a copy of Form BOE–598, *Notice of Security Requirements*, and allowed to select the type of security he or she prefers. *Under no circumstances will the taxpayer be referred to a specific bank, saving and loan association, credit union, or bonding agent which may provide the security.*

Form BOE–598, *Notice of Security Requirements*, is automatically printed by the on-line security system when the requirement is added, and is used to notify the taxpayer that initial security, additional security, or replacement security is required. A copy is retained by the district office or ~~PSTD division~~STF Registration and Licensing Section and used as a follow-up system and reminder to cite the account on-line when security is not posted.

Subject to specific conditions, six types of security are acceptable for purposes of fully complying with the security requirements of the BOE. These are:

1. Cash Deposits
2. Deposit accounts in banks, savings banks, and savings and loans including Insured Accounts, Fully Paid Investment, Bonus Investment Certificates and Accumulative Investment Certificates
3. State and Federal Credit Union Shares
4. Surety Bonds

~~5. Guaranties~~

~~6.~~5. Letter of Credit (applicable only for Cigarette Distributor accounts on deferred payment of cigarette tax stamps issued by the ~~Excise Taxes Division~~STF Registration and Licensing Section)

There are two "types" of deposits that indicate why the security is taken and under what conditions it is to be refunded.

1. **Regular —** A continuing deposit which may be any of the acceptable types of security to cover any of the tax programs. This is the normal security deposit posted by the taxpayer to ensure payment of tax liability. After the security has been held for three years and it meets the release criteria, the security will be released (See CPPM 403.035). However, if the account is closed out, the deposit is applied to any unpaid liability before it is released to the depositor.

2. **3rd Party —** A deposit made by a "third party" such as a finance company, dealer or some person other than the taxpayer to obtain a tax clearance. The deposit is refunded to the person who made the deposit when the tax is determined and payment made by the taxpayer or when the deposit is made for an offer in compromise and the offer is not accepted. If collection cannot be made from the taxpayer, the deposit will be applied to amounts due to the date of deposit. For instructions on application of Third Party Deposits see CPPM 410.080.

LETTER OF CREDIT 410.075

A Letter of Credit is a binding document that a cigarette distributor can request from his/her bank in order to guarantee payment. For deferred purchases of cigarette tax stamps, a Letter of Credit gives the BOE assurance that payment will be received for the cigarette tax stamps purchased on credit by the cigarette distributor. The use of a Letter of Credit as a form of security for cigarette tax stamp purchases shall be at the discretion of STF Registration and Licensing Section.

Accepting a Letter of Credit - A licensed cigarette distributor must have their bank or financial institution complete and sign form BOE-487-DCB, *Irrevocable Letter of Credit.* The Letter of Credit must be issued by any of the following:

1. A State of California chartered bank or savings institution;
2. A federally chartered bank or savings institution;
3. Any other foreign or domestic bank or savings institution;
4. A group (syndication) of domestic or foreign bank or savings institutions.

The Letter of Credit must be issued by and payable at a branch in the continental United States, Alaska, or Hawaii. The issuing branch or savings institution, in any event, shall have at the time of issuance of the Letter of Credit an acceptable credit rating as set forth below:

> An "Aaa," "Aa", or "A" long term bank deposit rating for the bank or savings institution in the current monthly edition of *Moody's Bank Credit Research Monthly Ratings List.*

The STF Registration and Licensing Section will periodically verify that a bank's or savings institution's long term bank deposit rating is acceptable. If a bank's or savings institution's rating subsequent to the issuance of the Letter of Credit falls below the acceptable rating level, the BOE shall require the Letter of Credit to be replaced by a bank with an acceptable rating within 45 days of the publication of the lower credit rating.

Processing a Letter Of Credit - Upon receipt of the form BOE-487-DCB, *Irrevocable Letter of Credit*, STF Registration and Licensing staff shall verify that the credit rating of the bank or savings institution meets the criteria set forth in Guidelines for Accepting a Letter of Credit. Staff can verify long term bank deposit ratings by visiting www.moodys.com and viewing the current monthly edition of *Moody's Bank Credit Research Monthly Ratings List* prepared by Moody's Investor Service, Inc., New York City, NY.

LETTER OF CREDIT (CONT. 410.075)

Upon review and approval of the Letter of Credit by STF Registration and Licensing, the security will be posted by using a "D" in the security type field in the SEC PO screen. To add the bank or savings institution information, press F9 while in the 'Guarantor ID and Name' field on the SEC PO screen and select the bank or savings institution from the list. If the bank or savings institution is not listed, it may be added to the list by contacting the Local Revenue and Allocation Section.

LIST OF FORMS USED 415.010

The forms listed below establish, transfer, change or terminate a security account record:

- Form BOE–454 — Assignment of Cash Security (e.g., from predecessor to successor)
- Form BOE–487–C — Cash/Liquid Security Deposit Advice.
- Form BOE–487–DCB — Irrevocable Letter of Credit (for licensed cigarette distributors).
- Form BOE–487–G — Guaranty Receipt Advice.
- Form BOE–487–S — Surety Bond Receipt Advice.
- Form BOE–700 — Request for Conversion of Security.
- Form BOE–1234 — Form Letter to Issuer Requesting Distribution of Certificate Amount.

FUEL TAX SWAP 515.000

GENERAL 515.010

Assembly Bill x8 6 and Senate Bill 70 (Chapters 11 and 9, Statutes 2010) provided for both an excise tax rate increase and a corresponding sales and use tax rate decrease on sales of motor vehicle fuel (MVF), excluding aviation gasoline. This Fuel Tax Swap became effective July 1, 2010.

Beginning July 1, 2011, the sales and use tax rate on sales of diesel fuel increased, while the state excise tax on diesel fuel simultaneously decreased. Users who are exempt from the excise tax on diesel fuel are also exempt from the sales and use tax rate increase if an exemption certificate is furnished to the seller at the time of the purchase.

The BOE is required to annually raise or lower the excise tax rates on gasoline and diesel fuel so the same amount of revenue (by estimation) generated is equal to what would have been generated had the sales and use tax and excise tax rates on gasoline and diesel fuel remained unchanged. The gasoline and diesel fuel excise tax collection points did not change. Suppliers continue to be responsible for collecting the tax at the new rates upon removal from the terminal rack or entry into California.

SALES AND USE TAX RETURN FORMS 515.020

Taxpayers generally file their returns online and the system calculates the amounts due. Those unable to file online or who have requested and received an exemption from online filing, will use the BOE-401-GS, *State, Local, and District, Sales and Use Tax Return*, the BOE-401-DB, *Prepayment of Sales Tax on Fuel Sales*, and the BOE-531-G, Schedule G – *Fuel Sellers Supplements to Sales and Use Tax Return* available only through IRIS.

MOTOR VEHICLE FUEL TAX RETURN FORM 515.030

The BOE 501-PS, *Supplier of Motor Vehicle Fuel Tax Return* is available on the BOE website for reporting the multiple rates that apply to motor vehicle fuel products in this state. To claim a credit for MVF sold or used in an exempt manner at a prior rate, schedules supporting the inventory at the prior rate are required. For more detailed information on reporting requirements, see BOE 810-FTE, *Instructions for Preparing Motor Fuels Schedules*.

DIESEL FUEL TAX RETURN AND CLAIM FOR REFUND FORMS 515.040

The BOE 501-DD, *Supplier of Diesel Fuel Tax Return*, is used to report the multiple rates that apply to diesel fuel in this state. In addition, the BOE 770-DU, *Diesel Fuel Claim for Refund on Nontaxable Uses*, the BOE 770-DV, *Diesel Fuel Ultimate Vendor Report/Claim for Refund*, and the BOE 770-DZ, *Claim for Refund on Nontaxable Sales and Exports of Diesel Fuel* are used for claims for refund at multiple rates. To claim a refund or credit for diesel fuel sold or used in an exempt manner at a prior rate,

schedules supporting the inventory at the prior rate are required. For more detailed information on reporting requirements, see BOE-810-FTE, *Instructions for Preparing Motor Fuels Schedules.*

WHEN TO PROCEED ON BOE-ASSESSED LIABILITIES 703.030

Tax/fee payers are formally notified of a BOE-assessed liability with Form BOE–1210, *Notice of Determination*. RTC section 6486, and similar statutes for the BOE's special taxes programs, state that "the notice shall be placed in a sealed envelope, with postage paid, addressed to the retailer or person storing, using, or consuming tangible personal property at his or her address as it appears in the records of the BOE." If a notice is served personally by delivering it to the person to be served, service is complete at the time of delivery.

All BOE-administered tax and fee program determinations, except for determinations made for the payment of cigarette tax stamps ~~under the Cigarette and Tobacco Products Tax~~ and Jeopardy Determinations, become final 30 days after service of the Notice of Determination upon the taxpayer. Under Cigarette and Tobacco Products Tax Law (RTC section 30174), a determination for failure to pay for cigarette tax stamps becomes final 10 days after service of a Notice of Determination upon the distributor, unless the distributor files a timely petition for redetermination and posts a security deposit within the 10-day period. Jeopardy determinations have the same requirements.

As in the case of self-assessed liabilities, a demand notice does not need to be issued prior to taking collection action. Passive collection efforts may commence before the finality date. Active collection action may be initiated immediately after a determination becomes final and passive efforts have not been successful in resolving the matter. A "finality" penalty, which is an additional penalty of 10 percent of the unpaid tax, is added to the liability if payment is made after the "finality" date stated on the Notice of Determination, unless the tax/fee payer files a timely petition for redetermination.

For sales and use tax determinations and most special taxes determinations, a person against whom a determination is made, or any person directly interested, may file a petition for redetermination within 30 days after service of a Notice of Determination. (See Publication 17). The filing of a petition must be in writing and state the specific reasons why the tax/fee payer believes the amount determined to be due is incorrect. Receipt of a timely petition for redetermination begins the appeal process and, as provided by RTC section 6561, prevents the deficiency determination, as provided by RTC sections 6481 or 6511, from becoming final within the initial 30-day period.

When a tax/fee payer files a timely petition for redetermination, the original Notice of Determination is superseded by a Notice of Redetermination at the conclusion of the Appeal process. Only passive collection efforts should be taken until the Notice of Redetermination becomes final. The general policy is that no active actions should be taken on determinations not yet final since approximately three-fourths of these determinations are paid before any action becomes necessary. Except as noted in the following paragraphs, active collection action, e.g., mailing levies, filing liens, serving a Notice to Withhold, etc., may not be taken until after the finality date of a determination.

In cases where all of the tax is paid and a claim for refund has been filed, accounts with billed, final amounts are placed in an appeal status and the IRIS DIF DI Stop Demand field is populated by the Audit Determination and Refund Section (ADRS) or the Appeals and Data Analysis Branch (ADAB). This action prevents demand billings from being issued and removes the account from ACMS. No action to collect the

remaining interest and penalty is to be taken until the account is removed from Stop Demand status. If the claim for refund is denied, the ~~Stop~~ stop d~~D~~emand flag will not be removed for at least 90~~180~~ days pending verification that a suit for refund of tax has not been filed by the taxpayer. ~~If the taxpayer files a suit for refund of tax and the court rules in favor of the BOE's counter-claim for the remaining penalty and interest due, the ADRS will record a comment in IRIS and remove the Stop Demand flag.~~

Following the removal of the stop demand flag from the account, when the new period representing the denied claim for refund enters ACMS, the collector must contact the tax/fee payer and ask for voluntary payment of the penalty and interest. If the tax/fee payer fails to comply, or if the collector's attempts to contact the tax/fee payer are unsuccessful, summary collection action to collect the penalty and interest should resume, unless the collector has information which indicates the tax/fee payer has requested relief of penalty and/or interest. If the tax/fee payer or their attorney of record indicates that a suit for refund has been filed and provides proof of the filing, or if BOE receives notice of a suit for refund, the collector must suspend collection of the affected liability. Any legal documents received pertaining to the suit must be forwarded to Special Operations Branch (SOB) for review in accordance with CPPM section 722.080.

SOB will enter a comment on the account in IRIS and in ACMS (if the account is active in ACMS) regarding the filing of the suit and verify if a stop demand in IRIS is in place on the remaining penalty and interest. If a stop demand is not in place, SOB will promptly place a stop demand on the affected liability. No action to collect the penalty and interest will be taken during the duration of the legal proceedings. Upon resolution of the court case, the Litigation Division will notify SOB regarding the outcome of the case. If BOE prevails in the lawsuit and the tax/fee payer's legal remedies are exhausted, SOB will remove the stop demand flag from the unpaid liability and enter a comment in IRIS and in ACMS (if the account is active in ACMS) regarding the outcome of the court case. Collection of the liability will resume if the tax/fee payer's suit is unsuccessful and the liability remains unpaid.

In the majority of cases, collection efforts before a determination becomes final are restricted to passive activities. However, when a jeopardy determination is issued, the statutes governing the BOE's collection program allow active collection action to be taken, on the tax portion only, before the finality date. Therefore, use of active collection action, prior to the finality date of a determination, is limited to cases where immediate action is necessary to protect the interest of the state, i.e., where a determination has been converted to a jeopardy determination or a jeopardy determination has been issued. Note: For jeopardy determinations, if the principal is not paid within ten days of the billing date, the delinquency penalty and interest attach to the tax amount determined after the finality date (ten days) has expired.

A person against whom a jeopardy determination is made may file a petition for redetermination within 10 days if they post adequate security as required by the BOE. (See CPPM 445.000). The person against whom a jeopardy determination is made may request an administrative hearing within 30 days to:

1. Establish that the determination is excessive,
2. Establish that the sale of property that may be seized after issuance of the jeopardy determination or any part thereof shall be delayed pending the

administrative hearing because the sale would result in irreparable injury to the person,

3. Request release of all or a part of property to the person, or
4. Request a stay of collection activities

COUNTERFEIT BILLS IDENTIFIED 705.070

The following procedures should be followed when a field collector identifies a counterfeit bill(s):

1. Inform the taxpayer of the counterfeit bill(s).
2. Confiscate the counterfeit bill(s).
3. Notify your supervisor of the counterfeit bill(s).
4. Prepare a separate BOE-602, *Field Receipt* for the counterfeit currency as instructed in the CPPM 705.010, *Preparing Form BOE-602.* However, specified fields should be completed as follows:
   a. Check the box marked "Other" and write in "Counterfeit Currency,"
   b. Enter the serial numbers of the bills in the Account/TIN column next to the account number,
   c. Enter the currency amount in the column titled "Amount."
5. Provide the taxpayer with a copy of the receipt.
6. Segregate the quantity and denomination of the bills received in individual envelopes with copies of the BOE-602.
7. Inform the taxpayer that credit for payment will not be given.
8. Notify the taxpayer that a letter will be forthcoming confirming the conversation, describing the counterfeit bill(s), indicating that the counterfeit bill(s) will be sent to U.S. Secret Service, and informing that a copy of the U.S. Secret Service results will be sent to the taxpayer.
9. Prepare and mail the BOE-469, *Notification of Counterfeit Bills*, to the taxpayer after returning to the office.
10. Retain a copy of the BOE-469.
11. Transfer the counterfeit bill(s) and a completed BOE-602 as instructed in the CPPM 705.005, to the Headquarters (HQ) or District Office (DO) cashier to verify that the bill(s) are counterfeit.

The responsibility of the field collector(s) ends after the suspected counterfeit bills are transferred, with the proper receipts, to the HQ or DO cashier. The cashier unit will verify with the U.S. Department of Homeland Security/U.S. Secret Service that the bills are counterfeit.