Compliance Policy and Procedures Manual

Chapter 3

Account Maintenance

Business Tax and Fee Department
California State
Board of Equalization

This is an advisory publication providing direction to staff administering the Sales and Use Tax Law and Regulations. Although this material is revised periodically, the most current material may be contained in other resources including Operations Memoranda and Policy Memoranda.
Please contact any Board of Equalization office if there are concerns regarding any section of this publication.

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ACCOUNT MAINTENANCE 300.000

ACCOUNT MAINTENANCE DEFINED 300.010

Account maintenance is the procedure, or combination of procedures, by which changes to established sales and use tax accounts are made. These changes reflect corrections and updates. Either district or headquarters staff may perform account maintenance procedures. Most procedures are done on-line. However, a few procedures are processed through assignment control, which is basically an in-box system within IRIS that is used to manage different assignments by Board staff.

Please note, the IRIS system uses what is known as a Go command, which allows users to enter a shortcut code to go directly to a screen without navigating through a series of menus. This line consists of the Library Jump Code and the Screen Jump Code. The Library Jump Code is a three-digit code used to indicate which application the user wants to access. The Screen Jump Code is a two-digit code used to indicate the specific screen the user wants to access within the particular application. An example of a Library Jump Code and a Screen Jump Code would be TAR AI which is the Taxable Activity Registration (Library Jump Code) — Account Inquiry (Screen Jump Code).

ORIGINATING CHANGES 300.020

Most changes are initiated by the district from information received from the taxpayer or other sources. In some cases headquarters receives information before the district indicating a possible need for change. Generally, the information is forwarded to the district in its original form, such as a letter or a copy of the document from a taxpayer. Miscellaneous changes, such as changes in mailing address or Doing Business As (DBA), to the registration records may be processed by the Customer & Taxpayer Services Division (CATS), Account Analysis and Control Section, or the district office. Those items forwarded to the district should be promptly processed.

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.

CHANGE OF ACCOUNT RECORD 300.030

Form BOE–777, Notice of Change in Reporting Basis Status

Form BOE–777 is used by the districts to notify taxpayers of a change in reporting basis for sales and use tax accounts. This form can be printed by the on-line registration system. The actual change in reporting basis is accomplished on-line, and Form BOE–777 is only used to notify the taxpayers of the change and the effective date of the change.

Board personnel should be flexible if taxpayers request an alternative reporting basis, with the exception of the EFT and Quarterly — Prepayment reporting basis guidelines, which are set by statute. A taxpayer with a history of delinquencies or accounts receivable would not normally be placed on a less frequent reporting basis than indicated by the guidelines. However, staff should not automatically deny a request by a taxpayer on a monthly reporting basis, with a good payment record, to report on a quarterly basis.

Form BOE–523, Tax Return and/or Account Adjustment Notice

Form BOE–523 may be used for the following functions:

- Move returns and/or payments between different accounts or within different Financial Obligations (FO) of the same account.
- Transfer returns with a change to either start date or close-out date.
- Split returns between accounts or within different periods (FO) of the same account.
- Reallocate tax for state, county, local or special taxing jurisdictions.

All other changes are made on-line.

CHANGES WHICH CANNOT BE MADE TO EXISTING ACCOUNTS 300.040

Certain changes may not be made to an existing account either manually or on-line:

1. Incorporation of an account or formation of limited liability company.
2. Change of Taxable Activity Type.
3. Change of ownership type after taxpayer has filed the first return, such as from individual to partnership.

Each of the situations above requires closeout of the existing permit and issuance of a new permit.

PARTNERSHIP CHANGES 301.000

RUPA PROVISIONS 301.010

The Revised Uniform Partnership Act of 1994 (RUPA) provides that partnerships are distinct and separate entities from their individual partners and allows for the continuation of a partnership with the addition or deletion of partners. (For information on the impact of RUPA on collection activity, see CPPM section 724.000.)

In accordance with RUPA provisions, staff should not close a partnership permit and issue a new one merely because of a change in partners (unless a written partnership agreement specifies dissolution of the partnership when a change in partners occurs). Since the permit will continue, for account maintenance and other purposes, it is imperative that partner-change information be properly documented when received by staff.

DOCUMENTING PARTNERSHIP CHANGES 301.020

RUPA provides for the continuation of a partnership when a change in partners occurs. There is no requirement that the BOE be contacted and notified when a new partner is added or when a partner dissociates from the partnership.

Although RUPA does not require notification to creditors when a change in partners occurs, prompt notification to the BOE will protect former partners from being held liable for tax deficiencies incurred by the remaining partners after dissociation and help protect new partners from being held liable for debts incurred before they joined the partnership. Therefore, when staff learns that a change in partners has occurred, it is important that the following information be documented to help ensure that BOE records are accurate and up to date.

When notified by telephone that a partner has been added or dissociated, the person receiving the information should obtain and document the following information:

1. Name of the person providing the information.
2. Phone number and address of person providing the information.
3. Name of partnership and/or name of business (DBA).
4. Account number, if known.
5. Name(s) of managing partner or partners (at least one partner's name should be obtained).
6. Name(s) of partner(s) added or dissociated.
7. Effective date(s) of change.

Note: The BOE–400–PC, *RUPA Partner Change Information,* is used for this purpose. Completed forms should be retained by the district, section, or branch responsible for the account and included as part of the documentation when a dissociating partner has a liability and an arbitrary number is required for that partner.

In addition to the above, the following steps should be taken, when appropriate:

- The person receiving the call should include his or her name on the information sheet and the date the information was received. *The caller should be asked to send in written confirmation of the information provided to the address of the district, section, or branch responsible for the account to the attention of the District Administrator, section supervisor, or branch supervisor*. If written confirmation is not received within two weeks from the date of contact, a BOE-400-AP, *SUTD Confirmation Letter Partner Added*, should be sent to the added partner, or a BOE-400-PD, *SUTD Confirmation Letter Partner Dropped,* should be sent to the dropped partner by the district of control. A first-line supervisor or his/her designee should send the confirmation letter. A copy of this letter should also be sent to the business address in the name of the partnership or business name (DBA). A copy should also be sent to the Taxpayer Records Unit (MIC 36) using the Documentum procedures on eBOE, and another copy retained in the district. If more than one partner is being added or dissociated, multiple letters should be sent.
- If the call is received in a district office or in any section directly responsible for the account, the information sheet should be given to the person's immediate supervisor. The supervisor will assign staff to enter the information in the Client Taxpayer System (CTS) in IRIS.
- When notice of a change in partners is received in the Customer Service Center, or in any other section not directly responsible for the account, the information sheet will be completed as above and forwarded to the district or section responsible for the account, to the attention of the District Administrator or section supervisor. This person will then ensure that the account is updated in IRIS.
- If, for whatever reason, all the pertinent information cannot be obtained during the initial phone contact, an effort should be made to at least obtain the caller's name, phone number (or address), account number or name of the business, and at least one partner's name. A return phone call to the person should then be made as soon as possible, or the person's name, number and other particulars should be forwarded to the responsible section or district of control for follow-up.
- If information is received in the mail, the correspondence should be forwarded to the district or section responsible for the account for follow-up and processing as described above.

ADDING OR DISSOCIATING PARTNERS 301.030

When a partner is added to or dissociates from the partnership, generally the permit will remain open as long as business activity continues. The permit will be closed out only if the partnership agreement specifies dissolution of the partnership when partners are added or dissociated or a majority of the partners elect to dissolve the partnership. In that case the permit will be closed out and a new one issued to the new partnership or other entity. Partner-change information, when obtained, will be recorded and processed as outlined in CPPM 301.020. Confirmation letters will be requested and sent, and copies will be retained in the district and forwarded to Taxpayer Records Unit (MIC 36) using the Documentum procedures on eBOE.

When a partner dissociates from a partnership, the remaining partners have an election to make. They must either elect to buy out the dissociating partner and continue the partnership or dissolve the partnership. If the partnership continues, RUPA requires that the partnership buy out the dissociating partner's interest within 120 days of receiving a written demand for payment. If no agreement can be reached within that time, the partnership is required to pay the dissociating partner cash in the amount the partnership believes to be the buy out price as established by RUPA section 16701(b).

If a partner dissociates from a partnership or is otherwise removed *and* this results in *only one partner remaining*, the original permit should be closed out and a new permit issued for the business. The new permit should be for a sole proprietor or other non-partnership entity, since there cannot be a "partnership" consisting of only one person. By definition, a partnership is an association of *two or more* persons, formed to carry on a business for profit.

Adding a Partner to an Existing Partnership Account

A start date must be entered when a partner is added to an existing partnership or when a new partnership account is established. The partner's start date is the date he or she became a partner in the partnership, which may be different from the start date of the account, and different from the date the Taxpayer Identification Number (TIN) was created. The start date is entered in the "Start Dt" field on the "Maintain Partner Relationship" screen in IRIS.

1. Access the CTS CS screen to search for the partner being added.
2. If the partner has a TIN in IRIS, link the existing partner's TIN to the partnership TIN.
3. If the partner does not have a TIN, create one and link it to the partnership TIN.
4. Enter comments that include the name of the partner added, date the partner was added, and the name of the taxpayer/representative making the request for changes to the account.

Please note that instructions on adding TINs and linking to partnership TINs are available on eBOE under "IRIS Cheat Sheets for Sales & Use Tax & Special Taxes" under the Technology Services tab.

Dissociating (or "Ending") a Partner from a Partnership Account

The date of a partner's dissociation from a partnership must be entered in the "End Dt" field on the "Maintain Partner Relationship" screen in IRIS. The end date is the date the partner dissociates from the partnership and cannot be earlier than the start date. In addition, if the end date and start date entered are the same, this indicates the partner was added in error. It is not necessary to enter end dates for each partner if the partnership account is being closed.

1. Access the CTS CS screen and search by the partnership account number.
2. Place the cursor on the "Sel" field next to the account and press F6 to access the CTS CM screen.
3. Press F10 to display the "Maintain Partner Relationship" screen.
4. Enter "C" (Change) in the "Act" (Action) field and enter the date of dissociation in the "End Dt" and "Legal Dt" fields, and press F5 to update.
5. Enter comments that include the name of the dissociated partner, date the partner was dissociated, and the name of the taxpayer/representative making the request for changes to the account.

LEGAL NAME CHANGES 302.000

BACKGROUND 302.010

Every client and taxpayer entered into the BOE's database has a legal name. Certain events or circumstances may require a client or taxpayer to change their legal name. When this occurs, that client or taxpayer should notify the BOE of the change.

STANDARD OF PROOF AND PROCEDURES 302.020

When the BOE receives a request from an individual to change their name, staff must determine how the name is being changed and obtain proof. The documents needed to verify name changes due to marriage, divorce, court order, or naturalization are listed below:

- Copy of the marriage certificate or
- Copy of the court order granting the name change, and
- Proof of identification with the individual's former name and new name, one of which should be picture identification with the new name. Picture identification may be in the form of a driver license, student identification card, or some other form of official identification.

In all cases, staff should establish that the individual's new name and former name actually belong to the same person. Staff should generally not make copies of the certificates, court orders, or proof of identity presented. However, if the proof of identity appears questionable and the unit supervisor cannot resolve the issue of its acceptance, staff should:

- Make a copy of the documents,
- Inform the taxpayer their request for a name change may be delayed, and
- Forward the documents to the Compliance Policy Unit, MIC: 40, or to the appropriate division specialist in the Special Taxes Policy and Compliance Division.

The specialist will determine if the changes should be made and notify the district/unit whether or not the name change can be made. If the change cannot be made, the specialist will provide the reason(s) why and suggest possible alternative solutions in order to effect the change.

PROCESSING LEGAL NAME CHANGES 302.030

When staff determines an individual's legal name should be changed in IRIS, the change should be made by the authorized personnel.

The former name should be entered in IRIS in the pop-up box "client also known as," or AKA. Putting an "m" on the moreable field next to the name will access this pop-up box. Comments should be entered in the CTS CS screen, but not in TAR AI since the moreable field in front of the name on both the TAR AI and CTS CS screens will be populated with the ">" symbol indicating AKAs exist.

CORRECTING ENTRIES IN THE AKA FIELD 302.040

Occasionally, mistakes may be made to the BOE's database when entering AKAs for individuals. When staff discovers or mistakenly enters an AKA, staff will take the following steps to correct it:

- Create a comment in IRIS, noting the correct AKA (it is not necessary to note the wrong AKA).
- Enter the correct AKA in the field.
- If the wrong entry must be deleted, send an email to +Registration. The email subject is "Deleting AKA Entry," and must contain:
    - Taxpayer Identification Number (TIN).
    - Wrong name.
    - Correct name.
    - The requestor's district/branch and phone number.

Registration Team staff have the proper user security levels required to delete the AKA entries. All users of the AKA screen are reminded that the only valid entries on the lines are names. The fields are not to be used to enter any comments related to the AKAs. The fields on this screen are searched by a system called "Soundex." When a name is entered on the CTS AL name search field, Soundex gives all the available entries as it is entered on the CTS AL name field, as well as those entries that "sound" the same. For example: "Johns," may be entered on the search field and the system will return all available entries for that name, plus add "Jons, Jon's, etc." which are similar sounding entries. For this reason, staff should ensure that the AKA is entered as accurately as possible.

CHANGE OF ACCOUNT RECORD — ON-LINE FUNCTIONS 305.000

TAXPAYER IDENTIFICATION NUMBER ACCOUNTS 305.010

All account maintenance changes to a Taxpayer Identification Number (TIN) record are made on-line using the Client Maintenance (CM) program, in the Client Taxpayer System (CTS). Detailed instructions for making TIN changes are found in Chapter 8, Maintenance, in the CTS/TAR User Guide. Changes that can be made to an existing TIN account include:

Address Changes or Corrections	Mail Name
Agent Information	Miscellaneous Information
AKA (Also Known As)	Employer/Spouse Information
CORP# (Corporation Number) Field	Personal references
DAYP (Daytime Telephone Number) Field	Name Changes and Corrections
DLIC (Driver's License) Field	Officers
DOB (Date of Birth) Field	Adding an Officer
EVEP (Evening Telephone Number) Field	Changing an Officer's Relationship
FAX (Fax Machine Telephone Number) Field	Deleting an Officer
FEIN (Federal Employee Identification Number)	SEIN (State Employee Identification Number)
LLC# (Limited Liability Company Number)	SOS# (Limited Partnership Number) Field
LLC Sunset Date Field	SSN (Social Security Number) Field
Employer information	ST (State) Field
Spouse information	References

PROCEDURES FOR CHANGING ACCOUNT RECORDS 305.015

District compliance staff will make any necessary changes to a taxpayer's account. It is an auditor's responsibility to verify the taxpayer's information and notify district compliance staff of any discrepancies. The following are examples of some changes district compliance staff needs to be informed of:

- Change to the taxpayer's mailing or business address
- Change in business code
- Change in DBA or use of a DBA
- Any other discrepancy found in TAR AI registration screen

To notify district compliance staff of a change in a taxpayer's account record, auditors should complete a copy of TAR AI as provided in section 219.03 of the Audit Manual.

ON-LINE CHANGES MADE IN DIRECT INPUT FIELDS 305.020

The Taxable Activity Maintenance screen (TAR AM) allows several changes to be made to an account record by typing the change directly into the field. Changes that can be made in the direct input fields include:

FIELD NAME	DESCRIPTION
Acctant Code:	5 digit accountant's code can only be entered by Account Analysis & Control Section (CPPM 230.080)
Attn:	Attention of who gets the mail
BRP:	Basis Review Protect Code (CPPM 230.095)
Dist File:	District Paper File has been established indicator (Y=yes, blank=no)
Start Date:	Taxable Activity date of first sale (CPPM 335.040)
Confidential:	Y indicates taxpayer requested taxable activity confidentiality. Field access restricted to the Special Projects Team in the Program Planning Division

ON-LINE CHANGES MADE USING MOREABLE ± FIELDS 305.030

Moreable fields are used to access underlying screens that contain additional data on the account. When these screens are accessed in account maintenance, changes may be made to the account record. Moreable fields are designated by a "±" or a "≥" symbol immediately following the field name. A "±" indicates the screen currently holds no additional data. A "≥" indicates there is additional data to be viewed, edited or added.

FIELD NAME	DESCRIPTION
ABC	Alcoholic Beverage Control License - add or delete ABC license information (CPPM 205.000)
DBA	Doing Business As - fictitious names may be added or deleted (CPPM 200.030)
Loc Addr	Taxable Activity Business Location - address may be changed or edited (CPPM 225.000) or interdistrict move of business location (CPPM 310.000)
Mail Addr	Change or edit the mailing address (CPPM 225.000)
Phone	Add or change phone numbers for business or owners
Transfer Info	Predecessor/Successor Transfer Information - predecessor information may be edited (CPPM 225.000) or successor information edited in close-out maintenance (CPPM chapter VI)
Acct Char	Account Characteristic Code (CPPM 325.030)

ON-LINE CHANGES MADE USING MODIFICATION FIELDS 305.040

Modification fields are used to modify account information. Account maintenance changes to these fields can be made by placing the cursor on the field to be modified and pressing the modify key. This action will activate a change window in which the appropriate changes may be made.

The modification fields and their descriptions include:

FIELD NAME	DESCRIPTION
TAT	Taxable Activity Type - Only the indicator portion of this code may be changed
6015	Section 6015 Retailer - Identification can only be updated by Special Projects (CPPM 265.010 to 265.025)
Basis	Change reporting basis code and enter effective date of change (CPPM 315.000)
Bus Code	Change business code and enter effective date of change (CPPM 325.020)
Return Type	Reflects type of return taxpayer receives. 1=BOE 401, 2=BOE 401-EZ

INTERDISTRICT MOVE OF BUSINESS LOCATION 310.000

INTERDISTRICT MOVE 310.010

When an established account moves its business location, or a consolidated account moves the location of books and records, to a place within the physical boundaries of another Board of Equalization district office, administrative responsibility for the account is transferred to the new district office. The process of transferring this responsibility is an "interdistrict move."

PROCESSING AN INTERDISTRICT MOVE 310.020

When a change of business location address is made, the new district designator and tax area code are changed on-line.

Review for Close-out

Before processing a change of business location address the account should be reviewed to see if the account is active and if any sales are being reported. If no sales have been reported for an extended period of time (one year or more) a close-out should be initiated, the taxpayer should be informed of the close-out, and the seller's permit should be retrieved if possible. If there is a change of business location that would result in an account being transferred to a different district, the transfer should not be processed if it is known the account will be closed out.

Accounts with Security

For accounts with liquid security, staff must transfer the documents to the new district. Upon receipt, the new district of control will place the security documents in the security storage files.

Processing an Interdistrict Move of Business Location

To process an interdistrict move of a business location from the current district of control, take the following steps:

1. If the account has security, follow the procedure outlined above.
2. Make the business location and mailing address changes and assign the new district and tax area codes using the on-line registration system. Send new permit to taxpayer.
3. Update the account with any new information — business/personal [e.g. daytime telephone number (dayp), evening telephone number (evep,) fax, cell, email, Social Security Number (SSN), Driver's License (DLIC), Bank (banck), Federal Employee Identification Number (FEIN), Self Employee Identification Number (SEIN), etc).
4. If a Y indicator on the District File field exists, send the district office file and/or security documents to the new district of control.
5. If the cut-off date for headquarters mailing of tax returns for the upcoming reporting periods is closed or has passed, provide the taxpayer with a tax return.

CHANGE IN REPORTING BASIS 315.000

OVERVIEW OF CHANGE IN REPORTING BASIS 315.010

In general, changes to the reporting basis can be made at any time and should be documented — for example, placing an account that has historically been a collection or compliance problem on a different reporting basis, so the field offices can assist the taxpayer in staying in compliance with the Board. In addition, changes in the tax volume of an account will sometimes require a reporting basis change. For example, accounts, which report in excess of $17,000 taxable sales per month, are required to report on a Quarterly Prepayment reporting basis. (RTC section 6471).

Changes cannot be made for quarterly prepay accounts other than the prepayment exception stated in RTC section 6471.4.

> 6471.4. Prepayment exception. Any person required to make prepayment pursuant to Article 1.5 (commencing with Section 6480) shall not be required to make additional prepayment pursuant to this article, provided that more than 75 percent of the gross receipts of that person are from the retail sale of motor vehicle fuel.

Two different methods are used by the Board to change a reporting basis.

1. Mass change, by which a mainframe computer program analyzes tax volume for all accounts and makes changes based upon the existing reporting basis and tax volume. Accounts may be excluded from mass change reviews by assigning the appropriate Basis Review Protect (BRP) code on-line (see CPPM 230.095).
2. On Line Modification see CPPM 315.040

FACTORS TO CONSIDER WHEN CHANGING REPORTING BASIS 315.020

Reporting basis changes should not exceed one per day, per account.

The factors to be considered before processing a change in a reporting basis are:

- The reporting basis change decided upon for a particular account (e.g., monthly to quarterly).
- The calendar date on which the decision was made to change the reporting basis (e.g., February 16).
- The last return or returns received or filed by the taxpayer on the old reporting basis (e.g., January).
- Prior adjustments made to returns (e.g. merged returns).
- The effective date for the new reporting basis (e.g. April 1).
- The law — should the account be on prepayment status? (See CPPM 235.025).

Part time Account Characteristic (Acct Char) Code 002 accounts should be converted to full time if they qualify for prepayment or have $20,000 per year in taxable sales. Accounts with Acct Char Code 002 would normally be placed on a yearly reporting basis. Consideration should be given to deleting or modifying an existing Acct Char Code 002, if the above criteria has been met.

Staff who have the proper registration security level can remove an account from prepayment basis, and place a Basis Review Protect (BRP) code.

EFFECTIVE DATES OF CHANGE IN REPORTING BASIS 315.030

Staff should avoid making any reporting basis changes that will create delinquencies, i.e., the effective date of the reporting basis change must be set sufficiently far in advance that IRIS does not route the account into the delinquency cycle. If a delinquency is created due to changing a taxpayer's reporting basis, a withhold should be placed on the account in IRIS. A withhold delays the time in which the account enters the delinquency cycle. A withhold is not an extension of time to file or pay and it does not alter the due date of the return, therefore, penalty and interest will be due. In such case, a taxpayer may qualify for relief of interest under RTC section 6593.5 and relief of penalty under RTC section 6592.

FORM BOE 777, NOTICE OF CHANGE IN REPORTING BASIS 315.040

Staff may decide at any time to change the taxpayer's reporting basis, based on the taxpayer's reporting history. Form BOE–777–E (or BOE–777–ST for special taxes accounts), *Notice of Change in Reporting Basis*, along with all tax returns for appropriate reporting periods, are to be mailed to the taxpayer as official notification of the change in reporting basis. Staff will use IRIS to complete Form BOE–777 and enter comments into the IRIS record regarding the reason(s) for the reporting basis change.

All reporting basis changes become effective the first day of the quarter. Thus, the following four effective dates should be utilized when changing a taxpayer's reporting basis:

1. January 1.
2. April 1.
3. July 1.
4. October 1.

Only district personnel with appropriate security level can remove an account from prepayment basis or place Basis Review Protect codes on an account.

FORM BOE–1241,NOTICE OF PREPAYMENT STATUS 315.050

Sales and use tax accounts meeting the conditions noted in CPPM 235.010 should be changed to a quarterly prepayment reporting basis. Form BOE–1241–D, *Notice of Prepayment Status*, must be printed and mailed to the taxpayer by the BOE employee making the change.

SYSTEM GENERATED REPORTING BASIS CHANGE 315.060

IRIS periodically uses a mass change procedure to change the reporting basis according to an account's taxable measure history.

The following is a list of the various basis reviews and the effective dates.

PAYMENT RECORD SHOWS	BASIS CHANGE MADE	TO BASIS	EFFECTIVE
Monthly sales tax accounts reporting $1200-$3600 tax per year.	Every May	**Q**	**July 1**
Accounts reporting no sales or tax. (CPPM 645.130)	Every May	**C/O or Extend**	**FY=6/30 Q,M,Y=12/31**
Monthly sales tax accounts reporting less than $1200 per year.	Every November Every May	**Y** **FY**	**January 1** **July 1**
Yearly accounts reporting over $1200 tax per year.	Every November	**Q**	**January 1**
Prepayment basis review.	November each year in HQ (not sent to district office)	**Add or delete QP**	**January 1**
Quarterly sales tax accounts report less than $1200 per year.	Every November	**Y**	**January 1**

DELETION OF PREPAYMENT STATUS EFFECTIVE JANUARY 1 315.070

When an account that qualifies for quarterly prepayment reporting basis is changed to a monthly or quarterly reporting basis with an effective date of January 1, a subsequent automatic review may change the basis back to quarterly prepayment. To avoid having an account returned to prepayment basis, authorized staff must use the appropriate Basis Review Protect code (see CPPM 230.095). This step requires supervisory approval.

CHANGES TO (OR FROM) YEARLY REPORTING BASIS 315.080

When an account is changed from a quarterly or monthly reporting basis to a yearly reporting basis, a copy of Form BOE–400–Y, *Important Reminder for Sales and Use Tax Accounts Reporting on a Yearly or Fiscal Yearly Basis*, is automatically generated by IRIS and should be given to the taxpayer along with either Form BOE–777 or Form BOE–777–ST. A regular fiscal year basis is one that begins July 1 of any year and ends June 30 of the next year.

CHANGES TO ACCOUNTS ON A SPECIAL REPORTING BASIS 315.090

Only the Return Analysis and Allocation Section (RAAS) can make on-line changes to sales and use tax accounts with a special reporting basis. For complete instructions on requesting a special reporting basis, see CPPM 235.070. A request for a special reporting basis must be submitted by the taxpayer on Form BOE–715, *Special Reporting Periods for Sales and Use Tax*. Once the RAAS receives a request, they will handle all necessary correspondence with the taxpayer and perform the on-line function required to initiate the basis change to a special reporting basis.

REPLACEMENT OR REISSUANCE OF PERMITS 320.000

GENERAL GUIDES FOR REPLACEMENT OR REISSUANCE OF PERMITS 320.010

Good judgment must be exercised in determining whether a new permit or certificate of registration should be issued. A new permit or certificate Form BOE–442 should be issued when:

1. A taxpayer requests a new permit or certificate because of an error in his/her present permit or certificate of registration, such as in the spelling of a word or in the number of the street address.
2. Changes to an owner's name by marriage or courtorder.
3. Permit or certificate is lost, destroyed or mutilated.

If staff initiates action to make a minor correction on the account record, such as a misspelled street name or owner name, a new permit or certificate need not be issued.

New sellers' permits for sublocations will be issued when there is a change in master location of a consolidated account between districts. A new permit need not be issued to a sublocation of a consolidated account when a minor correction is made to the account numbers such as the tax area code or branch office code.

SELLER'S PERMITS 320.020

The following list of circumstances show the action to be taken for the reissuance or replacement of seller's permits:

Permit replaced or reissued:

1. Change in business location address.
2. To replace a permit which has been surrendered or destroyed.
3. Certain corrections to account records as follows:
   - Owner's name
   - Business address
   - Change of business name (DBA) if requested.

Permits will not be routinely replaced or reissued under the following circumstances:

1. Annexation or incorporation.
2. Change of DBA if not requested.
3. Reapportionments resulting in creation, change or deletion of an administrative Board district.
4. Conversion of consolidated account with one sublocation to a single outlet account.
5. Change in a boundary of a district or branch office.

CERTIFICATE OF REGISTRATION — USE TAX 320.030

A Certificate of Registration — Use Tax permit *may be* replaced or reissued under the following circumstances:

1. Change of business address
2. Reinstatement after close-out in error if permit was surrendered

ON-LINE CODE FIELD ENTRIES 325.000

BUSINESS CODE 325.020

Business codes are extremely important to the Board's compliance, audit and administrative programs. The importance of accurate coding cannot be overemphasized. See the Business Taxes Code Book Chapter 2 for policy and procedure on assigning business codes. This Chapter includes an index of business codes. Also, examples of businesses to include and exclude in each code are also found in Chapter 2 of the Business Taxes Code Book. An index of business codes is also available on-line through the Utility Menu of the Taxable Activity Registration on-line program (TAR).

VERIFICATION OR CORRECTION OF ACCOUNT CHARACTERISTIC CODES 325.030

With the enhancements of REG '98, additional fields were added. Specifically, the Account Characteristic Code (ACCT CHAR) field is where miscellaneous information about each account resides. Information regarding the time base of the account is also there, e.g. temporary (formerly ST), part-time, etc. Additionally, this field contains information that was previously located in the Account Analysis, Direct Pay and Vehicle Lessor fields.

- Temporary accounts previously coded ST have been converted to SR with an ACCT CHAR 001.
- Part-time accounts will be assigned ACCT CHAR 002 and a full-time business code.
- Full time accounts should be converted to part-time if their annual gross sales are less than $20,000 per year. Accounts coded part-time would normally be placed on a yearly reporting basis. Serious consideration should be given prior to deleting or modifying an existing Acct Char Code 002 (Part-time).

Account Characteristic Codes (Acct Char) are used to indicate additional characteristics of a given account (i.e., part-time, temporary, etc.) Acct Char codes are as follows:

001	Retailer who is temporary
002	Retailer who is part time
003	Retailer who sells fuel
004	Retailer who sells fuel and is also a fuel broker
005	Retailer who sells fuel and is also a distributor
006	Retailer who sells at swap meets and temporary locations
007	Retailer who has warehouse locations
008	Retailer who is voluntarily filing SC (Certificate of Registration — Use Tax)
009	Retailer who is a vehicle lessor (Section 7205.1)
010	Retailer who has a Manufacturer's State Tax Exemption Certificate
011	Retailer who has signed a request for a permanent extension (always a government entity) and will be tied to a TAR code
012	Auctioneer or out-of-state retailer with sales or use tax exceeding $500,000 (Regulation 1802)
013	Government entity that has a permit to report and pay use tax directly to the Board
014	Non-government entity that has a permit to report and pay use tax directly to the Board
017	Voluntary disclosure (out-of-state accounts)
018	1032 Program (out-of-state accounts)
019	AGMT Partnership (RUPA)
998	Not Available for Purge
999	Arbitrary account

Return Type fields:

001	BOE-401
002	BOE-401-EZ

TAX AREA CODE 325.040

Sales and Use Taxes

Tax area codes are used by the Board to distribute local taxes to the appropriate jurisdictions and as a basis for developing statistical information. An index of tax area codes and the policy and procedure for assigning the proper tax area code is found in the Business Taxes Code Book at Sections 110.000 through 160.000. The first five digits of the tax area codes are also found in the Bradley-Burns Uniform Local Sales and Use Tax Law Guide.

The full tax area code is composed of twelve digits (34060 023 0000):

- The first group of five digits (34060) consists of a two-digit county code (34, which stands for Sacramento County) followed by a three-digit code (060, which stands for the City of Sacramento) denoting city or unincorporated area of each county.
- The second group is a three-digit code (023, which stands for Sacramento Transportation Authority) identifying any "add-on" special taxing jurisdictions in which the account may be located.
- The third group is a four digit (0000) code representing "In Lieu" areas such as redevelopment agencies.

Groups two and three will consist of zeros for locations not within special taxing jurisdictions or redevelopment areas.

Assigning Tax Area Codes

The on-line registration system will provide two or three possible tax area code choices when assigning a business location address; however, there are rare occasions when none of the choices provided will be correct. In these situations, a review should be made before activating the override function. Use the Business Taxes Code Book and/or Thomas Guide to determine the correct tax area code whenever an override action is required. If unsure of the correct tax area code or district office code assignment, contact the Local Revenue Allocation Section, Area Code Control, for verification of the correct tax area code.

City and County Codes

Under provisions of the Bradley-Burns Uniform Local Sales and Use Tax Law, the Board of Equalization contracts with local taxing jurisdictions (cities, counties) to collect the local portion of the sales and use tax and remit these revenues to the local entities (see CPPM 110.015).

Every city and county has been assigned a five-digit code for local tax allocation purposes. The first two digits from 01 to 58 identify the individual county in California. Code 59 identifies all counties collectively for statewide allocation. Code 59 followed by "999" signifies local tax is proportionately allocated to all cities and counties.

The last three digits in the five-digit code indicate the specific taxing jurisdiction to receive the local tax. If the local tax is to go exclusively to the county indicated by the first two digits, the final three digits will be 998. If tax is to be apportioned among the county and all local tax jurisdictions within the county indicated by the first two digits (countywide pool allocation), the final three digits will be 999.

If the final three digits of an area code are between 001 and 997, the local taxing jurisdiction is an incorporated city.

TAX AREA CODE (CONT.) 325.040

Add-On Codes

The "add-on" portion of the tax area code identifies those tax districts for which an additional (or added on) transactions (sales) and use tax is assessed, such as BART and SCTA. These positions of the tax area code consist of zeros for selling locations not in "add-on" districts.

In-Lieu Codes

The "In-Lieu" portion (or) the "in-lieu" portion of the tax area code identifies local redevelopment agencies that receive their share of local tax directly from the Board rather than through the county or city. These positions of the tax area code consist of zeros for locations not within "in-lieu" redevelopment areas. Section 7202.6 of the Bradley-Burns Uniform Local sales and Use Tax Law, which authorizes the creation of new redevelopment projects (in-lieus), was repealed effective January 1, 1994, However, new redevelopment projects may be created under Property Tax Law.

Consolidated Accounts

1. All sublocations within the *same* tax area code, add-on code, and in-lieu code (all tax area codes for all sublocations are identical):
   - Use Taxable activity Type "SR X"
   - Master permit will carry the same tax area code, add-on code and in-lieu code, as its sublocations
2. Different sublocation tax area codes, add-on codes or in-lieu codes exist:
   - Use Taxable Activity Type "SR Y" or "SR Z"
   - "Add-on" and "in-lieu" codes will be assigned to each selling location (subpermit) according to its specific business location
   - City portion of the tax area code for the master permit will be "000"
   - If no sublocations are located within a special taxing jurisdiction, use "000" for the master location "add-on code"; or,
   - If one sublocation is located within a special taxing jurisdiction, also use the add-on code for that specific sublocation as the master location "add-on code"; or,
   - If two or more sublocations are located within a special taxing jurisdiction, use "997" as the master location "add-on" code. The sublocations may be in different special taxing jurisdictions
   - The master permit will have the "in-lieu" code of "0000" regardless of whether any sublocations are located in redevelopment projects (in-lieus).

See CPPM Section 245.000 for more detailed instructions on consolidated accounts.

ORIGINAL STARTING DATE 325.050

The original starting date may be changed on the Account Maintenance on-line screen. Start date changes may not exceed one per day, per account.

OWNER CODE 325.060

Owner codes are generated automatically from the Entity Code assigned in the on-line registration of a client for a Taxpayer Identification Number (TIN), (see CPPM 230.040). The owner code is generated when a taxable activity registration is initiated for a specific TIN account. The assigned owner code can not be changed at the district level. A request in writing for a change should be made to the Account Analysis and Control Section, Registration/Security Unit. In all other cases, a new seller's permit number must be issued.

ACCOUNTANT CODE 325.070

Only the Account Analysis & Control Section may edit an accountant's 5 digit mailing codes. See CPPM 230.080 for policy and procedure on issuance of accountant's codes, discontinuing a code, accountants with codes changing ownership and mail distribution for coded accounts.

CONVERSION OF CONSOLIDATED ACCOUNTS 330.000

CONVERSION PROCESSES 330.010

There are two conversion processes:

1. A single location sales tax account adds one or more locations and reports tax for all locations under a single account number.
2. A consolidated sales tax account with two or more selling locations closes all but one location or wishes to separately report sales for each location.

TERMS USED WHEN DEALING WITH CONSOLIDATED ACCOUNTS 330.020

Consolidated Account

"Consolidated Accounts" describes the master location and all subpermits of an account. A consolidated account is only available for taxable activity types "SR X", "SR Y" or "SR Z". Use tax programs do not have consolidated accounts.

If requested by the taxpayer, separate seller's permits will be issued for each location.

Temporary accounts may not be converted to consolidated accounts after issuance. However, temporary accounts may be originally issued as consolidated accounts. See CPPM 245.015 for further information on temporary consolidated accounts.

Master Location

Master Location refers to the location of books and records for audit and compliance purposes (see CPPM 245.010). The master location may or may not be a sublocation, depending on whether or not sales are made at that location.

Sublocation

"Sublocation" means one of two or more business locations from which sales of tangible personal property are made, and for which sales are reported under a single sales tax account number (CPPM 245.015).

Sub-Permit

A seller's permit issued to a specific sublocation.

Sub-Permit Start Date

The starting date of sales at a specific sublocation.

CONVERSION OF SINGLE LOCATION ACCOUNT TO MULTIPLE LOCATION ACCOUNT 330.030

A taxpayer holding a seller's permit for a single location may voluntarily elect to report sales for additional locations under one account number by converting the account to a consolidated account

Conversion of a single outlet account to a consolidated account is accomplished by registering at least one additional sublocation to a single location account. When the second sublocation is added on-line in the Account Maintenance program the system will automatically convert the account to a Taxable Activity Type "SR X", "SR Y", or "SR Z" consolidated account.

Sublocations must be located within California. Many consolidated accounts have sublocations in California, and also fill orders to California consumers from out-of-state locations. When this situation is encountered, the taxpayer becomes a "special seller (Taxable Activity Type "SR Z" is a consolidated special seller account). See also CPPM 240.040 and 245.035.

CONVERSION OF TAXABLE ACTIVITY TYPES 330.040

The following Taxable Activity Type conversions are valid:

1. "SR" to "SR S" and "SR S" to "SR" conversions may be made on-line by using the modify key with cursor on Taxable Activity Type field.
2. "SR" or "SR S" to "SR X", "SR Y" or "SR Z" (CPPM 330.020).
3. Existing "SR X" accounts may be converted to "SR Y" when changes occur which make tax area codes different between or among sublocations. The TAR on-line account maintenance program will automatically convert "SR" and "SR X" Taxable Activity Types to "SR Y" when location address changes or added sublocations result in more than one tax area code in effect among the active sublocations.

ADDING NEW SUBLOCATIONS TO AN EXISTING CONSOLIDATED ACCOUNT 330.050

New sublocations may be added to an existing consolidated account at any time.

PREPARATION OF PERMIT CARDS FOR CONSOLIDATED ACCOUNTS 330.060

The system will not automatically print a BOE–442–R–LZ, *Seller's Permit*, for each sublocation registered. Use the print subsystem to generate a permit for each sublocation.

MOVE OF A SUBLOCATION 330.070

Moves and other account maintenance for sublocations are generally performed at the district that has administrative control of the master location.

Local Tax

When a taxpayer moves from one local jurisdiction to another, the local tax funds will be allocated to the tax area code of the location where the taxpayer operated for the greatest number of days during the reporting period. For example: Taxpayer reports on a quarterly basis and the business address moved 5–1–XX. The correct effective date of account record assigned should be 4–1–XX. It is imperative that the correct effective date of account record be assigned to ensure proper funding of local tax monies. If not, an on-line Revenue Source Information (RSI) adjustment may be needed to reallocate local tax to the proper local jurisdiction (tax area code). See CPPM 310.020.

CLOSE-OUTS OF SUBLOCATIONS 330.080

Sublocations are closed out using the on-line close-out and close-out maintenance programs. For Taxable Activity Type conversions related to sublocation close-outs, see CPPM 330.010 or CPPM 330.040.

CONVERSION OF CONSOLIDATED ACCOUNT TO SINGLE LOCATION ACCOUNT 330.090

Accounts with multiple locations that close all remaining selling locations but one are converted to a single outlet account.

OTHER CHANGES TO CONSOLIDATED ACCOUNTS 330.100

Reinstatement of Account After Revocation

Reinstatement fees should only be collected for those accounts or sublocations of a consolidated account, which remain active after revocation, i.e., at the time of reinstatement.

Conversion of Account

Conversion of account does not extend to temporary sellers, nor are any fuel tax accounts subject to conversion.

TAX RETURN/OR ACCOUNT ADJUSTMENT NOTICE — BOE–523 335.000

OVERVIEW 335.010

Form BOE–523 is a multipurpose form that can accomplish many functions on a single piece of paper. Some of the functions performed using Form BOE–523 are available on-line.

Although the form appears very complex at first sight, it is not a difficult form to use. You will generally use only one or two sections of the form at any time, and by treating each section individually you will find the form straightforward in purpose and approach.

This chapter will lead you through situations for which a BOE–523 may be used. When you use the form, treat each section as though no other section of the form exists.

If you are unable to accomplish the function, ask your supervisor for assistance.

TAX RETURN AND/OR ACCOUNT ADJUSTMENT NOTICE USES 335.020

The situations below may result from one or a combination of circumstances and are not meant to be all inclusive, but will illustrate the common types of situations requiring preparation of the form.

a. Transfer a return and/or payment erroneously reported under one account, to another account.

b. Transfer a difference from one account to another.

c. Transfer a return and/or payment filed for one period to the correct period under the same account.

d. Split a return between accounts.

e. Split a return between periods on the same account.

f. Transfer prepayment periods from one account to another and/or one period to another.

RETURNS FOR PERIODS PRIOR TO STARTING DATE OR FOR PARTIAL PERIODS 335.030

When a return is received in headquarters covering a period or partial period which is prior to the starting date of the account and the return clearly identifies the account number and location under which it will be processed, the Account Analysis and Control Section — Registration Unit will change the starting date on-line so that it conforms to the return.

If there is a predecessor account involved, the Account Analysis and Control Section will correct the return in those instances where it is obvious that this is the proper course of action. If there is any information which would prevent this unit from making a clear and simple decision, then a Form BOE–167*, Questionable Return or Payment Posting*, and a copy of the return will be sent to the district for investigation and action.

INFORMATION FOR PREPARATION OF FORM BOE–523 335.040

If only Section 1 is to be completed, the district should complete this process on-line.

Depending on each case, the "C.O." box may be checked.

If Sections 1 and 2 are to be completed, both sections must contain the business and area codes including complete account number, TAT indicator.

Following are instructions for various situations:

a. ONE ACCOUNT INVOLVED Complete Section 1 when only one account is involved.

b. TWO ACCOUNTS INVOLVED: Section 1 is used to enter information on the account from which a transfer or adjustment is made. Section 2 is used to enter information on the account to which a transfer or adjustment is made. The adjustment grid in Section 6 is completed in the same order as Sections 1 and 2. The period and/or account number from which a transfer is made should be entered on the 'From' line(s). The period and/or account number to which a transfer is made should be entered on the 'To' line(s). If the transfer involves only one revenue period, the total dollar amount of the return should be entered on the 'Amount' line after the dollar sign ($). The batch number and cash date should be entered on the 'Batch' line.

c. ONE-ACCOUNT — ADJUSTMENT OF TAX FROM ONE PERIOD TO ANOTHER: The 'Period' and 'Amount' lines should be completed as described above. No entry is required on the 'Account Number' line as the information is contained in Section 1.

d. NUMBER OF COPIES OF FORM BOE–523 REQUIRED: Two copies of Form BOE–523 will be prepared for transfers involving two accounts. When two or more accounts are involved, the originals sent to Headquarters should be stapled to present a "package" of the transaction. The forms will be sent as soon as possible to expedite the required change.

e. NEED FOR SEPARATE SCHEDULE: Most situations requiring the preparation of Form BOE–523 will involve only two periods or two accounts for an adjustment. If more than two periods or accounts are affected a separate schedule will be prepared, showing all periods and/or accounts. Insert "See Reverse Side" in Section 8 and attach the schedule(s) to Form BOE–523 when transmitted to headquarters.

f. TIME LIMITATIONS FOR REDISTRIBUTING LOCAL TAX: Local tax redistributions are governed by section 7209 of the Bradley-Burns Local Sales and Use Tax Law (see CPPM 905.000, 906.000 and Regulation 1807, *Process for Reviewing Local Tax Reallocation inquiries*). Such redistribution shall not be made earlier than two quarterly periods prior to the quarterly period in which the Board obtains knowledge of the improper distribution. When Form BOE-523, *Tax Return and/or Account Adjustment Notice*, is prepared to reallocate sales and use tax between local taxing jurisdictions, the date of first knowledge, establishing the commencement date of the reallocation, and the facts establishing the probability of improper distributions, must be noted in Section 8 of the form. If there is no earlier date of knowledge, the date used will be the date the BOE-523 was prepared. (This date shall be considered "operationally documented by the Board" - see Regulation 1807(a)(3) and CPPM 905.030.)

g. ADJUSTMENT OF FUEL TAXES: When adjustment of fuel taxes is made on Form BOE–523 the bottom line in Section 6, titled "total tax" will be used, since there is no state or local tax involved. When balances are transferred between use fuel tax accounts, headquarters will prepare Form BOE–1269 to effect the actual transfer in response to the district's request on Form BOE–523.

h. INTERDISTRICT PREPARATION OF FORM BOE–523: When Form BOE–523 is prepared in one district for another district, the original and all copies must be sent to the district of control. When two or more districts are involved, the set of prepared forms must be broken down for distribution to the respective district offices.

i. FORM BOE–523 PREPARED IN CONJUNCTION WITH FBO/AUDIT: Delinquencies will be automatically cleared once the revenue FO (Financial Obligation) has been filled (e.g. audit has been billed). The only exception requiring a BOE–523 is for older periods, which will not necessarily clear delinquencies automatically.

j. ADJUSTMENT OF PREPAYMENTS: On closeout accounts where a quarterly return has not been filed and prepayments exist, Form BOE–523 can be used to inform Account Analysis to accept the prepayments as the total revenue due for the period. However, the district may wish to consider preparing a Compliance Assessment (see IRIS Training Student Guide — Module 5, Compliance Assessments) in lieu of preparing a BOE–523.

k. SPLIT REVENUE BETWEEN TWO ACCOUNTS: The adjustment grid in Section 6 is completed in the same order as Sections 1 and 2. The left-hand grid will contain the correct allocation of tax, including any interest and penalty, for the account in Section 1. The center grid will contain the account number and the total amount paid, including interest and penalty, where the revenue is filed and the right-hand grid will contain the correct allocation of tax, including any interest and penalty, for the account shown in Section 2.

l. SPLIT REVENUE INVOLVING ONE ACCOUNT: The left-hand grid in Section 6 will contain the correct allocation of tax for the 'From' and 'To' dates entered above. The center grid will contain the account number and total amount paid where the revenue is filed and the right-hand grid will contain the correct allocation of tax for the 'From' and 'To' dates entered above.

TRANSFER OF A RETURN FROM ONE ACCOUNT TO ANOTHER 335.050

The need for adjustment of tax paid under one account to another can arise for a number of reasons.

A change in the starting or close-out date of accounts can establish delinquencies or a return may be received with an incorrect account number which would result in a delinquency for that reporting period under the correct account number. If the tax was reported and paid under one of the accounts, the delinquency can immediately be cleared on-line.

TRANSFER OF A RETURN FROM ONE ACCOUNT TO ANOTHER (CONT.) 335.050

Instructions

Complete Sections 1 and 2. Complete Section 3; enter period to be transferred, and transferor and transferee account numbers, dollar amount, cash date and batch number in the batch field.

The illustration shows the entries required when a return was filed or inadvertently processed under an incorrect account number.

ACCOUNT TRANSFER OR ADJUSTMENT FROM	ACCOUNT TRANSFER OR ADJUSTMENT TO
1 Area Code: 289980000000 Account Number: SR JHF 99-707031 Sub No. Master	2 Area Code: 289980000000 Account Number: SR JHF 99-896068 Sub No. Master
Name: Sally Foster	Name: Bud Thompson
Reporting Basis: ☐ M ☐ Q ☒ Y ☐ FY ☐ P	Reporting Basis: ☐ M ☒ Q ☐ Y ☐ FY ☐ P
☒ Close Out ☐ Did Not Operate; Bus. Code: 19; Acct. Anal. Code:	☐ Close Out ☐ Did Not Operate; Bus. Code: ; Acct. Anal. Code:
Change STARTING DATE from ..... to	Change STARTING DATE from ..... to .....
Change CLOSING DATE from ..... to	Change CLOSING DATE from ..... to .....

3	TRANSFER	☐ EFT Payment(s)	Period *	From: Yr 96 To: 4Q96
		☒ Return(s)	Account Number	From: SR JHF 99-707031 To: SR JHF 99-896068
			Amount	$: 800.40 Batch: 4063 2/13/00
4	Transfer Balance $		Account Number	From ..... To .....

DIFFERENCE UNDER ONE ACCOUNT TRANSFERRED TO ANOTHER ACCOUNT 335.060

Instructions:

Complete Sections 1 and 2, check return is Section 3. Complete Section 4, enter the difference to be transferred and transferor and transferee account numbers. In Section 8 (Remarks or Explanation), enter the appropriate comments.

ACCOUNT TRANSFER OR ADJUSTMENT FROM	ACCOUNT TRANSFER OR ADJUSTMENT TO
1 Area Code: 300009970000 Account Number: SR EAA 24-143971 Sub No. Master	2 Area Code: 300200370000 Account Number: SR EA 99-796922 Sub No. Master
Name: Forever Yours	Name: Bud Thompson
Reporting Basis: ☐ M ☒ Q ☐ Y ☐ FY ☐ P	Reporting Basis: ☐ M ☒ Q ☐ Y ☐ FY ☐ P
☒ Close Out ☐ Did Not Operate; Bus. Code: 61; Acct. Anal. Code:	☐ Close Out ☐ Did Not Operate; Bus. Code: 61; Acct. Anal. Code:
Change STARTING DATE from ..... to	Change STARTING DATE from ..... to .....
Change CLOSING DATE from ..... to	Change CLOSING DATE from ..... to .....

3	TRANSFER	☐ EFT Payment(s)	Period *	From ..... To .....
		☒ Return(s)	Account Number	From ..... To .....
			Amount	$ ..... Batch .....
4	Transfer Balance $ 1,531.66 (DIF)		Account Number	From SR EAA 24-143971 To SR EA 99-796922

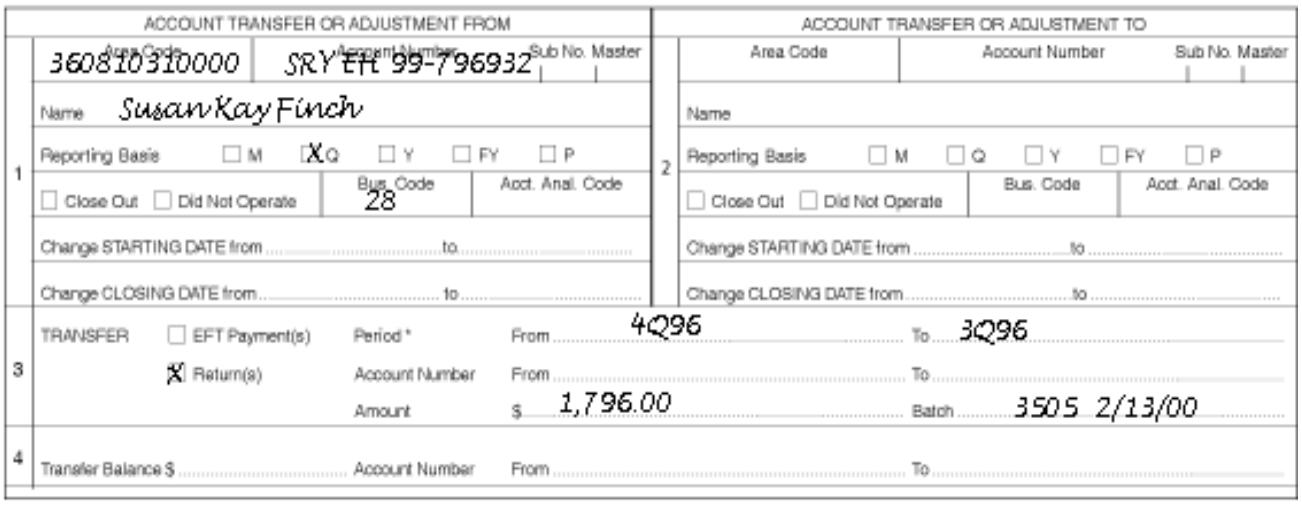
5

ONE ACCOUNT — RETURN FOR ONE PERIOD TRANSFERRED TO ANOTHER PERIOD 335.070

Instructions:

Complete Section 1. Complete Section 3 indicating original period of return, the amount, and the period the return actually represented. Enter the dollar amount and batch date and number of return being transferred. In Section 8, (Remarks or Explanation), enter appropriate comments.

SPLIT A RETURN BETWEEN ACCOUNTS 335.080



ACCOUNT TRANSFER OR ADJUSTMENT FROM				ACCOUNT TRANSFER OR ADJUSTMENT TO			
1	Area Code: 360810310000	Account Number: SRY EH 99-796932	Sub No. Master	2	Area Code	Account Number	Sub No. Master
	Name: Susan Kay Finch				Name		
	Reporting Basis: ☐ M ☒ Q ☐ Y ☐ FY ☐ P				Reporting Basis: ☐ M ☐ Q ☐ Y ☐ FY ☐ P		
	☐ Close Out ☐ Did Not Operate	Bus. Code: 28	Acct. Anal. Code		☐ Close Out ☐ Did Not Operate	Bus. Code	Acct. Anal. Code
	Change STARTING DATE from ..... to				Change STARTING DATE from ..... to		
	Change CLOSING DATE from ..... to				Change CLOSING DATE from ..... to		
3	TRANSFER ☐ EFT Payment(s)	Period *	From 4Q96		To 3Q96		
	☒ Return(s)	Account Number	From		To		
		Amount	$ 1,796.00		Batch 3505 2/13/00		
4	Transfer Balance $	Account Number	From		To		

To illustrate the following example, presume account SR KH 28–116003 filed a return for the third quarter 1996 which included amount due under account SR KH 28–869100 for the fractional period 8–12–96 to 9–30–96. Account SR KH 28–869100 is related to account SR KH 28–116003 and carries a starting date of 8–12–96. The taxpayer's accountant made an error and included tax for both locations on the third quarter 1996 return under account SR KH 28–116003. The total amount of $1,300 was reported and paid under account SR KH 28–116003.Investigation reveals $975 to be adjusted to SR KH 28–116003 and $325 adjusted to SR KH 28–869100. A delinquency has been established under the new account because of the erroneously reported amount.

SPLIT A RETURN BETWEEN ACCOUNTS (CONT. 1) 335.080

Instructions:

Complete Sections 1 and 2: In section 1 enter the account under which the fractional period was erroneously included. In Section 2, enter of the account to which the transfer is being made. Complete Section 6 and Section 7. Adjusting the tax correctly will clear the delinquency for the third quarter 1996 under account SR–KH–28–869100 and will adjust the proper amount of tax under each account. If the new account were in another taxing jurisdiction, the form would allocate the local tax to the respective taxing jurisdictions as shown below. In Section 8 (Remarks or Explanation), enter appropriate comments.

	ACCOUNT TRANSFER OR ADJUSTMENT FROM			ACCOUNT TRANSFER OR ADJUSTMENT TO		
1	Area Code: 340600230000	Account Number: SR KH 28-116003	Sub No. Master:	2 Area Code: 340600230000	Account Number: SR KH 28-869100	Sub No. Master:
	Name: Johnny Angel			Name: Kamey Kustom Kars, Inc.		
	Reporting Basis: ☐ M ☒ Q ☐ Y ☐ FY ☐ P			Reporting Basis: ☐ M ☒ Q ☐ Y ☐ FY ☐ P		
	☐ Close Out ☐ Did Not Operate	Bus. Code: 64	Acct. Anal. Code:	☐ Close Out ☐ Did Not Operate	Bus. Code: 64	Acct. Anal. Code:
	Change STARTING DATE from ..... to			Change STARTING DATE from ..... to		
	Change CLOSING DATE from ..... to			Change CLOSING DATE from ..... to		

3 TRANSFER ☐ EFT Payment(s) Period * From ..... To .....
☐ Return(s) Account Number From ..... To .....
Amount $..... Batch .....

4 Transfer Balance $ ..... Account Number From ..... To .....

5 Clear Delinquencies ☐ Audit ☐ FBO ☐ Payment Dated ..... Period* .....

6 PARTIAL PERIOD ☐ EFT Payment(s) As Filed Period* ....3Q96..... Account Number ..SR KH 28-116003
☒ Return(s) Included Period* ....3Q96..... Account Number .SR KH 28-869100

Adjustment shown below. When more than one return or EFT payment is to be adjusted between accounts, prepare and attach separate schedule.

7

Delinq. established		CORRECT ALLOCATION	AS FILED	CORRECT ALLOCATION	Delinq. cleared	
Transfer from		Acct. No. SR KH 28-116003	Account Number	Acct. No. SR KH 28-869100	Transfer to	
a. Delinquent periods *		From: 7/1//96 To: 8/11/96		From: 8/12/96 To: 9/30/96	b. Delinquent periods *	
		Total Tax $ 975.00	$ 1,300.00	Total Tax $ 325.00		

SEE REVERSE FOR DETAILS

FOR HEADQUARTERS USE ONLY

8 REMARKS OR EXPLANATION See reverse side

Document transfer effected:
See reverse side:

CORRECT ALLOCATION			Total Reported Erroneously Under		CORRECT ALLOCATION		
Acct. No. SR KH 28-116003			Account Number		Acct. No. SR KH 28-869100		
From: 7/1/96	To: 8/11/96				From: 8/12/96	To: 9/30/96	
State-County Tax		$ 629.00		$ 838.00	State-County Tax		$ 209.00
Local Tax		$ 126.00		$ 168.00	Local Tax		$ 42.00
BART	001	$		$	BART	001	$
BART-A	020	$		$	BART-A	020	$
ACTA	010	$		$	ACTA	010	$
BART-CC	021	$		$	BART-CC	021	$
CCTA	024	$		$	CCTA	024	$
DNCD	047	$		$	DNCD	047	$
FCTA	012	$		$	FCTA	012	$
IMTA	029	$		$	IMTA	029	$
CXHD	045	$		$	CXHD	045	$
INRC	014	$		$	INRC	014	$
CLPS	058	$		$	CLPS	058	$
LACT	005	$		$	LACT	005	$
LATC	035	$		$	LATC	035	$
MCTA	034	$		$	MCTA	034	$
OCTA	037	$		$	OCTA	037	$
RCTC	026	$		$	RCTC	026	$
STAT	023	$ 63.00		$ 84.00	STAT	023	$ 21.00
SBCG	015	$		$	SBCG	015	$
SBTU	053	$		$	SBTU	053	$
SBER	031	$		$	SBER	031	$
SDTC	013	$		$	SDTC	013	$
BART-SF	022	$		$	BART-SF	022	$
SFTA	027	$		$	SFTA	027	$
SFPF	051	$		$	SFPF	051	$
SJTA	038	$		$	SJTA	038	$
SMCT	002	$		$	SMCT	002	$
SMTA	018	$		$	SMTA	018	$
SBAB	030	$		$	SBAB	030	$
SCCT	003	$		$	SCCT	003	$
SCGF		$		$	SCGF	063	$
SCMT	004	$		$	SCMT	004	$
SZPL	061	$		$	SZPL	061	$
SCOS	039	$		$	SCOS	039	$
STCL	059	$		$	STCL	059	$
TCTU	060	$		$	TCTU	060	$
SLRF	055	$ 63.00		$ 84.00	SLRF	055	$ 21.00
LPSF	056	$ 63.00		$ 84.00	LPSF	056	$ 21.00
ASUT	057	$ 31.00		$ 42.00	ASUT	057	$ 11.00

Example on Splitting Consolidated Accounts

Sections 1 and 2 show two different SR Y accounts. It is important to note that each sub-location registered under an account should reflect an allocation of local tax. If there are variances such as a lack of local tax allocation to any location and/or an allocation of local tax for non-registered locations, further investigation is warranted. Possible action(s) needed in such cases would be to obtain proper local tax breakdown from the taxpayer and/or the issuance of a subpermit for the non-registered location.

ONE ACCOUNT TAX FOR ONE PERIOD INCLUDED IN A RETURN FOR ANOTHER PERIOD 335.090

To explain and illustrate the following example, assume that under account SRFB 25–767891 a return was filed and paid for the second quarter 1996 in the amount of $1,240, representing $800 state tax, $160 local tax, $80 SDTC tax and $200 for state tax add-ons, 055, 056, and 057. The starting date of the account was 3–1–96, but no return for the first quarter 1996 was filed. The account is delinquent for the first quarter 1996. An investigation revealed the tax for the first quarter has been included in the return for the second quarter. The amount to be adjusted to the first quarter is $310 representing $200 state tax, $40 local tax, $20 SDTC tax, and $50 for state tax add-ons 055, 056, and 057.

Instructions:

Complete Section 1; Complete Section 6; Enter the fractional reporting period which was included in another return, the period of the return which included the fractional period, and the account number under which the return was filed. Show the correct adjustment in Section 7.

In Section 8 (Remarks or Explanation), enter appropriate comments.

ONE ACCOUNT TAX FOR ONE PERIOD

ACCOUNT TRANSFER OR ADJUSTMENT FROM			ACCOUNT TRANSFER OR ADJUSTMENT TO		
1	Area Code: 370600130000	Account Number: SR FHB 25-767891 / Sub No. Master	2	Area Code	Account Number / Sub No. Master
	Name: Nelson Williams			Name	
	Reporting Basis: ☐ M ☒ Q ☐ Y ☐ FY ☐ P			Reporting Basis: ☐ M ☐ Q ☐ Y ☐ FY ☐ P	
	☐ Close Out ☐ Did Not Operate	Bus. Code: 24 / Acct. Anal. Code		☐ Close Out ☐ Did Not Operate	Bus. Code / Acct. Anal. Code
	Change STARTING DATE from ....to....			Change STARTING DATE from ....to....	
	Change CLOSING DATE from .... to			Change CLOSING DATE from ....to....	

3	TRANSFER	☐ EFT Payment(s)	Period *	From .... To ....
		☐ Return(s)	Account Number	From .... To ....
			Amount	$.... Batch ....
4	Transfer Balance $		Account Number	From .... To ....
5	Clear Delinquencies	☐ Audit ☐ FBO ☐ Payment	Dated	Period* ....
6	PARTIAL PERIOD	☐ EFT Payment(s)	As Filed	Period* 2Q96 .... Account Number SR FHB 25-767891
		☒ Return(s)	Included	Period* 3/1/96 .... Account Number SR FHB 25-767891

Adjustment shown below. When more than one return or EFT payment is to be adjusted between accounts, prepare and attach separate schedule.

7	Delinq. established		CORRECT ALLOCATION	AS FILED	CORRECT ALLOCATION	Delinq. cleared	
	Transfer from		Acct. No.	Account Number	Acct. No.	Transfer to	
	a. Delinquent periods *		From: 3/1/96 To: 3/31/96	SR FHB 25-767891	From: 4/1/96 To: 6/30/96	b. Delinquent periods *	
			Total Tax $ 310.00	$ 1,240.00	Total Tax $ 930.00		

SEE REVERSE FOR DETAILS

FOR HEADQUARTERS USE ONLY

REMARKS OR EXPLANATION _____

CORRECT ALLOCATION			Total Reported Erroneously Under	CORRECT ALLOCATION		
Acct. No. SR FHB 25-767891			Account Number	Acct. No.		
From: 3/1/96		To: 3/31/96		From: 4/1/96		To: 6/30/96
State-County Tax		$ 200.00	$ 800.00	State-County Tax		$ 600.00
Local Tax		$ 40.00	$ 160.00	Local Tax		$ 120.00
BART	001	$	$	BART	001	$
BART-A	020	$	$	BART-A	020	$
ACTA	010	$	$	ACTA	010	$
BART-CC	021	$	$	BART-CC	021	$
CCTA	024	$	$	CCTA	024	$
DNCD	047	$	$	DNCD	047	$
FCTA	012	$	$	FCTA	012	$
IMTA	029	$	$	IMTA	029	$
CXHD	045	$	$	CXHD	045	$
INRC	014	$	$	INRC	014	$
CLPS	058	$	$	CLPS	058	$
LACT	005	$	$	LACT	005	$
LATC	035	$	$	LATC	035	$
MCTA	034	$	$	MCTA	034	$
OCTA	037	$	$	OCTA	037	$
RCTC	026	$	$	RCTC	026	$
STAT	023	$	$	STAT	023	$
SBCG	015	$	$	SBCG	015	$
SBTU	053	$	$	SBTU	053	$
SBER	031	$	$	SBER	031	$
SDTC	013	$ 20.00	$ 80.00	SDTC	013	$ 60.00
BART-SF	022	$	$	BART-SF	022	$
SFTA	027	$	$	SFTA	027	$
SFPF	051	$	$	SFPF	051	$
SJTA	038	$	$	SJTA	038	$
SMCT	002	$	$	SMCT	002	$
SMTA	018	$	$	SMTA	018	$
SBAB	030	$	$	SBAB	030	$
SCCT	003	$	$	SCCT	003	$
SCGF		$	$	SCGF	063	$
SCMT	004	$	$	SCMT	004	$
SZPL	061	$	$	SZPL	061	$
SCOS	039	$	$	SCOS	039	$
STCL	059	$	$	STCL	059	$
TCTU	060	$	$	TCTU	060	$
SLRF	055	$ 20.00	$ 80.00	SLRF	055	$ 60.00
LPSF	056	$ 20.00	$ 80.00	LPSF	056	$ 60.00
ASUT	057	$ 10.00	$ 40.00	ASUT	057	$ 30.00

ADJUSTMENT OF PREPAYMENTS UNSUPPORTED BY QUARTERLY RETURNS 335.100

Prepayment periods which are unsupported by a quarterly return, must be treated differently on Form BOE–523 than a return from a non-prepayment account. The word "prepayment" must be entered in the particular section of Form BOE–523 being completed, next to the left-hand margin. Completion of the sections remains the same as with other accounts with this exception.

Instructions:

Complete Section 1 or Sections 1 and 2, depending on the circumstances. In Section 8 (Remarks

ACCOUNT TRANSFER OR ADJUSTMENT FROM			ACCOUNT TRANSFER OR ADJUSTMENT TO		
1	Area Code: 560200000000	Account Number: SR AR 13-769396	2	Area Code: 560200000000	Account Number: SR AR 15-773193
	Name: Two-4 Tea, Inc.			Name:	
	Reporting Basis: ☐ M ☒ Q ☐ Y ☐ FY ☐ P			Reporting Basis: ☐ M ☐ Q ☐ Y ☐ FY ☐ P	
	☐ Close Out ☐ Did Not Operate	Bus. Code: 24 / Acct. Anal. Code:		☐ Close Out ☐ Did Not Operate	Bus. Code: / Acct. Anal. Code:
	Change STARTING DATE from ....to....			Change STARTING DATE from ....to....	
	Change CLOSING DATE from ....to....			Change CLOSING DATE from ....to....	
3	TRANSFER ☐ EFT Payment(s)	Period *	From: 2Q96	To:	
	☐ Return(s)	Account Number	From: SR AR 13-769396	To: SR AR 15-773193	
		Amount	$: 4,310.00	Batch: 4641	
4	Transfer Balance $	Account Number	From:	To:	

The following example is to be used for transferring a quarterly return with its corresponding prepayments and a later prepayment not supported by a quarterly return to a prepayment account:

ACCOUNT TRANSFER OR ADJUSTMENT FROM			ACCOUNT TRANSFER OR ADJUSTMENT TO		
1	Area Code: 100600120000	Account Number: SR DH 22-773311	2	Area Code: 100600120000	Account Number: SR DH 41-639419
	Name: Walter Little			Name: Lily Big	
	Reporting Basis: ☐ M ☒ Q ☐ Y ☐ FY ☐ P			Reporting Basis: ☐ M ☐ Q ☐ Y ☐ FY ☒ P	
	☐ Close Out ☐ Did Not Operate	Bus. Code: 24 / Acct. Anal. Code:		☐ Close Out ☐ Did Not Operate	Bus. Code: / Acct. Anal. Code:
	Change STARTING DATE from ....to....			Change STARTING DATE from ....to....	
	Change CLOSING DATE from ....to....			Change CLOSING DATE from ....to....	
3	TRANSFER ☐ EFT Payment(s)	Period *	From: 1Q96	To: 4Q96	
	☐ Return(s)	Account Number	From: SR DH 22-773311	To: SR DH 41-639419	
		Amount	$:	Batch:	
4	Transfer Balance $	Account Number	From:	To:	

DELINQUENCY CONTROL, REVOCATIONS AND REINSTATEMENTS 340.000

OVERVIEW 340.010

Taxes administered by the Board depend upon voluntary cooperation for effective and efficient management. The vast majority of taxes due are promptly and fully reported (declared) and paid.

Accounts that fail to file, pay, or comply with the law or Board requirements are considered to be delinquent. This section will describe administration of delinquency programs. Specific instructions for processes, screens, and codes for the delinquency program are contained in the IRIS Training Manuals or from your subject matter expert in your section.

TERMS USED IN ADMINISTRATION OF THE DELINQUENCY PROGRAM 340.020

Periodic Delinquency

A periodic delinquency is any delinquency established for failure to file a tax return or a partial period return filed by the taxpayer. This does not include prepayments. Periodic delinquencies are established as an automated IRIS process.

There is a special function developed for headquarters use only which allows for the establishment of periodic delinquencies when the system did not create a delinquency. Headquarters will only manually create the new delinquency when a Financial Obligation already exists and a return or a delinquency for the same period does not exist and the current date is past the date shown on the Calendar of Sales Tax Functions.

Cause Delinquency

A Cause Delinquency can be established by districts for:

1. Failure to pay a balance due.
2. Failure to comply with request for specific information, i.e., financial statements, BOE forms such as BOE–735, request for relief from penalty, BOE–135, Declaration of Timely Mailing, etc.
3. Failure to comply with SG requirements.
4. Failure to post security.
5. Failure to post additional security.
6. Failure to post replacement security.

Period Code

The 4–digit period code consists of the last month and year of the period. For example, the first quarter of 2001 would be 0301.

Periodic Withhold

A temporary halt can be placed on the citation/revocation cycle for a specific periodic delinquency. An end date is required to establish the periodic withhold. When the end date is reached, the delinquent period re-enters the citation and revocation cycle.

Permanent Withhold

A permanent withhold can be placed on a periodic delinquency by Account Analysis and Control Section Delinquency Unit staff.

Cause Delinquency Withhold

There are no Cause Delinquency withholds. If the Cause Delinquency needs to be removed from the citation/revocation cycle, the citation can be stopped and then the cause can be cleared. If the cause needs to be re-entered into the citation/revocation cycle, the cause delinquency is reestablished and will enter the next cycle.

Account Level Withhold

The Account Level withhold is automatically system generated when an account is reinstated from revocation or cancellation from revocation. Automatically generated Account Level withholds can only be removed by the Delinquency Unit with in the Account Analysis and Control Section and Mass Withholds cannot be manually removed. If the Financial Obligation record has been locked, then this process is restricted to specific user security levels. For example, during a natural disaster certain geographical areas could be identified for this type of withhold.

Account-Level Bankruptcy Withhold

Account level withholds will be automatically established in IRIS (DEL BD) when a legal case is added in the legal claim case screen for an account that is in bankruptcy. A halt is placed on the citation/revocation process on all delinquencies. The date an account level bankruptcy withhold is entered displays on the screen. This account level withhold will automatically be removed when the status of bankruptcy is changed to dismissed or closed.

ESTABLISHING OR CLEARING DELINQUENCIES 340.030

The delinquency screens are used to view and maintain information relating to a specific delinquency. These screens are also used to create and clear a cause delinquency for an account. Only outstanding delinquencies may be modified. System comments should always be added when creating, modifying or clearing delinquencies.

Cause Delinquencies

Establishing a Cause Delinquency — Cause Delinquencies initiated by staff in the district for failure to comply, failure to pay a balance due, failure to post security, etc. A Cause Delinquency cannot be created for a closed, revoked or for most bankrupt accounts (see CPPM 754.000 for definitions of bankruptcy status). Cause Delinquencies cannot be established if a revocation cycle is currently in progress for the account, the account has a periodic withhold, or an active delinquency already exists for another reason. Cause Delinquencies are not affected by Mass Withholds, but are affected by Account Withholds. If a Cause Delinquency is created when an account level withhold is present, the withhold will automatically be established for the delinquency.

When establishing a Failure to Post Security Cause Delinquency, the system verifies that unfulfilled security deposit requirement(s) exist for the account. A delinquency cannot be established if there is not an unfulfilled security deposit requirement.

When establishing a Failure to Pay Balance Due Cause Delinquency, the system verifies that difference(s) exist for the account. Any differences that exist when the delinquency is established are linked to the delinquency. If no differences exist at that time, the system will not be able to automatically clear the delinquency when payments are made.

Clearing a Cause Delinquency — A Cause Delinquency is cleared when the specific cause has been fulfilled, when the cause or requirement for the delinquency is canceled or when the delinquency was established in error. Cause Delinquencies can be cleared automatically, as long as the system is able to determine that the reason for the delinquency has been satisfied. Otherwise, the delinquency must be cleared by staff. Comments are mandatory when a Cause Delinquency is other than automatically cleared.

When a delinquency is cleared the processing of its cycle will be stopped. If, however, it was cited as a reason on a Notice of Hearing, which also had other delinquency causes, the citation itself will not be stopped unless all the delinquencies linked to the citation are cleared or are on withhold. If the citation is stopped and is following a staff initiated scheduled cycle, the staff initiated delinquency will be deleted.

If the citation is stopped after the effective date of revocation on the Calendar of Sales Tax Functions, but before the account shows revoked on the system, the reinstatement fee will be backed out. If the system shows the account has been revoked, the delinquency can be cleared, but the account will not automatically be reinstated.

Periodic Delinquencies Withhold

Establishing or Removing a Periodic Withhold — A periodic withhold may be established if an account level withhold is present or if the account is in legal status. Withholds may not be placed on a periodic delinquency when an account has been revoked or closed. Automatically generated account level withholds can be removed by the Delinquency Unit within the Account Analysis and Control Section and Mass Withholds cannot be manually removed.

A withhold will begin on the date it is processed. If a district office creates the withhold, a withhold end date must also be entered. If no withhold end date is entered, a withhold is considered to be permanent and can be manually removed only by the Account Analysis and Control Section. The withhold reason and the withhold end date may be changed.

REASONS FOR REVOCATION 340.040

When a person fails to comply with any of the provisions of the law under which a permit is issued, the Board may revoke the permit.

Cause for revocation may be failure to file returns and pay the tax, failure to pay a delinquent balance, failure to post the required security, failure to keep or make available proper records, or for violation of any provision of the applicable law. See also CPPM 751.020

INITIATION OF REVOCATION ACTION 340.050

In cases of failure to file and pay returns, revocation action is system generated based on the Calendar of Sales Tax Functions.

A cause delinquency is initiated on line by a district office. Once a “cause” delinquency has been established, the account will be entered into the citation revocation cycle and a Notice to Appear — Revocation Proceeding is issued.

NOTICE OF DELINQUENCY 340.055

If the taxpayer does not file a return a Notice of Delinquency will be sent out to the taxpayer prior to the Notice to Appear — Revocation Proceeding (CPPM 340.060). This action is system generated based on the Calendar of Sales Tax Functions.

NOTICE TO APPEAR — REVOCATION PROCEEDING 340.060

Headquarters mails Revocation Proceeding notices. The notices advise the taxpayer to appear at a specific time and place. A tax return is not included with the notice. At a proceeding, the taxpayer may show cause why a permit should not be revoked for the reason specified in the notice. Please note the taxpayer does not need to appear at the proceeding if the cause is cleared before the date of the proceeding.

The address of the district office will be printed on the notices in a position to show through a double window envelope when the form is mailed to the taxpayer. If the notice is undeliverable by the U.S. Postal Service, the notice will be returned to the district or branch office of control.

The responsibility for conducting the proceedings is delegated to the District Administrators or their representatives. Proceeding times have been scheduled uniformly in all offices and branches designated by districts to conduct proceedings.

Revocation dates will be effective 60 days after the mailing of the Notices to Appear — Revocation Proceeding (BOE–431).

STOP CITATION AND REVOCATION ACTION 340.070

Periodic Delinquencies

The on-line process is used to stop the citation and revocation cycle that is in progress. If the citation is stopped after the effective revocation date on the Calendar of Sales Tax Functions Calendar, but before the account shows revoked on the system, the Financial Obligation for the reinstatement fee will be backed out. If the system shows the account has been revoked, the delinquency can be cleared, but the account will not automatically be reinstated.

For revoked accounts, the on-line process must be used.

When the citation currently in progress is stopped, any outstanding delinquency for the account is eligible for subsequent delinquency cycle processing, including revocation. When citations are stopped, they will revert back into their original cycle, based upon category.

No request for withhold of revocation or cancellation of revocation action should be made if the periodic delinquency has not been cleared unless the person has demonstrated their intentions by definite action such as making a substantial partial payment.

Cancellation or withhold of a revocation should not be requested on the basis of a taxpayer's promise of future action.

Cause Delinquencies

When the cause delinquency has not been cleared, it can be modified to clear the delinquent record when the account is not to proceed to revocation. System comments should be added.

The cause delinquency can be re-established at a later date, if warranted. See CPPM 340.040

EFFECTIVE DATE OF REVOCATION 340.080

Revocation dates are effective 60 days from the date of Notice to Appear — Revocation Proceeding (BOE–431). If the cause of revocation is cleared in its entirety on or before the proceeding, and the information is available on-line, the Notice of Revocation will not be mailed. If the notice is mailed, the revocation will be considered inoperative and should be cleared on-line. See CPPM 751.130

INTERDISTRICT TRANSFER OF REVOKED ACCOUNT 340.100

Prior to interdistrict transfer, revoked accounts should be reinstated where possible. Make contact with the taxpayer and determine whether a permit is still required. Should a permit no longer be required, close the permit out. If telephone or mail contacts fail to provide evidence of operation after revocation, send form BOE–142, *District Request for Investigation* (See CPPM 721.000), to the district where the taxpayer may be operating to investigate for operation after revocation before transferring the account.

If the holder of a revoked permit is actually operating in another district *and* the cause of revocation cannot be cleared, the account may then be transferred. *Do not send a new or replacement permit to the taxpayer*.

To transfer a revoked account to another district, a memorandum from the District Principal Compliance Supervisor will be directed to the receiving District Principal Compliance Supervisor advising of the account's revoked status. Send the memorandum with investigative material supporting the transfer and the district file folder, if available, to the new district.

The receiving district will be responsible for completing the transfer upon reinstatement of the permit. If the proposed transfer is found to be erroneous, the account file and investigative material will be returned to the originating district with a memorandum of explanation.

Transfers not conforming to this procedure should be immediately returned to the originating district.

PAYMENTS AFTER REVOCATION 340.120

After revocation, the district should attempt to obtain cash, certified or cashier's check or money order in payment of liabilities and reinstatement fee(s). However, Government Code Section 6157 requires the State to accept personal checks if the person issuing the check furnishes proof of California residence and the check is drawn on a California banking institution. Once a check is returned without payment, the Board is no longer required to accept personal checks.

If the taxpayer insists on providing a personal or business check, or one is mailed to the district office and the taxpayer does not have a history of returned checks, the compliance supervisor may approve acceptance.

When return(s) and a personal or business check needed to clear a revocation have been mailed to headquarters, taxpayers normally should not be required to stop payment on the check and pay in certified funds. Such a delay could result in the assessment of additional penalty and interest charges. See CPPM 510.150.

REVOKED ACCOUNTS CLOSED OUT IN ERROR 340.140

Closeout code "1" will be used to closeout revoked accounts verified to have *never operated* (DID NOT OPERATE).

Closeout reason "8" signifies an account was closed out after revocation occurred, regardless of whether the closeout date occurred before or after the effective date of revocation. Closeout reason "8" is used in lieu of any other closeout reasons on all revoked accounts and/or sublocations of a revoked account *which have operated*. Closeout reason "8" is used for any sales and use tax account.

Revoked accounts will be closed out only after investigation has *positively* confirmed the account has ceased doing business, either through phone calls, field investigation or contact with the taxpayer. Returned mail in itself is NOT sufficient cause to close the permit as a taxpayer may simply be operating at another location.

The presence of closeout reason "8" will alert Board staff that positive confirmation of closeout after revocation was obtained, and the account should not be reinstated as closeout in error. If a period of inactivity has occurred between closeout after revocation and reopening, a new permit MUST be issued. Filing of "zero sales" returns does not establish activity from date of closeout to date of reinstatement from revocation and closeout in error.

Revoked accounts closed out in error must meet all conditions of reinstatement before the account can be reinstated from the erroneous closeout.

REVOCATION PROCEDURE INFORMATION 340.150

For additional procedure or general information on revocations refer to CPPM 751.000 et. seq.

Reinstatement fees should be collected only for those accounts or sublocations of a consolidated account which remain active at the time of reinstatement. Those accounts or sublocations of a consolidated account that close-out after the date of revocation but before the date of reinstatement will continue to be processed with a close-out code 8 (close-out after revocation). If those accounts or sublocations of a consolidated account should reactivate at any time in the future, the reinstatement fee would be due and collectable at the time of activation.

REVOKED AUTOMOBILE DEALERS 340.160

Automobile dealers seller's permits, which have been revoked, and whose Department of Motor Vehicles (DMV) dealer licenses have been cancelled by DMV, are not to be reinstated after the Board has been notified by the DMV that the automobile dealer's DMV license has been cancelled.

ANNEXATION PROCEDURE 345.000

Government Code Section 54900, *Statement of Creation of Change of Boundary*, requires that the Board of Equalization's Property Taxes Department be notified of boundary changes involving property tax assessment rolls. Accordingly, when an area has been annexed to a local jurisdiction, the county's Local Agency Formation Commission (LAFCO) provides the Board's Property Taxes Department with the following: Form BOE–400–TA, Statement of Boundary Changes, a legal description of the annexed area, two maps identifying the boundaries, and if the area is developed, a complete listing of street addresses. The Property Taxes Department forwards copies of these annexation documents to Local Revenue Allocation Section (LRAS).

LRAS is responsible for assisting local jurisdictions in the administration of local sales and use tax for annexed areas. The information listed above is used to identify the sales and use tax accounts located within the annexation area and to initiate changes to the Board's registration records to include those accounts within the annexing jurisdiction.

Upon completion of the changes to registration, a listing of all accounts that were changed, as well as copies of the maps and street listings, are forwarded to the appropriate district office for distribution to staff responsible for registration of accounts. A listing of the accounts within the annexed area is also sent to both the local jurisdiction and the county along with a response form that can be used if errors are found.

INCORPORATION PROCEDURES 346.000

As stated in the previous section, Government Code Section 54900 requires that the Board of Equalization's Property Taxes Department be notified of boundary changes involving property tax assessment rolls. Participation in the Bradley Burns Local Sales and Use Tax program however, is voluntary, and there is no requirement that the Local Revenue Allocation Section (LRAS) be notified upon incorporation of a new city.

To maintain current information regarding pending incorporation measures, LRAS contacts each county's Local Agency Formation Commission (LAFCO) in the months preceding the General elections to inquire regarding incorporation measures on the ballot. Upon learning of such a ballot measure, a LRAS representative will contact the city after the election to determine whether or not the measure passed, and if so, whether the city has established the date on which the incorporation will take effect.

The date of incorporation is generally determined by the measure that is approved by the voters, and the city may not take any official action until after it has been legally incorporated. After incorporation, there are four actions that must be completed by the city before the city can participate in the Bradley Burns Local Sales and Use Tax program. These four actions are:

1. The city must provide two accurate maps that clearly identify city boundaries.
2. The city must provide a listing of street addresses and parcel numbers for all locations within the city.
3. The city must adopt an ordinance imposing the Local Sales and Use Tax to be administered by the Board of Equalization.
4. The city must enter into an agreement with the Board for state administration of local sales and use tax.

The ordinance and agreement are legal requirements for participation in the program while the maps and street listings are used to identify the sales and use tax accounts located within the city's boundaries and to initiate changes to the Board's registration records to include these accounts within the newly incorporated city.

When the ordinance and contract have been completed and approved, copies are sent to the city, the State Department of General Services, the Board's Legal Section, and the Contracts and Procurement Section. The final copy is maintained in the local jurisdiction's legal file in LRAS. When changes have been made to the registration system, a listing of all accounts that were changed, as well as copies of the maps and street listings, are forwarded to the appropriate district office for distribution to personnel responsible for registration of accounts