State Board of Equalization

OPERATIONS MEMO
For Public Release

No. : 888
Date : June 11, 1987

Subject: Relief of Penalty – Installment Payment Proposals

GENERAL
In March 1987, the Board adopted a policy to relieve finality penalties on determinations for taxpayers who request and satisfactorily complete installment payment proposals. The procedure for installment payment proposals under this relief policy parallels that outlined in the Compliance Policy and Procedures Manual commencing with Section 757.000. However, to be eligible for relief, the taxpayer must initiate the installment payment proposal and the proposal must be accepted within 45 days of the finality date of the Notice of Determination or Redetermination.

Relief of finality penalties will not be granted when:

1. The determination includes a fraud penalty.

   Persons involved in fraudulent acts have acted with willful neglect and their failure to make payment was not due to circumstances beyond their control.

2. The taxpayer fails to complete the proposal as agreed.

   This does not include payments which are late due to circumstances beyond the taxpayer's control including, but not limited to, late U.S. Postal Service delivery of timely mailed payments and checks dishonored due to bank error.

Authority to relieve finality penalties is limited to the above circumstances. In addition, this relief policy applies only to installment agreements entered into after February 1, 1987. All other requests for relief from penalty under Section 6592 of the Sales and Use Tax Law, and similar provisions in other laws, must be presented to the Board through normal channels.

Authority to relieve the finality penalty has been delegated to the Assistant Executive Secretary, Business Taxes; Chief of Field Operations; Principal Tax Auditor; Principal Business Taxes Compliance Supervisor; Assistant to the Assistant Executive Secretary, Business Taxes; Supervisor of Collection; Petition Unit Supervisor, and all District Administrators.

Upon completion of the prescribed payments, the District Administrator will notify the Petition Unit by memo that the finality penalty is to be adjusted out from the accounts receivable. If, in

the opinion of the District Administrator, relief should not be granted for reasonable cause, the District Administrator should set forth the facts of the case in a memo to the Petition Unit. The matter will be presented to the Board and the district will be notified of the Board's decision.

OBSOLESCENCE

This Operations Memo will become obsolete when the information is incorporated into the appropriate manuals.

P. K. Taylor
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Compliance Supervisor

Distribution: 1-D