VIA INTERNET

Dear Interested Party:

The Compliance Policy and Procedures Manual (CPPM) is a guide for the Board of Equalization (BOE) staff in administering tax and fee programs. It is available to the public and can be accessed from the BOE web page at http://www.boe.ca.gov/sutax/staxmanuals.htm.

The Sales and Use Tax Department is proposing to add a new section and revise another section in CPPM Chapter 7, Collections. Section 761.045, Payments by Credit Card – Release of Lien, is being added to incorporate the current policy regarding the treatment of credit card payments when determining if a lien may be released. Section 776.110, Small Balance – Does Not Justify Further Collection Effort, is being revised to increase the dollar threshold to be considered a “small balance” from $2,000 to $5,000. The revision material is provided on the following pages for the convenience of interested parties who may wish to submit comments or suggestions. Please feel free to publish this information on your website or otherwise distribute it to your association/members.

If you have any comments or suggestions related to the proposed revisions, you may contact the BOE at CPPM.RevisionSuggestions@boe.ca.gov. Your comments or suggestions must be received by BOE no later than March 23, 2015, in order to be considered by staff. Thank you for your consideration.

Sincerely,

Susanne Buehler, Chief
Tax Policy Division
Sales and Use Tax Department
PAYMENTS BY CREDIT CARD – RELEASE OF LIEN  761.045

Credit card payments will be treated as cash payments for the purpose of lien releases. Prior to releasing a lien for a liability paid by credit card, the payment must be verified in the Integrated Revenue Information System (IRIS).

SMALL BALANCE - DOES NOT JUSTIFY FURTHER COLLECTION EFFORT  776.110

Reason code eight is “Small balance - does not justify further collection effort.”. A district compliance supervisor will approve these types of accounts after a reasonable effort has been made to collect the liability. To avoid costly collection efforts out of proportion to the amount to be realized, SOB will process district-approved requests for write off of balances of $500.01 through $25,000.00 on closed-out accounts. Only a minimum explanation of previous collection efforts will be required from the districts. (See CPPM section 776.180 for automatic write off of balances of $10.01 through $500.00.)

A reasonable effort is defined as collection effort(s) where the cost is commensurate with the amount to be realized. For example, conducting a number of field calls to collect an item of less than $25,000 goes beyond a reasonable effort.

SOB will generally accept and approve write offs for small balances on closed-out accounts when the amount of tax, penalty and interest is $500.01 through $25,000 and the account meets the following conditions:
1. The account is not a Consumer Use Tax account.
2. For accounts where an individual may be held liable in any manner, an offset with the Franchise Tax Board must be attempted and sufficient time must pass for the offset to be effective (usually September 30 of the year following the offset request).
3. Department of Motor Vehicles, Employment Development Department and real property records must be checked for assets.
4. A search of the online system must be conducted for other permits held by the taxpayer.