

NOTICE OF INTENT

Department of Revenue Policy Services Division

Corporation Income and Franchise Tax Extension Payments (LAC 61:III.1505)

Under the authority of R.S. 47:1511, 287.651, and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Policy Services Division, proposes to adopt LAC 61:III.1505 to mandate that the payment of taxes due with a request for an extension of time to file a return be submitted electronically.

Section 287.651(D) of Title 47 of the Louisiana Revised Statutes provides that corporation income taxes may be paid by check, bank draft, post office money order, express money order, electronic funds transfer, or credit or debit cards. Beginning with the filing of the 2010 corporation income and 2011 franchise tax returns, taxpayers who electronically request an extension of time to file their returns must electronically pay any income and franchise taxes due on or before the due date of the return in order to avoid interest and delinquent payment penalty assessments.

This proposed adoption of LAC 61:III.1505 should not have any known or foreseeable impact on any family as defined by R.S. 49:972(D).

Title 61

REVENUE AND TAXATION

Part III. Administrative Provisions and Miscellaneous

Chapter 15. Mandatory Electronic Filing of Tax Returns and Payments

§1505. Corporation Income and Franchise Tax Extension Payments

A. Form of payment

1. Louisiana Revised Statute Title 47 Section 287.651(D) provides that the secretary may accept payment of taxes by:

- a. check;
- b. bank draft;
- c. post office money order;
- d. express money order;
- e. electronic funds transfer; or
- f. credit or debit cards.

2. A taxpayer required to submit any return, report, or request for an extension to file electronically, is also required to submit an accompanying payment electronically.

B. Electronic Payments

1. Electronic payments must be submitted on or before the due date of a return or report.

2. An electronic payment may be submitted via:

- a. credit or debit card;
- b. ACH debit payment, or,
- c. any other electronic method authorized by

the secretary.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:1511, 1514, and 103(D).

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 37:

Family Impact Statement

The proposed adoption of LAC 61:III.1505, regarding Corporation Income and Franchise Tax Extension Payments, should not have any known or foreseeable impact on the stability of the family, the authority and rights of parents regarding the education and supervision of their children, the functioning of the family, family earnings and family budget, the behavior and personal responsibility of children, the ability of the family or a local government to perform this function.

Small Business Statement

In accordance with R.S. 49:965.6, the Regulatory Flexibility Act, the Department of Revenue has determined that the proposed adoption of this Rule will have negligible impact on small businesses.

Public Comments

Interested persons may submit data, views, or arguments, in writing to Shone Pierre, Assistant Secretary, Office of Legal Affairs, Louisiana Department of Revenue, P.O. Box 44098, Baton Rouge, LA 70804-4098 or by fax to (225) 219-2759. All comments must be submitted by 4:30 p.m., Tuesday, December 28, 2010. A public hearing will be held on Wednesday, December 29, 2010, at 10:00 a.m. in the River Conference Room on the Seventh Floor of the LaSalle Building at 617 North Third Street, Baton Rouge, LA 70802-5428.

Cynthia Bridges
Secretary

**FISCAL AND ECONOMIC IMPACT
STATEMENT FOR ADMINISTRATIVE
RULES**

**RULE TITLE: Corporation Income and
Franchise Tax Extension Payments**

**I. ESTIMATED IMPLEMENTATION COSTS
(SAVINGS) TO STATE OR LOCAL
GOVERNMENT UNITS (Summary)**

This proposed rule mandates the electronic filing of a prepayment of taxes due with an electronic request for an extension of time to file a corporation income and franchise tax return. There is no anticipated cost to implement the proposed rule, but the proposed rule will allow the reallocation of resources being used to process manual extension payments to other tax processing functions. The current fiscal year budget for the Revenue Processing Center (RPC) has been cut by \$1 million. In FY 10, the Department paid about \$725,000 for roughly 100 temporary workers. In FY 11, the Department has \$374,000 available for temporary workers and anticipates an increase in processing time. In the past, RPC has utilized temporary personnel during the income tax rush to, among other things, process manual payments. Since RPC will lack the financial resources to hire temporary personnel for the FY 11 income tax rush, mandating electronic filing of the prepayment of taxes due with an electronic request for an extension of time to file a corporation income and franchise tax return will allow the reallocation of resources being used to process manual extension payments to other tax processing functions.

**II. ESTIMATED EFFECT ON REVENUE
COLLECTIONS OF STATE OR LOCAL
GOVERNMENTAL UNITS (Summary)**

The proposed rule, mandating the electronic filing of a prepayment of taxes due with an electronic request for an extension of time to file a corporation income and franchise tax return, will have no effect on revenue collections of state or local governmental units. Extension payments are currently accepted by check, bank draft, post office money order, express money order, electronic funds, or credit or debit card. The proposed rule would limit payments to credit or debit cards, automated clearinghouse debit

payments or any other electronic method authorized by the secretary, which may be a statutory conflict.

**III. ESTIMATED COSTS AND/OR ECONOMIC
BENEFITS TO DIRECTLY AFFECTED PERSONS
OR NONGOVERNMENTAL GROUPS (Summary)**

Every taxpayer making a prepayment of taxes due with an electronic request for an extension to file a corporation income and franchise tax return will be affected by the proposed rule. The proposed rule limits payments with corporate extensions to electronic means while the current rule allows payment by check, bank draft, post office money order, express money order, electronic funds, or credit or debit card. However, because prepayments of taxes due can be filed electronically through the LDR web site or through tax preparation software for free, there is no anticipated cost to these taxpayers. The Department will have internet kiosks available in all Department of Revenue offices and internet access is also available through public libraries. This proposed rule will serve to alleviate some of the reliance on temporary workers related to extensions and will not result in a decrease in processing time for returns as most e-file mandates do given budgetary limitations.

**IV. ESTIMATED EFFECT ON COMPETITION AND
EMPLOYMENT (Summary)**

This proposed rule should not affect competition or employment.

Cynthia Bridges
Secretary
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Robert E. Hosse
Staff Director
Legislative Fiscal
Office