

NOTICE OF INTENT

Department of Revenue Policy Services Division

Installment Agreement for Payment of Tax (LAC 61.I.4919)

Under the authority of R.S. 47:105(B), 47:1511, and 47:1576.2 and in accordance with the Administrative Procedure Act, R.S. 49:950 *et seq.*, the Department of Revenue, Policy Services Division, gives notice that rulemaking procedures have been initiated to amend LAC 61.I.4919 relative to installment agreements for the payment of tax.

R.S. 47:105(B) and 47:1576.2 authorizes the payment of taxes in installments and gives the secretary authority to promulgate rules to administer the installment program. The purpose of this regulation is to clarify that a continuing guaranty agreement may be required for installment agreements requested by limited liability companies, partnerships and limited partnerships, to extend the payment period for which an informal installment agreement is authorized, and to make technical changes.

Title 61

REVENUE AND TAXATION

Part I. Administrative and Miscellaneous Provisions

Chapter 49. Tax Collection

§4919. Installment Agreement for Payment of Tax

A. – B.2. ...

3. The taxpayer shall file returns for all tax periods included in the installment agreement.
4. The taxpayer shall agree to waive all restrictions and delays on all liabilities not assessed for periods included in the installment agreement.
5. The taxpayer shall agree to timely file all returns and pay all taxes that become due after the periods included in the installment agreement.
6. The taxpayer may be required to pay a down payment of 20 percent and to make installment payments by automatic bank draft.
7. All installment agreement payments shall be applied to accounts, taxes, and periods as determined by the department.
8. Any and all future credits and overpayments of any tax shall be applied to outstanding liabilities covered by the installment agreement.
9. The taxpayer shall notify the department before selling, encumbering, alienating, or otherwise disposing of any of their real (immovable) or personal (movable) property.
10. Tax liens may be filed in any parish wherein the department has reason to believe the taxpayer owns immovable property.
11. A continuing guaranty agreement may be required on installment agreements requested by a corporation, limited liability company, partnership, or limited partnership.

C. – C.4. ...

D. Forms of Installment Agreements

1. Informal installment agreements shall be allowed only if the amount owed is less than \$25,000 and the payment period is 36 months or less.

2. Formal installment agreements shall be required if the amount owed is \$25,000 or more or the payment period exceeds 36 months. Information relative to the taxpayer's employment, bank account, credit, income statement, balance sheets, cash-flow data, and any other information shall be provided to the department upon request.

D.3. – E.2. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:105 and R.S. 47:1576.2.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 42:281 (February 2016), amended LR 47:.

Family Impact Statement

The proposed adoption of this rule might have a slight positive impact on family as defined by R.S. 49:972(D) or on family formation, stability and autonomy as the length of the installment agreement period is being extended giving families more time over which to pay their liabilities. The proposed adoption should have no other known or foreseeable impact on:

1. The stability of the family.
2. The authority and rights of parents regarding the education and supervision of their children.
3. The functioning of the family.
4. Family earnings and family budget.
4. The behavior and personal responsibility of children.
5. The ability of the family or a local government to perform this function.

Poverty Impact Statement

The proposed rule has no known impact on poverty as described in R.S. 49:973.

Small Business Impact Analysis

The proposed rule has no known measurable impact on small businesses as described in R.S. 49:965.6.

Provider Impact Statement

The proposed rule has no known or foreseeable effect on:

1. The staffing levels requirements or qualifications required to provide the same level of service.
2. The total direct and indirect effect on the cost to the provider to provide the same level of service.
3. The overall effect on the ability of the provider to provide the same level of service.

Public Comments

All interested persons may submit written data, views, arguments or comments regarding this proposed rule to Brandea Averett, Attorney, Policy Services Division, Office of Legal Affairs, P.O. Box 44098, Baton Rouge, LA 70804-4098. Written comments will be accepted until 4:30 p.m., May 25, 2021.

Public Hearing

A public hearing will be held on May 26, 2021 at 9:00AM in the LaBelle Room, located on the 1st floor of the LaSalle Building, 617 North Third Street, Baton Rouge, Louisiana. Masks are required in the LaSalle Building.

Kimberly Lewis Robinson
Secretary of Revenue

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES
RULE TITLE: Installment Agreement for Payment of Tax**

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

This proposed rule will not result in any increased costs or revenues to the state or local government units. This proposal amends the rule to extend the maximum payment period for an informal installment agreement from 24 months to 36 months and provides for a formal agreement if the payment period exceeds 36 months. The installment agreement fee of \$105 remains unchanged as does the reinstatement fee. If the taxpayer defaults on the installment agreement, a fee of \$60 is charged to reinstate the agreement. The fees do not apply to establish an installment agreement with a taxpayer whose adjusted gross income is less than or equal to \$25,000. The installment agreement fees cannot be paid in installments nor waived or applied against any tax debt.

This proposal adds that a continuing guaranty agreement may also be required of limited liability companies, partnerships, and limited partnerships in addition to corporations.

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

Currently, any installment agreement over 24 months or that has a debt of more than \$25,000 is considered a formal installment agreement. Taxpayers requesting a formal installment agreement must complete a Statement of Financial Condition and provide copies of bills. Often there are delays in establishing formal agreements because it takes the taxpayer time to complete the paperwork and the financial information has to be reviewed and approved by staff or appointed officials, depending on the years and the amount of debt. Extending the informal installment agreement to 36 months could allow taxpayers to enter into installment agreements faster and will improve the default rate. The taxpayers will be able to log onto LaTap to establish the agreement without the necessity of more extensive paperwork.

Extending the time for payments in an informal installment agreement could cause a slight decrease in the annual collections due to the longer pay-off period since the payments would be extended an additional year. However, because the default rate of installment agreements is expected to decrease and more informal installment agreements are anticipated given the longer payment period, the state's annual collections may increase slightly.

Local governmental units are not affected.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NON-GOVERNMENTAL GROUPS (Summary)

This proposed rule will have a slight economic impact on the affected taxpayer by providing

additional time to resolve outstanding liabilities.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

This proposed rule should not affect competition or employment.

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5. The taxpayer shall agree to timely file all returns and pay all taxes that become due after the periods included in the installment agreement.

~~5.6.~~ The taxpayer may be required to pay a down payment of 20 percent and to make installment payments by automatic bank draft.

~~6.7.~~ All installment agreement payments shall be applied to accounts, taxes, and periods as determined by the department.

~~7.8.~~ Any and all future credits and overpayments of any tax shall be applied to outstanding liabilities covered by the installment agreement.

~~8.9.~~ The taxpayer shall notify the department before selling, encumbering, alienating, or otherwise disposing of any of their real (immovable) or personal (movable) property.

~~9.10.~~ Tax liens may be filed in any parish wherein the department has reason to believe the taxpayer owns immovable property.

~~10.11.~~ A continuing guaranty agreement may be required on installment agreements requested by a corporation-, limited liability company, partnership, or limited partnership.

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D. Forms of Installment Agreements

1. Informal installment agreements shall be allowed only if the amount owed is less than \$25,000 and the payment period is ~~24~~36 months or less.

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Local governmental units are not affected.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NON-GOVERNMENTAL GROUPS (Summary)

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IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

This proposed rule should not affect competition or employment.

**Fiscal and Economic Impact Statement
For Administrative Rules**

Person preparing statement:
Phone:
Return Address:

Shirley Bonaccorso
(225) 219-2780
617 North Third Street
Baton Rouge, LA 70802

Department: Revenue
Office: Policy Services Division
Rule Title: LAC 61.I.4919
Date Rule Takes Effect: July 20, 2021

Summary

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. The following summary statements, based on the attached worksheets, will be published in the *Louisiana Register* with the proposed agency rule.

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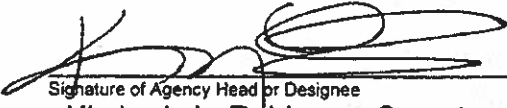
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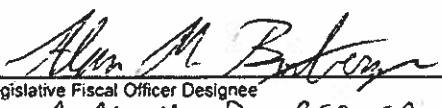
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Signature of Agency Head or Designee
Kimberly L. Robinson, Secretary

Typed Name and Title of Agency Head or Designee
4/7/2021

Date of Signature



Legislative Fiscal Officer Designee
ALAN M. BOXBERGER

Typed Name of Legislative Fiscal Officer Designee
4/8/21

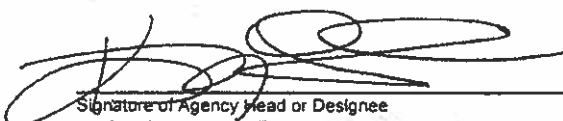
Date of Signature

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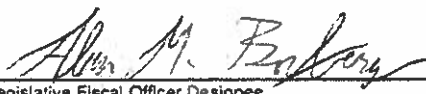
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Signature of Agency Head or Designee
Kimberly L. Robinson, Secretary

Typed Name and Title of Agency Head or Designee
4/7/2021

Date of Signature



Legislative Fiscal Officer Designee
ALAN M. BOXBERGER

Typed Name of Legislative Fiscal Officer Designee
4/6/21

Date of Signature