

Memorandum

To: Christy Vandevender, Nexus Committee Chair
From: Richard Cram, Director, National Nexus Program
Re: Survey Results on Payment Plans
Date: April 21, 2020

Provided below is the survey on payment plans sent by email on March 31, 2020 to participating states in the National Nexus Program, and the responses received.

To Nexus Committee Members:

We are starting to receive requests from taxpayers contemplating applying for voluntary disclosure, asking if payment plans are available. As you know, our current Procedures for the MTC Multistate Voluntary Disclosure Program does not include a payment plan option. The taxpayer is required to register, file returns (or spreadsheets if the state permits for sales/use tax), and pay the back taxes owed within 60 days of receiving notice from MTC staff that the state has signed the agreement, unless an extension is granted.

Given the extraordinary circumstances that we are all going through, some states may have already adopted policies that would include a payment plan option for voluntary disclosure agreements. Could you please respond for your state tax agency whether your state has adopted such a policy and if so, describe what that policy is?

Also, as you know, the MTC spring meetings previously scheduled to be held in Alexandria in April have been cancelled. However, we are planning to convene committee meetings, including Nexus Committee, telephonically. More information on the dates (Nexus Committee will likely meet on April 21—time to be determined) and times for those meetings will be forthcoming. The above issue will likely be added to the Nexus Committee agenda: should a payment plan option at least temporarily be added to the MTC Multistate Voluntary Disclosure Program Procedures, and if so, how should that be implemented?

Please respond by email to the following question by COB April 7, 2020:
Has your state adopted a policy of allowing payment plans to be included in or entered into in conjunction with voluntary disclosure agreements?

FL GA IA NM WA WI___yes

AZ CO KS MA MT NC ND NE NJ OR SC TN VT VW___no

If “yes,” please describe:

FL: Payment plans for voluntary disclosure cases is not a new procedure in Florida. We offer up to 24 months at the current interest market rate.

GA: Georgia has long allowed payment plans up to 60 months in conjunction with VDAs. Additionally, due to the pandemic, we are allowing up to 90 days grace period before payment plans become effective.

IA: If an applicant tells us they need a payment plan we will accommodate them. We like to know up front so that we may make note of it in our agreement. They may then send in their filings with a partial payment or no remit. We bill them for tax and interest and then they work with our accounts receivable department to set up a payment plan according to their standard procedures. They have a calculation based upon amount due and the payee may take up to two years to pay, depending on how much they owe.

NM: New Mexico has the managed audit program which waives Penalty and Interest if Paid in Full within 180 days. If the taxpayer needs more than 180 days payment plans are available, but P&I are included.

WA: Due to the COVID-19, Washington State is allowing extensions for those impacted and being flexible. Below is our relief website:

o <https://dor.wa.gov/about/business-relief-during-covid-19-pandemic>

- Our processes as it relates to payment plans has not changed. Washington State does allow payment plans under certain conditions. We would want the taxpayers to communicate with DOR to discuss options before the due date of the final assessment. When we get this question, we end up focusing on the timeline of the voluntary disclosure program which can take 6 months or longer till an amount is due for payment. This communication usually allows the taxpayer to understand the process and allows them to start setting aside the funds for the assessment.

WI: Taxpayers can apply for a payment plan via My Tax Account. These are generally accepted as long as the plan/request is for one year or less.

Other comments:

MA: We do want to work with taxpayers who come forward voluntarily, if a taxpayer needs more time to comply with VDA agreement terms they are encouraged to contact us **dorvoluntarydisclosure@dor.state.ma.us**

MT: In light of the current situation facing our world, we are open to working with the taxpayer if requested but do not currently have specifics for how that would work.

ND: – no formal policy; however, we will consider a payment agreement related to a VDA on a case by case basis based on the facts and circumstances of the taxpayer.

NE: Nebraska has never entered into a payment plan in conjunction with a VDA, but we would be in favor of allowing such under certain conditions. Those conditions would include signing of a payment plan agreement and adding language in the VDA that failure to make the required payments would result in the VDA being void.

OR: We would, however, support the MTC in allowing payment plans due to the current situation.

SC: I think it best that each company contact me and we can work out the details from there.

TN: However, we have, on occasion, added a paragraph allowing the taxpayer to contact our Collection Services Division within 30 days to set up a payment plan. The payment plans are based on financial ability to pay. Therefore, we cannot approve a payment plan without identifying the taxpayer and having them fill out an application. Although the voluntary disclosures are handled by our Audit Division, the payment plans are not.

VT: The state of Vermont would be open to a payment plan option.

WV: West Virginia does not allow payment plans as part of our Voluntary Disclosure Agreement process. However, once a voluntary agreement is entered, the taxpayer is given sixty days to make payment.