



**STATE BOARD OF EQUALIZATION**

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November 4, 2016

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 Business Tax and Fee Department (BTFD) is proposing to revise the following CPPM sections to incorporate current policies and procedures:

- Section 203.055, *Refusal to Issue Seller's Permit*
- Section 203.070, *Registration Assignments*
- Section 305.015, *Procedures for Changing Account Records*
- Section 751.135, *Revocation After a Seller's Permit Has Been Issued*

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 CPPM revisions, you may contact the BOE at [CPPM.RevisionSuggestions@boe.ca.gov](mailto:CPPM.RevisionSuggestions@boe.ca.gov). Your comments or suggestions must be received by BOE no later than **January 4, 2017**, in order to be considered by staff. Thank you for your consideration.

Sincerely,

Chief, Tax Policy Division  
Business Tax and Fee Department

## **REFUSAL TO ISSUE SELLER'S PERMIT**

**203.055**

Pursuant to Revenue and Taxation Code (RTC) section 6070.5, *Authorization to refuse issuance of permit*, the Board of Equalization (BOE) may refuse to issue a seller's permit to any person submitting an application if the person has an outstanding final (i.e., "due and payable") sales and use tax liability. Also, the BOE may refuse to issue a seller's permit when the person applying for the permit is not a natural person (i.e., a corporation or Limited Liability Company (LLC)) and is controlled by a person with an outstanding final liability (see Regulation 1699(g)(3)). However, a seller's permit will be issued when the person with the outstanding final liability enters into a payment plan and is in full compliance with the terms of the plan, or has an accepted Offer in Compromise (OIC) and is in full compliance with the terms of the OIC agreement.

There are no provisions in RTC section 6070.5 that allow the BOE to close or cancel a seller's permit after it has been issued. However, staff may revoke a permit under RTC section 6070, *Revocation of permit*, when they are able to show that a person with an active seller's permit has failed to comply with provisions of the Sales and Use Tax Law, rule, or regulation.

Effective January 1, 2014, the *Declaration of Intent (DI)* screen, which appears at the onset of the registration process, was modified to include the following declarations of true statements that the applicant must accept before they are issued a seller's permit:

*If I am registering for a sales and use tax permit;*

- I declare that either I currently do not have an outstanding final liability for sales and use tax with the BOE under a different account, either open or closed; or, if I do have an outstanding liability, I am currently in a payment plan and in full compliance with the terms of the plan.*
- I further declare that, if the person applying for the permit is a partnership, corporation, LLP, or LLC, that none of the listed partners, officers, or members has an outstanding final liability for sales and use tax with the BOE under a different account, either open or closed; or, if they do have an outstanding liability, they are currently in a payment plan and in full compliance with the terms of the plan.*

An applicant who accepts the DI will continue through the registration process to obtain their seller's permit. However, an applicant who declines the DI will receive the following message:

*You have chosen to not accept the Declaration of Intent to register for your selected taxable activities. If you have chosen not to accept due to an outstanding liability with the BOE, please contact your local BOE office to establish a payment plan. After a payment plan is established, you may return to complete this application.*

A person who was issued a seller's permit on or after January 1, 2014 may not have complied with RTC section 6066, *Application for permit*, if the BOE determines that at the time of application, the person falsely accepted the DI as a true statement. If staff is able to establish that the person did not comply with RTC section 6066, staff may initiate the revocation process under RTC section 6070 to revoke the person's active seller's permit. This does not apply to a person issued a seller's permit before January

## CPPM Chapter 2, Registration

1, 2014. See CPPM section 751.135 to determine how to proceed when a permit was issued in violation of RTC 6066.

### **Accounts Routed Via Assignment Control**

For applications that are currently routed via Assignment Control in the Integrated Revenue Information System (IRIS) to the district offices for further analysis, staff should review each application to determine whether a permit may be refused under RTC section 6070.5.

If after reviewing the prior history of an applicant, registration staff determines that the person applying for a seller's permit has an outstanding final liability greater than \$500, they should route the account in Assignment Control to their supervisor using the Business Action code \*REVACCT. The supervisor should then forward the assignment to the responsible collector using the same Business Action code. Additionally, the supervisor should make the responsible collector aware of the assignment to ensure that it is addressed timely.

After reviewing the account to confirm that a permit may be refused under RTC section 6070.5, the responsible collector should discuss the account with their supervisor to determine if it is in the State's best interest to issue the permit. If it is determined that it is not in the best interest of the state, the responsible collector will add their review notes in Assignment Control and then route the account to their supervisor who will enter their notes regarding the decision to deny the issuance of the permit and close the assignment. Afterwards, the responsible collector should contact the taxpayer and attempt to obtain payment in full or enter the taxpayer into a payment plan. If the taxpayer is unwilling to pay in full or enter into a payment plan, the responsible collector will send a BOE-1680, *Notice of Permit Denial at Registration*, available on eBOE, to the address of record of the applicant and enter notes in the person's active or closed account in the Automated Compliance Management System (ACMS). This form provides an explanation to the applicant why their seller's permit application is denied and informs them of their payment options as well as their right to send a written request for reconsideration within 30 days from the date of denial listed on the notice.

If a timely request for reconsideration is received, a hearing by the District Principal Compliance Supervisor (DPCS) or their designee will be held in the district office of control within ten (10) days of the date the request for reconsideration is received (RTC 6070). A BOE-420-P, *Notice of Hearing (RTC 6070.5)*, which is also available on eBOE, should be used to inform the taxpayer of the date and time of the hearing. Notes should also be entered in the person's active or closed account in ACMS to document information regarding the hearing. If a request for reconsideration is not filed within the 30-day period, the denial becomes final at the end of the 30-day period. If multiple accounts exist, then it will be at the discretion of the DPCS or their designee to determine which account the ACMS notes will be placed.

**REGISTRATION ASSIGNMENTS****203.070**

Assignments are accessed through Assignment Control (ASC) in IRIS using the registration ID number or account number. Assignments are created when an application does not pass established edits, when the tax or fee program rules require additional processing, or when some action is required after an account has been issued. Exhibit A at the end of this chapter provides a summary of each assignment, identifies the potential recipients of each, and provides general information as to how each assignment is resolved.

To locate registration assignments, staff will access the ASC RG screen in IRIS. This screen allows assignments to be located using the registration ID number. Since most assignments require tasks to be completed outside of the registration system, staff will have to indicate when the assignment has been completed manually by entering "Y" in the Completed (Cmp) field and selecting the F5 key to update.

In some cases, the registration process cannot be completed until staff completes the assignment. When this occurs, a REGHLD assignment is created in ASC in addition to the assignment(s) that identify the specific issues affecting an application. When a REGHLD assignment exists for an application, the assignment(s) that are preventing registration from completing are priority assignments and must be completed by staff no later than eight (8) business days following the date the assignment was created. The REGHLD assignment will complete automatically in ASC once the application is released by staff in the registration system. Prior to releasing an application with multiple tax and/or fee programs, [Field Operation Division \(FOD\) SUTD](#) staff must contact [staff who work Special Tax and Fee accountsSTFD](#) as explained in Section 203.060.

Several assignments can be created for a single application. Each assignment is routed to the appropriate department, section, or unit for processing by staff. For example, applications for a seller's permit where the entity could not be validated by the registration system are assigned to the appropriate field ~~office~~-staff.

In instances where an application results in multiple accounts administered ~~under by~~ both [the Sales and Use Tax law SUTD](#) and [Special Tax and Fee lawsSTFD](#), and manual validation of the entity is required, [staff that handle Special Tax and Fee accounts STFD](#) receives the validation assignment as well as any other assignments specific to their programs. All other assignments relating to ~~the a~~ [Sales and Use Tax SUTD](#) account will be the responsibility of the appropriate [field SUTD-section-or](#) office.

| Business Action Code | Assignment Description                         | Staff Action Required   | Assignment Specific To   |
|----------------------|--|---|--|
| 637LTR               | Staff review - no 637 letter entered           | Follow up with taxpayer for Letter of Registration number.  | Diesel or Motor Vehicle Fuel accounts                                    |
| ACTS                 | ACTS eClient                                   | Registration staff will notify stamp desk upon receiving assignment that is created from CR/400-ACTS process. Once investigation work has been finalized the stamp desk will email registration staff for activation. | CR accounts  |
| ADDROVR              | Finalist address overridden                    | Research overridden address and correct, if necessary when taxpayer does not accept formatted address when submitting application.  | All accounts   |
| CHKSPRSD             | Check Special Taxes & Fees location start date | Review when adding a location to a prerequisite SR account and the associated STF location start date is earlier than the start date of the SR account.   | TATs: ABM, ABW, AWG, ADS, ADC, ACB, MJ, TK, CM, CR, CW, CP, TW, and TIM. |
| CHKSUTSD             | Check SR location start date                   | Review when a location is added to a prerequisite SR account and the associated STF location start date is earlier than the SR account.   | SUT accounts   |
| CUTSEXMP             | Review exemption                               | Staff needs to review the taxpayers claim for an exemption from use tax related to a CUTS account.  | CUTS accounts  |
| CUTSNRPR             | Review CUTS NR/PR payment                      | Review information, create account, and issue billing when taxpayer reports use tax for a CUTS account but does not pay entire amount due.  | CUTS accounts  |
| CUTSPYMT             | Review CUTS payment                            | Staff needs to register the source information file, locate payment and apply it to the account.  | CUTS accounts  |
| CUTSXPAY             | Review exemption with payment                  | Review exemption and payment received when taxpayer claims an exemption AND makes a payment.  | CUTS accounts  |
| DUPABCNR             | Duplicate ABC number for account               | Review and correct when the ABC number entered exists on a sub location for the provided alcoholic beverage account.  | Alcoholic beverage accounts  |

| <b>Business Action Code</b> | <b>Assignment Description</b>             | <b>Staff Action Required</b>  | <b>Assignment Specific To</b>  |
|-----------------------------|---|---|--|
| DUPEPANR                    | Duplicate EPA number for account          | Review and correct when the EPA number entered exists on a sub location for the provided HG account.  | HG accounts  |
| ENTITYAD                    | Client added to existing entity           | Review TIN when a TIN exists in IRIS but there are no clients associated with the TIN. For example, a TIN exists for a corporation but no corporate officers are associated with the corporation. Assignment created for staff to review TIN. | eReg ID  |
| ENTTYCHG                    | Review type of ownership change           | Review and closeout prior account when taxpayer indicates on application that the ownership of the business changed.  | All accounts   |
| FO-79B                      | NR/PR - need to create FO                 | Create FO and initiate billing of amount due when taxpayer reports use tax on a one-time purchase but does not pay in full.   | SUT accounts<br>Assigned to Return Analysis Unit                     |
| FRGCTYSR                    | SR account address is in fringe area city | Review address and Tax Area Code.   | SUT accounts<br>Assigned to Local Revenue and Allocation Unit (LRAU) |
| INVTADOL                    | Invalid TAC and/or DOL                    | Review Tax Area Code, correct it, and release application when taxpayer does not accept formatted address or if address is not found by Finalist.   | SUT accounts<br>Assigned to LRAU                                     |
| MANLVER                     | Staff review of entity                    | Follow-up with taxpayer to obtain entity documentation when the system is unable to validate the entity. Release action can auto close this assignment.   | eReg ID  |
| NEWLRLOC                    | Retailer cigarette license pending        | Review and activate location.   | LR accounts  |
| NOABCNBR                    | ABC number missing on location            | Review application; taxpayer indicates they sell alcohol but has no ABC license.  | Alcoholic beverage accounts  |

| Business Action Code    | Assignment Description  | Staff Action Required  | Assignment Specific To                        |
|-------------------------|---|--|---|
| NOLICPMT                | No payment received for license                               | Review when SUT account was provided as the prerequisite and a closed LRQ account already exists for the entered location.   | Cigarette accounts                            |
| NOPREP                  | Application prepared by BOE staff; no email sent to taxpayer. | Provide or mail registration packet to taxpayer, if necessary, when application was submitted by staff.  | eReg ID                                       |
| NOTCN                   | No TCN entered  | Review and correct to add Terminal Control Number.   | PO account                                    |
| NOTKACCT                | No UST account  | Review as taxpayer stated there is an underground storage tank at location but no TK account exists.   | Diesel, Motor Vehicle, and Oil Spill accounts |
| PENDACCT                | Pending account created                                       | Review and correct the pending account that was created because no start date was entered.   | STF Accounts                                  |
| PENDSUBL                | Pending sub location created                                  | Review and correct the pending sub location created because no start date was entered.   | STF Accounts                                  |
| POIVFAIL                | Client record failed verification                             | Bypass verification (using external source) when payment was made with application.  | eReg ID                                       |
| PURCHBUS                | Staff review for close out of prior account                   | Review predecessor account since taxpayer indicated on application that they purchased the business.   | All accounts                                  |
| REGHLD                  | Registration held   | This assignment indicates that an application could not be completed and is currently being held. In addition to this assignment, assignment(s) for addressing the specific issues affecting an application will also be created. Release action can auto close this assignment.       | All accounts                                  |
| <a href="#">REVACCT</a> | <a href="#">Outstanding Final Liability &gt; \$500</a>        | <a href="#">Route to responsible collector who 1) reviews account to confirm it meets requirements under RTC section 6070.5 and 2) discusses with supervisor to determine if it is in the State's best interest to issue the permit. See CPPM section 203.055 for further details.</a> | <a href="#">SUT accounts</a>                  |

| Business Action Code | Assignment Description                              | Staff Action Required  | Assignment Specific To        |
|----------------------|---|--|-------------------------------|
| RTADDRUN             | Return addressing job ran prior to account creation | Manually initiate creation of the FOs. Staff may also need to print and mail tax returns if a taxpayer wishes to file tax returns immediately since application was submitted after return addressing job had begun. Generally, the Financial Obligations (FOs) will be created during the overnight registration processes. | All accounts                  |
| SELLCARS             | Review/new account is selling cars                  | Follow-up with taxpayer to confirm registration. Based on the NAICS provided on application, taxpayer sells used vehicles.   | SUT accounts                  |
| STTAXAPP             | Statewide Tax Rate was Applied                      | Review the application since a unique Tax Rate cannot be determined for the location of use, the statewide tax rate will be used to determine the tax amount.  | CUTS accounts                 |
| TACOVRR              | TAC is overridden                                   | Review the Tax Area Code and correct it if necessary since taxpayer did not accept formatted address.  | SUT accounts Assigned to LRAU |
| TIN/ADDR             | Matching TIN found with different address           | Review account since matching client was found but address provided differs from the address in IRIS.  | eReg ID                       |
| TINMCP               | Multiple TIN's exist for client - primary           | Review TINs and initiate a TIN collapse. Staff will need to open a heat ticket with the list of TINs to be collapsed.  | eReg ID                       |
| TINMCS               | Multiple TIN's exist for client - secondary         | Review TINs of secondary entity and initiate TIN collapse using existing process since multiple TINs were located for secondary entity (e.g., corporate officer, LLC member). This issue will NOT prevent registration from being completed.   | eReg ID                       |
| VERIFYER             | Verify ER account                                   | Review account since taxpayer responded that they have an existing account. However, system cannot match ownership.  | ER accounts                   |
| VERIFYRB             | Verify RB account                                   | Review account since taxpayer responded that they have an existing account. However, system cannot match ownership.  | RB accounts                   |

| <b>Business Action Code</b> | <b>Assignment Description</b>                                   | <b>Staff Action Required</b>  | <b>Assignment Specific To</b> |
|-----------------------------|---|---|-------------------------------|
| VERIFYTK                    | Verify TK account   | Verify property ownership since taxpayer responded that they have an existing account.  | TK accounts                   |
| VERPTNAG                    | Verify Partnership Agreement                                    | Follow-up to obtain a copy of the partnership agreement since taxpayer indicated a partnership agreement exists. Message displayed to taxpayer directed them to mail a copy of the agreement to BOE.            | eReg ID                       |
| VERPTNSP                    | Staff Review of Entity/ no individual entity at secondary level | Review account since partnership/Co-Ownership and Joint Venture must have at least one Individual attached. If no Individual, application is held for follow up. Release action can auto close this assignment. | eReg ID                       |

## **PROCEDURES FOR CHANGING ACCOUNT RECORDS**

**305.015**

District compliance staff will make any necessary changes to a taxpayer's account. It is an auditor's responsibility to verify the taxpayer's information and notify district compliance staff of any discrepancies. The following are examples of some changes district compliance staff needs to be informed of:

- Change to the taxpayer's mailing or business address
- Change in business code
- Change in DBA or use of a DBA
- Any other discrepancy found in TAR AI registration screen

To notify district compliance staff of a change in a taxpayer's account record, auditors should complete a copy of TAR AI as provided in section 219.03 of the Audit Manual (AM). Also see AM section 201.20, FORM BOE-1296, Account Update Information.

### **Verifying Taxpayer Contact Information**

When staff is in contact with a taxpayer, whether in person, over the telephone, or via email, an updated phone number, email address, and business address should be requested.

Staff should ensure the accuracy of telephone, email and address records in IRIS as follows:

- Verify current taxpayer records
- Request updated contact information from taxpayers
- Obtain missing telephone numbers or email addresses
- Update TAR records in IRIS

Staff should also verify that both TAR and the Client Taxpayer System (CTS) subsystem share the same data, as both subsystems contain account registration information. Accounts registered as corporations or limited liability companies also have TINs for corporate officers and members that may require additional verification and possible updates. Staff with access to update ACMS should create an ACMS comment documenting the changes made in IRIS. Note, changes made in IRIS will migrate to ACMS yet updates initiated in ACMS do not transfer to IRIS.

Compliance staff should follow current procedures to update accounts and if staff do not have the rights to perform the necessary updates, compliance staff should send an email with the changes needed to the Local Revenue Branch at +Registration for Sales and Use Tax accounts and to the Special Taxes and Fees – Registration and Licensing Section at PSTD-STFD-Reg-Maint-Close for Special Taxes accounts.

### **Requirements for Updating Corporate Officer or LLC Member Information**

When staff receives information regarding any changes in the status of an officer or member, documentation must be obtained prior to any update of the Taxpayer Identification Number (TIN) in IRIS. When performing the updates in IRIS staff should continue to follow their current account maintenance procedures. When the person requesting an update is a BOE employee (i.e. auditor, collector), proper forms must be submitted along with evidence of the requested changes as provided below.

## CPPM Chapter 3, Account Maintenance

When making an officer or member change, staff must establish an effective date of the change and note the information received regarding an officer or member change in IRIS and ACMS (if accessible). Comments regarding the effective date of the officer's or member's start and/or end date should be placed in both TAR AI and ACMS to keep record of the changes made to the TIN.

The BOE forms listed below must include any supporting documents for verification prior to submitting for account record updates.

- BOE-245-COR-1, *Corporate Officer Registration Update*, signed by all corporate officers.
- BOE-1296, *Account Update Information*.
- BOE-80-RU, *Record Update*.

Additional documents used to verify an officer or member change include, but are not limited to, the following:

- Validated copies of Secretary of State (SOS) forms filed with the SOS.
- A copy of the corporate minutes stating a change of officers.
- A signed letter from the corporation, preferably on corporate letterhead, authorizing the requestor to make such changes and also documenting the officer or member change.
- SOS information obtained through External Agency Access information.

**REVOCATION AFTER A SELLER'S PERMIT HAS BEEN ISSUED****751.135**

Pursuant to Revenue and Taxation Code (RTC) section 6070.5, *Authorization to refuse issuance of permit*, the Board of Equalization (BOE) may refuse to issue a seller's permit to any person submitting an application if the person has an outstanding final (i.e., "due and payable") sales and use tax liability. Also, the BOE may refuse to issue a seller's permit when the person applying for the permit is not a natural person (i.e., a corporation or Limited Liability Company (LLC)) and is controlled by a person with an outstanding final liability (see Regulation 1699(g)(3)). However, a seller's permit will be issued when the person with the outstanding final liability enters into a payment plan and is in full compliance with the terms of the plan, or has an accepted Offer in Compromise (OIC) and is in full compliance with the terms of the OIC agreement.

Currently, the BOE's online registration system automatically issues permits to ninety-seven percent of applicants without validating whether or not any person associated with the applicant has an outstanding final liability. There are no provisions in RTC section 6070.5 that allow the BOE to close or cancel a seller's permit after it has been issued. However, staff may revoke a permit under RTC section 6070, *Revocation of permit*, when they are able to show that a person with an active seller's permit has failed to comply with provisions of the Sales and Use Tax Law, rule, or regulation.

Effective January 1, 2014, the *Declaration of Intent (DI)* screen, which appears at the onset of the registration process, was modified to include the following declarations of true statements that the applicant must accept before they are issued a seller's permit:

*If I am registering for a sales and use tax permit;*

- *I declare that either I currently do not have an outstanding final liability for sales and use tax with the BOE under a different account, either open or closed; or, if I do have an outstanding liability, I am currently in a payment plan and in full compliance with the terms of the plan.*
- *I further declare that, if the person applying for the permit is a partnership, corporation, LLP, or LLC, that none of the listed partners, officers, or members has an outstanding final liability for sales and use tax with the BOE under a different account, either open or closed; or, if they do have an outstanding liability, they are currently in a payment plan and in full compliance with the terms of the plan.*

An applicant who accepts the DI will continue through the registration process to obtain their seller's permit. However, an applicant who declines the DI will receive the following message:

*You have chosen to not accept the Declaration of Intent to register for your selected taxable activities. If you have chosen not to accept due to an outstanding liability with the BOE, please contact your local BOE office to establish a payment plan. After a payment plan is established, you may return to complete this application.*

A person who was issued a seller's permit on or after January 1, 2014 may have not complied with RTC section 6066, *Application for permit*, if the BOE determines that at the time of application, the person falsely accepted the DI as a true statement when

## CPPM Chapter 7, Collections

the person was, in fact, a person coming within the provisions of section 6070.5, *Authorization to refuse issuance of permit* (as described above). When a seller's permit that has been issued to a person or entity in violation of RTC section 6066, staff may initiate the revocation process under RTC section 6070 to revoke the person's active seller's permit. This does not apply to a person issued a seller's permit before January 1, 2014.

If the permit was issued in violation of RTC 6066 because it was determined that at the time of application, the person falsely accepted the DI as a true statement when the person was a person coming within the provisions of section 6070.5, *Authorization to refuse issuance of permit*, the application must be routed to ACMS for compliance issues. Staff should review the other existing permit(s) to verify that the person does not have an active payment plan or OIC or otherwise does not come within the provisions of section 6070.5, *Authorization to refuse issuance of permit*. If the person does not have a payment plan or OIC, then staff should contact the person with the outstanding final liability and attempt to gain payment in full or negotiate a payment plan for the outstanding final sales or use tax liability. When a person has multiple accounts with outstanding final liabilities, it will be at the discretion of the District Principal Compliance Supervisor or their designee to determine if a payment plan is required for each sales and use tax account.

When the person does not enter into a payment plan or is not accepted into an OIC, or fails to comply with the terms of the plan or OIC agreement once they have been contacted, and the payment plan has gone through the termination process pursuant to CPPM 770.025, staff will initiate the revocation process as follows:

- 1) Initiate a "Cause" delinquency,
- 2) Add Account Characteristic Code (ACC) 42 to the account, and
- 3) Add a comment in IRIS.

### **Initiating a "Cause" Delinquency in IRIS**

The revocation process is initiated for "Cause" delinquencies through IRIS by selecting "FTC" (Failure to Comply) as the Del Type Code in the Maintain/Inquire Delinquency (DEL DM) screen. The delinquency control cycle will follow the Calendar of Sales Tax Functions and generate a BOE-431-S1, *Immediate Action Required – Your Seller's Permit May Be Cancelled (Citation Notice)*, to the taxpayer and provide a time and date for the hearing. When the taxpayer fails to contact the BOE during the "Cause" delinquency cycle, the system will automatically generate a BOE-433-S, *Notice of Permit Cancellation (Revocation Notice)*, to the taxpayer and revoke the permit.

To help differentiate accounts that have a "Cause" delinquency resulting from a violation of RTC section 6066 because the person falsely accepted the DI as a true statement when the person was, in fact, a person coming within the provisions of section 6070.5, *Authorization to refuse issuance of permit*, from other accounts with a different "Cause" delinquency, staff must also add the ACC 42, *Permit Refusal per AB 1307*. In addition, a comment must be added on the account(s) with the outstanding final liability for tracking purposes in IRIS. The comment must specify the seller's permit(s) with the outstanding final liability, the seller's permit with the "Cause" delinquency, and the reason for the delinquency. If the account goes into an active revocation status, all conditions for reinstatement must be met prior to reinstating the seller's permit.

**Utilizing the Accounts Receivable (AR) Warning Flag**

IRIS displays an Accounts Receivable (AR) Warning Flag on the CTS CM (Client Taxpayer System, Client Maintenance) screen when the Taxpayer Identification Number (TIN) is linked to any BOE account with an outstanding final liability greater than \$2,000, and more than 180 days have elapsed from the finality date. The flag will not be displayed if the account(s) that the TIN is linked to is in bankruptcy status. Each quarter, IRIS will automatically add the flag to all TINs linked to accounts meeting the criteria. Annually, IRIS will automatically remove the flag from TINs when the accounts associated with the TINs do not meet the criteria. Additionally, staff with the ability to update the CTS CM screen can manually add or remove the flag by adding or deleting the Y in the AR FL field and then pressing PF5 to update. Staff should utilize the AR Warning Flag as a resource for identifying potential taxpayers who may have been issued a seller's permit on or after January 1, 2014 that are subject to revocation under RTC section 6070.

**Payment Plans and Offer in Compromises**

If the person enters into a payment plan for the outstanding final liability, or is accepted into the Offer in Compromise (OIC) program, the seller's permit will be issued. If the person enters into a payment plan, staff must send the taxpayer form BOE-407-A, *Payment Plan - Agreement Proposal Letter*. The form has language to inform the person entering into a payment plan that if the plan is terminated, the BOE may revoke their active seller's permit. Requests for OIC will be processed in accordance with existing policy. However, if the OIC is not accepted, the BOE may revoke the person's active seller's permit.