

INSTALLMENT AGREEMENT – PILOT PROJECT

PURPOSE OF BULLETIN To advise staff that the ARM CARES Collection Contact Center is conducting a four-month pilot project from September 1, 2005 through December 31, 2005, that changes the policy for Installment Agreement (IA) requests and manual tax liens for individual taxpayers.

BACKGROUND The ARM CARES Collection Contact Center is conducting a four-month pilot project to determine if expanding the time and dollar criteria for installment agreements is significantly advantageous to both the taxpayer and the FTB.

EFFECTIVE DATE The pilot project runs from September 1, 2005 through December 31, 2005.

CURRENT POLICY An installment agreement request is generally processed without a lien if all the following conditions are met:

- Case balance is \$10,000 or less.
 - Account will be paid in full in 36 months or less.
 - All required personal income tax returns are filed.
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PILOT POLICY The following changes are proposed for this four-month period:

- Modify installment agreement from \$10K/36 months to \$25K/60 months.
- Set payment amount based on ability to pay.
- Offer a five-year payment plan option without a lien.
- FTB reserves the right to file a lien as a condition of the installment agreement depending on compliance history.
- No financial statement will be required for the five-year installment agreement.
- A lien may be issued if the taxpayer defaults on the installment agreement.
- All required personal income tax returns are filed.
