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***INSTALLMENT AGREEMENTS FOR BUSINESS ENTITIES***

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**PURPOSE OF BULLETIN** To advise staff that formal installment agreements for business entities are now allowable pursuant to the passage of Senate Bill 157. This legislation amends Section 19008 of the Revenue and Taxation Code and was signed by the Governor on September 6, 2005.

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**BACKGROUND** Previously, only individual taxpayers were allowed to enter into installment agreements with the Franchise Tax Board. Senate Bill 157 expands this category of taxpayers to include business entities.

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**EFFECTIVE DATE** SB 157 was passed with an urgency statute and took effect September 6, 2005.

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**GENERAL PROCEDURES** On a case-by-case basis, FTB Collections staff will review the account history and financial records of the business entity to determine the appropriate payment amount and duration of the installment agreement. Other staff receiving contacts regarding BE installment agreements should refer to their respective unit's procedures. (Cases paid in full within 90 days are considered a collection deferral rather than a formal installment agreement.)

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**FEE FOR SERVICE** Revenue and Taxation Code Section 19591 requires FTB to charge a non-refundable fee to recover costs associated with establishing installment agreements. Inform the business entity that the \$20 fee will be added to their balance due and collected through the installment agreement process. This fee will be added and billed in January 2006 when the transaction becomes available through our computer system.

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