

## STATEMENT OF AUDIT PROCEDURE

### SHORT TERM INSTALLMENT AGREEMENTS

This Statement of Audit Procedure (SAP) supercedes PP-2008-15 and establishes a new procedure for implementing Short Term Installment Agreements for taxpayers under audit within the Department of Finance.

Before asking for an Installment Agreement in a pending case, a taxpayer must sign a Consent and Waiver that shows full agreement with the audit findings. Then, the taxpayer must send a written request to the auditor explaining why an installment agreement is necessary.

The auditor will send a letter to the taxpayer that either approves or denies the request. If the request is approved, the letter will include the length of time the agreement will cover. In all cases, interest at the statutory rate for assessments will be due on all unpaid amounts until the balance due is paid in full.

Next, the taxpayer will be sent the actual Installment Agreement. Once the taxpayer signs and returns it to the auditor, the case will be reviewed to verify that the assessment is correct. If so, a Consent Determination will be issued and the case will be transferred to the Collections Division Installment Section.

The taxpayer will receive automated payment notices from the Collections Division that comply with the terms of the Installment Agreement. The Collections Division will monitor the payments and notify the taxpayer of changes to the interest rate.

**Failure to make any payment according to the terms of an Installment Agreement will be considered a default that permits the Department to terminate the Agreement and immediately collect payment in full after notifying the taxpayer.** If there is a default, the Department will let the taxpayer know, in writing, the date on which full payment of the total outstanding balance must be made.